



**HELLENIC
OBSERVATORY**
European Institute

**Multi-level governance
and the application of the partnership principle
in times of economic crisis in Greece**

Anastassios Chardas

**GreeSE Paper No.56
Hellenic Observatory Papers on Greece and Southeast Europe**

MARCH 2012

TABLE OF CONTENTS

ABSTRACT _____	iii
1. Introduction _____	1
2. Theorising multi-level governance and the partnership principle _____	5
3. Patterns of governance and state-society interactions in Greece before the third CSF _____	11
4. Patterns of MLG and of the application of the partnership principle in the third CSF _____	16
5. Patterns of MLG and of the application of the partnership principle in the NSRF _____	20
6. Concluding remarks _____	28
References _____	31

Acknowledgements

A previous version of this paper was presented at the Workshop: ‘Multi-Level Governance and Partnership in EU Cohesion Policy’ held at the Institute of European Integration Research, Vienna, 29-30 November 2011 as part of the Regional Studies Association (RSA) Research Network on ‘Effectiveness, Added Value and Future of EU Cohesion Policy’.

I would like to thank the participants for useful comments and suggestions and the RSA for funding my participation in the Workshop. Also, I would like to thank Vassilis Monastiriotis for his detailed remarks in the first version of the article and Yannis Psycharis for his comments that have helped me organise the article. All errors or omissions remain mine.

Multi-level governance and the application of the partnership principle in times of economic crisis in Greece

Anastassios Chardas[#]

ABSTRACT

The purpose of this article is to assess to what extent the European Union Regional Policy (EURP) has altered the patterns of participation by the sub-national actors in the implementation of the policy in Greece. It does that through the deployment of the theoretical frameworks of Multi-level Governance (MLG) and the application of the principle of partnership. The principle of partnership has been an integral aspect of the regulatory framework governing the EURP and has remained so after all the reforms of the Structural Funds. The aim of the principle is to promote bottom-up democratic participation in the areas where the EURP programmes are implemented hence provide opportunities for more active involvement on behalf of the sub-national authorities. In this way centralised patterns of policy making can be challenged towards the direction of participation closer to those envisaged by MLG. These processes however are mediated through domestic policy practices which in the case of Greece have been highly centralised and have remained so despite the EURP intervention. The evidence presented about the third programming period indicates that there has hardly been any turn towards MLG whilst the principle of partnership was only applied in a superficial way. An early assessment regarding these patterns about the current programming period indicates similar processes in action. These issues are particularly pertinent in light of the 'Kalikratis' plan that has followed the 'Kapodistrias' plan in modernising the sub-national authorities as well as the fiscal crisis that has engulfed Greece since 2009. It remains to be seen whether the combination of these forces can lead to anything other than the rescaling of governance in the direction of less spending and diminished capacities for the sub-national authorities or the substantive reorganisation of the regional and local authorities hence their improvement in terms of participation in the EURP programmes. The conclusion is that for this to happen, there is a need for the domestic reforms that relate with the decentralisation of administrative and fiscal competences to be strengthened and properly implemented so as to countenance the negative impact of the austerity measures imposed after the fiscal crisis of 2009.

Keywords: Multi-level Governance, Partnership principle, EU Regional Policy, 'Kalikratis', sub-national authorities

[#] Visiting Research Fellow, Hellenic Observatory, European Institute, LSE and International Summer School Tutor, University of Sussex achardas@gmail.com

Multi-level governance and the application of the partnership principle in times of economic crisis in Greece

1. Introduction

The purpose of this article is to assess the extent to which the European Union Regional Policy (EURP) has altered the patterns of participation by the sub-national (regional and local) actors in the implementation of the policy in Greece. The research approach adopted in the paper is broadly based on the new institutionalist literature and its application regarding the theoretical framework of multi-level governance and the implementation of the partnership principle. Since the inception of the modern Greek state, successive domestic governments have been highly centralised with very little autonomy given to authorities below the national level to express autonomous interests. Simultaneously, the bottom up demands for this type of participation did not materialise with the sub-national authorities finding it difficult to aggregate collective demands and assert their interests to the central government. As a result the Greek state and the resulting patterns of governance have been characterised as highly compound and unitary.

The introduction of the programmes funded through the EURP has provided ample opportunities to alter these patterns. After the reform of the Structural Funds in 1989, the principle of partnership has been an integral aspect of the 'added value' encapsulated in the EURP. This stipulates the requirement for the formation of synergies between state

and non-state actors at all territorial levels affected by the programmes. The principle of partnership has remained an integral part in all the rounds of coordinated EURP, whilst the specific meanings that it has acquired – in terms of the stakeholders affected- broadened through time. Through these processes, the partnership principle intends to enhance aspects of Multi-Level Governance (MLG) in the recipient countries and improve the opportunities of the sub-national actors to participate in the implementation of the programmes affecting their area in equal terms.

MLG has developed as a theoretical concept in order to describe the processes of European integration from the perspective of comparative governance. It postulates that contrary to the traditional theories of European integration, certain policy areas of the European Union (EU) entail significant responsibilities for non-central government actors. At its most obvious, the concept describes increased autonomy of political, administrative and civil society organisations that do not form part of the central government to get involved in the process of policy-making. Therefore, the MLG concept is related with the partnership principle since the idea of partnership is –amongst others- about participation from sub-national political levels to decision making. In other words the partnership principle -as designed by the EURP regulations- aims to enhance patterns of MLG in the recipient countries.

To be sure, the principle of partnership has been mainly conceptualised in the relevant literature in order to delineate the patterns of participation from actors representing civil society. On the other hand, MLG has been deployed in order to conceptualise patterns of

governance from state actors at the sub-national levels. For the purposes of the article the two theoretical frameworks are amalgamated and it is assumed that there is a process of constant interplay between them. In empirical terms this is substantiated by the fact that according to EURP regulations the sub-national authorities can act as state actors in certain stages of the programmes and actors representing civil society organisations in others. For example, the Local Government Associations (LGAs) may act as intermediaries between the central state and non-state actors in some cases. However, in other cases they may act as final beneficiaries hence having a bottom up role. Similarly, the non-central government actors represent the horizontal interests of their professional or other organisation when they participate in a Monitoring Committee (MC). However, they also play a central role in the implementation of a programme as they are supposed to monitor their implementation. Therefore, although the distinction between the aims of the principle of partnership and the theories about MLG are useful, it is postulated in the article that in empirical terms such distinction cannot be easily justified.

The empirical aim of the paper is to identify to what extent the intended influences exerted by the partnership principle have materialised in the case of Greece and to what extent they led to more decentralised patterns of governance or whether the centralising tendencies of the Greek state and the limited capacity of the sub-national actors for collective action predominated. This question is particularly pertinent in light of the ongoing sovereign debt crisis engulfing Greece as well as the introduction of the programme for the reform of the country's territorial administration; the 'Kalikratis' plan. The policy aims of the latter are

broadly similar to the aims of the partnership principle as the decentralisation of competences at the sub-national level is integral in this Plan. This would lead to patterns of decentralised MLG and improved participation of sub-national authorities. However, the unsustainable fiscal position that was revealed in 2009 has led to the country asking for the assistance of the so called troika, representing the Commission, the International Monetary Fund and the European Central Bank. As part of the conditions for the release of this assistance, the troika demanded the significant rescaling of the Greek structures of governance. This involves significant cuts along horizontal lines which mean that the Greek state is currently undergoing significant cuts in the services that it provides and by definition these cuts involve the sub-national authorities. The paper is structured as follows. The next section attempts an overview of the main issues involved in the theoretical framework of MLG and the application of the partnership principle. This is then followed by a discussion of the governance arrangements in Greece before the introduction of the third Community Support Framework (CSF). The fourth section discusses the applicability of MLG and the partnership principle in relation with the in relation with the third CSF. The sixth section has similar empirical objectives this time in relation with the programming period of the National Strategic Reference Framework (NSRF), which coincides with the introduction of the 'Kalikratis' plan and the imposition of the conditions regarding the rescaling of governance by the troika. The final part concludes by summarising the main issues discussed in the previous sections.

2. Theorising multi-level governance and the partnership principle

Hooghe and Marks (2001) have developed a conceptual framework regarding Multi Level Governance in relation with the governance arrangements promoted by the regulations governing the EURP. They identify MLG with the dispersion of authoritative decision making across multiple territorial levels as a result of a member state implementing the EU Regional Policy. This is also identified as a process of regionalisation through which sub-national actors are empowered to challenge central government's decision making authorities. The interaction between these actors is both vertical and horizontal, with the former describing interactions between actors from the same layer of government and the latter with actors across layers. This research built on previous works by Marks (1993) who for the first time identified links between the supranational arrangements for EURP and the prospects for MLG and Hooghe (1996) who focused on the territorial dimensions of MLG at the level of the recipient countries. This view of EURP as challenging the domestic governance arrangements of the countries receiving structural assistance towards the direction of more participation by non-central government actors has gained increased popularity in the last ten years.

Much research has been devoted to both the normative and conceptual implications of the term MLG as well as the empirical authentication of the significance of MLG. Regarding the theoretical and the normative discussions, Piattoni (2010) cautions against using MLG as an umbrella term that ends up covering the process of EU integration and its governance arrangements in general and abstract terms. Bache and Flinders (2004) discuss the applicability of the concept in describing the

complex relationships that develop between the EU and the member states. They point out that the most important aspect of MLG is as a useful theoretical framework to describe these interrelationships from a perspective other than the traditional International Relations theories and/or neo-functionalism which were dominant in the discussions about the EU before the 1990s.

About the quest for the empirical assessment of the term, there is a consensus that the concept of MLG is closely related with the implications involved in the partnership principle and that the application of this principle offers the opportunity for the promotion of 'real' subsidiarity at the domestic level. Similarly, the consensus is that the influence exerted by the principle of partnership is varied, which produces differentiated patterns of MLG in the member states. This is the case in the comparative studies conducted by Paraskevopoulos et al. (2006), by Bache (Bache, 2010a, 2010b) as well as by Bachtler and MacMaster (2008). The latter focus on the impact of the EU Regional Policy in the regionalisation processes in the countries of Central and Eastern Europe (CEE) and conclude that the most optimistic accounts of MLG are not substantiated by the empirical reality. Although they accept the significant steps undertaken towards regionalisation in the CEE and the increase in the institutional capacities and visibility of the regions in these countries, they point towards the importance of previously established constitutional and political arrangements in providing obstacles to more sub-national involvement. Hence, they challenge the view that there is a direct link between EURP and the increase in sub-national involvement at the domestic level arguing instead that a comparative assessment of such trends is needed. Similarly, in the final

evaluation of the programmes funded throughout the period 2000-2006, the authors find limited evidence to support the view that the EU Regional Policy has led to significant sub-national participation in the recipient countries, hence governance arrangements as those envisioned by the MLG literature. The assessment of the role played by the requirements entailed in the partnership principle in particular confirmed the results of an earlier study commissioned by the Commission regarding the application of the principle in the then member states that were receiving structural assistance (Tavistock Institute, 1999). Paraskevopoulos et al. (2006) observe similar patterns of differentiated adaptation in the internalisation of the opportunities for policy learning entailed in the regulations governing EURP. Thus, they find that pre-existing institutional infrastructures at national and sub-national levels are the determining intervening variables for this process.

In a similar vein, Bache (2010a; 2010b) links MLG with the principle of partnership through the deployment of sociological institutionalism as the most appropriate methodological framework that can capture the domestic effects of EURP. He identifies partnership with opportunities for learning by the domestic actors and treats MLG as an external stimulus towards the adoption of structures closer to those of a compound polity. In this context interaction between policy actors does not produce zero sum political results as it would have happened in a majoritarian political system. Instead, it offers a perspective in which:

actors change their preferences through socialisation in a changing environment and ascribe shifts towards MLG to a learning process. (Bache, 2010b, p.4)

A similar point is made by Bauer (2002) who points out that in comparison with the other principles governing the operation of the structural funds- concentration, programming and additionality- partnership is the only principle that does not have a purely managerial dimension. Although the importance of the relevant partners working together in order to achieve the desired objectives is presented as promoting the efficacy of the programmes, the enhancement of the democratic process is an unintended consequence. Bache (2010a) also points out that although partnership is usually dressed up by the Commission in technocratic terms, it is a highly political concept with the potential to shape values and democratic practices at different levels.

Therefore, democratic accountability and effectiveness are considered as complementary policy objectives in the context of a programme and they enhance both the quality of the final product and the patterns of involvement by the sub-national authorities. More specifically, the enforcement of the principle of partnership aims at creating ownership of the programmes implemented, by motivating the actors with the relevant expertise to be involved in a practical manner in all stages of the implementation of a project (Molle, 2008). As the Commission puts it:

By contributing their specific knowledge on a certain subject or region, their awareness of potential project applicants, partners can improve programme effectiveness by raising the efficiency of project selection. Generally speaking a widely drawn partnership leads to greater commitment and ownership of programme outputs and hence to a direct interest in the success of the programme. (CEC, 2005, p. 4)

Nonetheless, not all actors are intended to have the same type of responsibility. Each of the participating organisations – the Commission, the member states, the regional authorities and the final beneficiaries (the respective project managers) – is assigned specific tasks in the process. They are asked, however, to cooperate with each other in all stages of the policy by each adopting the role that they are meant to play in accordance with the regulations in order to produce the most effective outcome. In practice, the institutional channel through which this takes place is the Monitoring Committees (MCs), which were established as part of the regional and sectoral OPs. These meet twice a year and representatives from socioeconomic interests express their views about the programme.

Thus, MLG and the introduction of the principle of partnership offer significant opportunities for change in the domestic actor's actions and reorientation of their practices towards more consensual patterns of decision making. There is a clear distinction between the opportunities offered by the partnership principle and the aims of the other three principles governing the operation of the Structural Funds (programming, concentration, additionality). However, despite the intended consequences of the partnership principle towards MLG it is made clear that when applied in the empirical reality the outcomes are varied. In this context Hooghe and Marks (2003) propose a useful analytical framework in order to organise the constituent characteristics of the different forms that MLG can take by distinguishing between two types of MLG. Type I MLG affects domestic policies in ways closer to those existing in a federal polity and specifically as envisaged by the studies on fiscal federalism (Oates, 1999), whilst Type II does so in ways

more consistent to those offered by neo-classical concepts of political economy. The main elements of each Type are described in Table 1.

TABLE 1: Types of Multi-level Governance

Type I	Type II
General purpose jurisdictions Non-intersecting memberships Jurisdictions at a limited number of levels System-wide architecture	Task specific jurisdictions Intersecting memberships No limit to the number of jurisdictional levels Flexible design

Source: Hooghe and Marks, 2003, p. 236.

In Type II MLG the services offered by the government are limited and sub-national layers of administrations only provide very specific services. In Type I these services are broader and sub-national authorities play a more active role in delivering them. Also, the basic organising principle that determines the types of memberships developed in Type I is territorial affinities and memberships are nonintersecting. In Type II MLG group memberships can be intersecting and territorial affiliations play a limited role. Finally, the design of Type I MLG resembles that of the central state with clear divisions of power being established at all territorial levels. This is in contrast to Type II MLG which theorises a more flexible design as a result of the overlapping memberships achieved by social groups during their lifetime.

Therefore, the characteristic patterns of application of the principle of partnership are linked with the constellations of the Types of MLG that exist in a country. Certainly, these two types are little more than ideal types describing the configurations of sub-national involvement, whilst their constituent characteristics are not mutually exclusive but may co-

exist in a country. Nonetheless, it is safe to conclude that Type I MLG is consistent with more democratic participation by the sub-national authorities hence with the enforcement of the principle of partnership in ways closer to the ones intended by the relevant regulations governing the EURP. This is the theoretical hypothesis that is tested in the remainder of the paper.

3. Patterns of governance and state-society interactions in Greece before the third CSF

Overall, regarding the internal characteristics of the Greek state, it can be argued that it has historically been highly centralised, with a majoritarian political system, and with clientelism and politicisation hindering any possibility for its autonomy from the society and economy (Dertilis, 2005; Sotiropoulos, 1993). Regarding the relationships of the Greek state with the surrounding socioeconomic environment, clientelism and patrimonialism have been important factors mediating this interaction. This has been the case even though in legal terms the Greek bureaucracy has not been very different from its Northern and Western European counterparts. It has been an amalgam of influences from the main traditions of Western European statehood, albeit the Napoleonic centralised model of administration has been the blueprint for any other subsequent model. Nonetheless, the practices that were left over by the Ottoman tradition (patrimonialised and fragmented public services) have left the main legacy on which any other system was built (Hibou, 2005).

As regards the territorial division of powers of the Greek state which are of more relevance to the empirical aims of this paper, it can be argued that on the whole, the Greek state has traditionally been centralised in the way it has managed its territorial capacities (Psycharis and Simatou, 2003). Indeed for some commentators it is the most centralised state in Europe (Featherstone and Yannopoulos, 1995) and it has been so since its establishment in 1830 (Ioakimides, 1996; Chlepas, 1999). Reflecting the general difficulty of the Greek state to allow the articulation of interests emanating from civil society but also the lack of bottom up demands of this kind, regional interests have traditionally struggled to obtain governmental resources in a democratic and pluralistic manner so as to achieve their objectives.

The implementation of the first CSF followed the reform of the regulations governing the Structural Funds in 1988 and the signing of the Single European Act (SEA) in 1986. Both these institutional developments at the EU level entailed the expansion of the EU's competence in the area of the EURP. The introduction of the four principles governing the operation of the programmes- partnership, additionality, programming and concentration- had significant implications about the pre-existing governance structures of the recipient countries. As a result of the principles introduced with the first CSF, the government had to submit to the Commission a Regional Development Plan (RDP) that would entail the developmental priorities of the first CSF. This had to be drawn up in consultation with the regional and local actors involved in each regional and sectoral OP. After the CSF had been adopted, the national and regional authorities were required to revise the general developmental plans into specific Operational

Programmes (OPs). Overall, the Ministry of Economy's regional policy department became the principal institutional actor implementing the first CSF (Ioakimides, 1996). The imperative of absorbing the funds at the stated time overrode any processes of collaboration between the central institutional actor and the regional and local stakeholders (Andreou, 2006).

Similar patterns were established during the second programming period (1994-99). The election of the modernising wing of the socialist government in 1996 and the assignment of the hosting of the 2004 Olympic Games in 1997 resulted to the adoption of a style of management more attuned towards the absorption of the funds at the expense of bottom up participation (Paraskevopoulos, 2008). However, a series of reforms promoted by the Greek government after 1994 further contributed to the territorial reorganisation of the Greek state. In 1997, Law 2503/97 on the 'Organisation and Management of the Regions' provided further responsibilities to the NUTS II regions in the areas of planning, preparation and execution of programmes of economic development, and social and cultural affairs. Essentially, this was putting into practice the 1986 Law that had introduced the regions and had not been fully implemented (Petraikos and Psycharis, 2006). These reforms sought to establish regional and local authorities which were insulated from central political interference.

Furthermore, in 1994 a new law established local elections for the leaders of the prefectures and the prefecture councils. Therefore, for the first time in modern Greek political history the local populations would have the opportunity to choose their representatives at the local level

democratically. The prefecture councils were comprised by members of the civil societies representing each prefect and were also elected. Nevertheless, this movement towards decentralisation was accompanied by the transfer of resources to the non-elected regions whilst the elected prefectures would continue to be financially dependent upon the central state (Psycharis and Simatou, 2003). Additionally, there was confusion about the responsibilities that the prefectures actually had.

Finally, at the lowest territorial level, that of the LGAs, the government attempted to modernise the system of local government by amalgamating municipalities and communes. From the existing 6,000 independent LGAs, the new Law reduced the number of the municipalities to around 1,000 and some competences were transferred from the central state to the newly created LGAs. This was the ‘Kapodistrias’ plan, which provided for the obligatory mergers of the local communes. The changes in the territorial distribution of powers in the Greek state are summarised in Table 2 which provides an outline of the institutional developments that took place at the governmental level concerned with the administration of the CSFs.

TABLE 2: Tiers of Local Government and decentralised structures in Greece

<ul style="list-style-type: none"> ▪ Municipality and Communes ▪ First tier of self-government (Local NUTS V tier). 325 	<ul style="list-style-type: none"> ▪ Fully elected ▪ Underwent drastic amalgamation in 1999 through the ‘Kapodistrias’ plan. 5825 municipalities and communes (438 and 5387 respectively) became 1033 municipalities and communes (900 and 133 respectively) ▪ After the ‘Kalikratis’ plan, 325 new municipalities are created. Municipal council also operates, both are elected.
---	---

<ul style="list-style-type: none"> ▪ Prefecture ▪ Second tier of self-government (prefecture NUTS III tier) scrapped with 'Kalikratis' 	<ul style="list-style-type: none"> ▪ Led by a single Prefect appointed by the central government until 1982 ▪ Increased participation with appointed members in the Prefectural Council established in 1982. The Prefect remains appointed by the central government. ▪ Since 1994 fully elected tier of self-government. ▪ Unofficial operation as part of the Regional Authority
<ul style="list-style-type: none"> ▪ Region ▪ Third tier of decentralisation (regional NUTS II tier) ▪ 13 Regions and 7 Decentralized Units. Corresponds to 13 regional Operational Programmes 	<ul style="list-style-type: none"> ▪ Non- existent until 1986 ▪ Legislated in 1986 but did not fully function until 1997 ▪ Fully functional since 1997 with a Secretary General appointed by the central government and appointed members of the Regional Council. ▪ After 2011 fully elected Regional secretary runs the 13 regions together with a fully elected regional council. The 7 decentralized units are run by a secretary general appointed by the central government.

Adopted and updated from Psycharis and Petrakos (2010)

On the whole, the ways in which the principle of partnership was implemented by Greece during the second CSF and the progress made towards the adoption of practices as envisaged by Type I MLG is contradictory. On the one hand there were indisputable reforms promoting decentralisation and improving the effectiveness of the management of the programmes. The new governmental structures could provide effective and high quality support to the official management and monitoring structures of the regional and sectoral OPs. Moreover, the fact that the NUTS II regions were finally consolidated with the competences and financial resources decided in the 1986 legislation was a step towards the inclusion of the regional populations in the implementation processes of the CSF. Additionally, the election of the prefectures and the amalgamation of the LGAs could provide channels for local actors to participate in all stages of the

regional OPs and hence significantly improve the input provided by the intermediate bodies and the final beneficiaries. Nevertheless, the fact that it took the central government ten years to endow the regions with the responsibilities established by the structural funds regulations provides an example of the central state's reluctance to lose any of its powers and successfully move towards the direction indicated by the partnership principle. As a study initiated by the Commission (Tavistock Institute, 1999) for the implementation of the principle of partnership in the member states shows:

There is in Greece an emerging deconcentrated structure which, however, co-exists alongside a more centralised system of control and centralised operational service delivery... the regional secretaries exercise the regional element of the central government.

4. Patterns of MLG and of the application of the partnership principle in the third CSF

To what extent did the initiation of the third CSF alter the previously established patterns regarding the implementation of the principle of partnership and the adoption of Type I MLG? The trend towards managerial efficiency as shown by the quest for the absorption of the funds intensified during this time (Paraskevopoulos, 2008). This has resulted in significant recentralisation processes taking place, which diminished any opportunities for more participation by sub-national policy actors hence any trend towards Type I MLG.

During this period there were no further domestic reforms in the reformulation of the political geography of the country. Nevertheless,

this is not the case with the institutional developments that emanated from the EURP. The reform of the Structural Funds in 1999 and the increase in financial resources that became available for Greece provided a further impetus towards the sub-national participation of the local governments in Greece. In particular, in institutional terms the reforms initiated with the 1260/1999 regulations entailed the creation of an organisational scheme with constitutional independence from the central state. For Greece this entailed managing and paying authorities and the strengthening of the processes of monitoring, evaluation and control in both sectoral and regional levels. I have shown elsewhere (Chardas, 2011) that the introduction of this network had limited effects for the governance arrangements of the Greek state. The remaining section focuses on the impact that this new organisational scheme had regarding the enforcement of the principle of partnership in particular.

Broadly, the institutional network created in order to support the design and implementation of the Greek third CSF comprised five interrelated organisations: the Managing Authorities (MA), the Monitoring Committees (MC), the Payment Authority (PA), the Committee for Fiscal Control and the Management and Organisation Unit (MOU). The CSF MA was given responsibility for the general running and coordination of the programme. Essentially, this was the Ministry of Economy's regional policy department which had been in charge during the three previous programming periods. Under the third CSF it was endowed with significant administrative and financial resources that enhanced its role. The CSF MA was undoubtedly the most important institutional actor in the network, responsible for the design and implementation of the programme. Its employees were highly experienced and some had been

involved in the EURP since the start of the IMPs. The CSF MA was responsible for the administration of the partnership and additionality principles. Moreover, it participated in the MCs of all the sectoral and regional OPs and was supervised by and accountable to the CSF MC. In addition to the CSF MA, a new MA was established in the relevant regions or the ministries for each OP, which was headed by a director general who was appointed by the central government.

Moving to the second important institutional actor of the institutional network set up in order to design and implement the third CSF in Greece, the Monitoring Committees (MCs) were also reorganised and their role became more clearly identified. As in the previous programming periods, the aim of creating the MCs was the institutionalisation of the principle of partnership and the improvement of the inclusion of representatives from civil society in the design and implementation of the CSF. In accordance with the developments related to the strengthening of the principle of partnership as decided with the reform of 1999, there was an extension of the participating bodies representing sub-national civil societies at the regional level and national civil society organisations at the national level. Furthermore, the tasks to be performed by the MCs were clearly identified for the first time. Each OP was assigned a separate MC which would monitor the implementation of the respective programme. The progress of the third CSF as a whole was monitored by the CSF MC, which encompassed the director general of the CSF MA, the presidents of the MCs of each sectoral and regional OP, representatives from the PA and the Committee for Fiscal Control and representatives of economic and social interests. Finally, a delegate from the Commission attended the

meetings of the CSF MC but did not have a right to vote. The regional or sectoral MCs worked in a similar way as the CSF MC with the representatives coming from the regions and the MAs where the OP was implemented in the first case or national delegates in the latter. In all cases a representative from the ministry of economy participated. The Head of the regional or sectoral MC was appointed by the central government. Therefore, the two main pillars of the institutional network that was created to support the operation of the third CSF were the MAs – one for the CSF and one for each OP – and the MCs – also one for the CSF and one for each OP.

The establishment of the MAs and the MCs were undoubtedly positive steps towards the improvement of the performance of the regional and sectoral OPs and the amelioration in the patterns of enforcement of the principle of partnership. However, the fact that the MAs were placed under the direct control of the ministries and the regions responsible for the implementation of the sectoral and regional OPs signalled the reinforcement of the centralising tendencies of the Greek state. As mentioned above, the secretary general of each MA was appointed by the central government and at the same time would also serve as the head of each MC.

Overall, the Ministry of Economy would constantly interfere in the operations of the regional MAs through the CSF MA but also through the regional MC. However, this was not seen as necessarily negative or indeed as contributing to the ineffectiveness of the system. This is because of the severe difficulties that the sub-national authorities were facing in terms of properly trained personnel. Therefore, despite the

significant opportunities that the introduction of the independent administrative network for the management of the third CSF had for greater involvement by the sub-national authorities, the centralising tendencies of the Greek state predominated. As with the previous programming periods, the central state reaffirmed its predominance over the sub-national authorities. The concerns for the absorption of the funds and the effectiveness of the CSF as a whole resulted in the limited input from sub-national policy actors. This was the case even though in addition to the external reforms, the ‘Kapodistrias’ plan regarding the decentralisation of the Greek structures of governance was consolidated in this period. This plan enhanced the responsibilities of both the prefecture and the local government authorities and it could have had significant impact regarding the application of the principle of partnership and the adoption of institutional structures closer to Type I MLG in Greece. Nevertheless, this has hardly been the case as the central state distrusted their ability to contribute effectively to the implementation of the regional OPs.

5. Patterns of MLG and of the application of the partnership principle in the NSRF

Starting from January 2011 the territorial divisions of power were altered once again in Greece. The previous system that was comprised by 13 NUTS II regions, 54 prefectures and 1033 Local Government Associations (LGAs) as was decided with the ‘Kapodistrias’ plan is now replaced by 13 regions, 325 municipalities and 7 decentralised administrative units. Under the new legislation implemented under the ‘Kalikratis’ Plan, the prefecture level is scrapped as an administrative and

political unit and all its responsibilities are transferred to either the newly created regional authorities or to the LGAs. The 13 regional authorities are democratically elected as are the 325 municipalities. The 7 decentralised units are run by the central government via a General Secretary appointed centrally.

This new political geography was introduced in 2011, whilst the fourth round of coordinated assistance funded by the structural funds has started in Greece since 2007. This is the National Strategic Reference Framework (NSRF) which replaced the previous programming documents of the Community Support Frameworks (CSF). As part of the NSRF 20, 42 billion euros in total (2006 prices) was allocated to Greece, whilst the number of Operational Programmes (OPs) has been reduced to 13, which cover eight sectoral OPs and five regional ones. Five out of the 13 new regions receive less funding under the NSRF compared to the other eight because they enter the phasing-in status, i.e. they will stop being treated as Objective 1 regions under the EURP after 2013.

These changes in the allocation of the OPs were not followed by significant institutional alterations in the management and monitoring system of the NSRF. Specifically, the previous Managing Authorities (MAs) of the 13 ROPs remained as intermediate MAs, which are now coordinated by a central MA placed under the ministry of economy with specific remit the coordination of the actions of the ROPs. This authority also has responsibility for the coordination of the actions taken by the sectoral OPs that fund European Regional Development Fund (ERDF) projects. Thus, the newly created five ROPs do not have their own MA but are to be implemented through collaboration between the

Intermediate MA of the 13 regions. Similarly, the Monitoring Committees (MCs) remain at the level of the 13 regions. At the sectoral level, those areas that continued receiving structural assistance have their own MA placed in the relevant ministry. Therefore, regarding the institutional and administrative units responsible for the management and implementation of the NSRF in Greece there will be 13 regional Intermediate MAs and MCs and five sectoral MAs that are created as a direct result of the changes in EURP.

Simultaneously, after 2011 as part of the 'Kalikratis' plan, at the NUTS II level there will be 7 decentralised administrative units governed directly through the central government and 13 democratically elected regional authorities the boundaries of which correspond to those of the Intermediate MAs. At the local level there will be 325 municipalities which are also elected democratically. Each municipality will be ran by a mayor and a municipal council that are appointed after local elections held every 5 years. Municipalities are further sub-divided in municipal units, which have their own council but no decision making authorities other than providing consultations to the municipal councils.

The regional authorities will be run by an elected regional governor and a regional council similarly elected every 5 years. This is the first time that regional elections are planned to take place in Greece since the previously existing regional authorities only operated as management units for the CSFs and had no democratic mandate being run by the central government. Although the previously existing prefectures are scrapped, they remain as an unofficial territorial unit (regional units) headed by a vice-regional governor appointed from the same political

organisation from which the Regional Governor and the Regional Council are drawn. Finally, the 7 decentralised administrative units comprise two or three regions each (except for Attica and Crete) and are ran by a centrally appointed General Secretary. She is assisted by an advisory council comprised by the regional governors and representatives of the municipalities. The political geography of the country as it has been determined with the territorial reforms and the implementation of the structural funds is presented in Table 2.

In parallel to these institutional developments relating to the application of the principle of partnership and the creation of Type I MLG, since 2009 Greece has been facing an unprecedented fiscal crisis. The parameters of this crisis develop daily and a multitude of factors both domestic and international determine their outcomes. What is of relevance to the empirical aims of this paper is that after the country's public finances reached unsustainable levels, the troika representing the International Monetary Fund, the European Commission and the European Central Bank was called in by the Greek government in order to provide a bailout plan. This has involved the release of financial assistance to cover the borrowing costs of the country in exchange for significant reforms that the Greek government is conditioned to implement. The troika has repeatedly asserted that it is for the Greek government to choose the policy instruments that can lead to the fulfilment of its conditions.

Clearly, the aims of the 'Kalikratis' plan regarding the modernisation of the sub-national administration of Greece are consistent with the aims about the decrease of government costs. Reducing the number of sub-

national administrations will decrease the overall government outlays hence provide more opportunities for cost-cutting. Hence, the tension between the need for more sub-national involvement and efficiency concerns, this time regarding the need to cut the costs of the public administration in general as was identified in the previous programming periods, continues to affect the NSRF. This is the case particularly since the newly introduced sub-national authorities continue to enjoy limited autonomy to collect and manage their own revenues. They are still predominantly dependent on the central government to finance their expenditures hence are unavoidably affected by developments concerning the fiscal situation of the central government.

Therefore, although it is early to make proper assessments, there is little doubt that the austerity measures adopted by the Greek government as condition for the release of the financial bailouts by the troika will hurt the already limited funds available to the decentralised units introduced with the 'Kalikratis' plan. This by definition will cancel any impact that this plan would have regarding the application of the principle of partnership and the adoption of policy structures similar to the ones envisioned by Type I MLG. If anything, more centralisation is the most likely outcome of this interaction.

True, the rescaling of governance introduced by the troika cannot be seen as axiomatically leading to less government spending at the sub-national level. To the extent that the latter are financially dependent upon the central state it could be argued that, as a percentage, the sub-national authorities will receive the same funds as before. Thus, despite the decrease in the total funding available, the sub-national authorities

will not suffer disproportionately. Consequently, the outcome of the introduction of the austerity measures in the domestic governance arrangements that relate with the sub-national authorities will be mediated by the extent in which the cuts will be accompanied by meaningful territorial reforms that would allow more fiscal and policy autonomy to the sub-national authorities.

On the other hand, the fact that the introduction of the NSRF was not accompanied by any institutional changes also points towards the strengthening of centralisation processes in Greece. The management system for the implementation of the NSRF is essentially the same with the one that managed the third CSF. Therefore, the creation of the 13 decentralised regions did not alter the role of the relevant Managing Authorities, which as mentioned above in the NSRF operate as Intermediate MAs. However, these 13 Intermediate MAs do not implement ROPs relevant to their areas since there are now 5 ROPs that consist of the separate 13 regions which previously were all of Objective 1 status. Thus, the Intermediate MAs manage, implement and monitor through the regional MCs programmes that are not of their area. Moreover, no further competences were allocated to the Intermediate MAs, the operation of which will be monitored by an organisation that will work as part of the Ministry of Economy. This will be a separate MA with the remit to coordinate the actions of the regional MAs. In addition to that, most large ministries located in Athens will introduce new coordination authorities to oversee the operation of the regional MAs in their area of interest. The regional units will now have to acquire the consent of the ministerial authorities in order to amend any project.

Given the already complex nature of the system that was created with the NSRF it is difficult to identify the logic behind the creation both of the unit in the Ministry of Economy and of the coordination authorities in the line ministries. Again, although it is early for proper assessments, it is hard not to conclude that the central government's aim is to control the actions of the regional MAs hence cancel any effects aimed by the principle of partnership. Further on this, as was discussed earlier, note that the Monitoring Committees are the institutionalisation of this principle. Therefore, apart from any effects towards the improvement of the level of participation by the sub-national authorities as they are achieved through the MAs, actors representing regional civil societies have the opportunity to directly influence the OPs through the MCs. However, as with the previous programming periods, there is little evidence to suggest that the MCs are anything other than consultative bodies with very limited resources at their disposal. They meet infrequently (usually not more than once a year) and can hardly influence the patterns of governance for the regional OPs which in any case are not those of their area. Because of the introduction of the 5 new ROPs and the fact that the regional MCs remained 13, the representatives of regional civil societies participating in the latter are not the same as the ones affected by the ROP. These flaws in the design of the ROPs only serve to exacerbate the difficulties in social dialogue identified at the sub-national level that were discussed about the third CSF in Greece.

Moreover, the difficulties in the capabilities of the Local Government Associations (LGAs) to participate in equal terms in the implementation and monitoring of the projects implemented in their area has not been

affected by the 'Kalikratis' plan (Sotirelis and Xiros, 2010). The number of the LGAs was reduced and their constitutional role was enhanced but the main institutional steps that could be taken in order to improve their operations were not taken. As with the regional authorities, they remain financially dependent on the central government a fact that diminishes any chance for them to formulate autonomous decisions. Moreover, their operation continues to be characterised by clientelism, corruption and factionalism which further diminish genuine citizen participation (Getimis and Hlepas, 2010). The deployment of non-transparent practices in the selection of projects –the LGAs can participate in the implementation of the ROPs as final beneficiaries- (Andreou, 2010) only serves to justify the central government's distrust towards more participation by the local authorities.

Furthermore, the introduction of the 7 decentralised regional units is clearly an effort by the Greek government to reassert the control of the operation of the regional authorities and follows the example of the Kapodistrias plan that was introduced in the 1990s. In that occasion, the prefecture and the local levels were given democratic legitimacy but the 13 regional structures were unelected and centrally governed. Thus, there is continuation of the trend of providing decentralisation and allowing more autonomy to the sub-national actors with the one hand whilst reasserting central government control with the other. Certainly, this reaffirmation of control by the central government is justified as part of an effort of the CSF MA to hasten the rates of absorption of the funds. Corruption, lack of transparency and limited administrative capacities of the local and regional levels present significant obstacles in the implementation of the ROPs hence the programme as whole. As the

central government is responsible for the absorption of the available funds it ends up overriding any sub-national involvement in order to avoid forfeitures. The interplay between these centralising and decentralising forces create a chicken and egg situation and it is not clear whether the reduced responsibilities of the sub-national authorities or the centralising attitudes of the central state are responsible for its reproduction.

6. Concluding remarks

This paper attempted to discuss the extent to which the introduction of the EU Regional Policy has altered the patterns of participation by the sub-national authorities in Greece. It put forward the argument that the adoption of Type I Multi level governance would lead to the enforcement of the principle of partnership in ways closer to those described by the relevant regulations of the structural funds. This hypothesis guided the paper and the conclusion is that despite the opportunities offered by the structural funds, the mediating impact of the centralised Greek state and the weak civil society proved detrimental in limiting the adoption of structures close to Type I MLG. Before the introduction of the principle, with the reform of the regulations in 1989 the Greek state has been centralised and allowed limited scope for bottom involvement in governing sub-national affairs. Moreover, the bottom- up demands for this short of participation had been limited with the sub-national authorities struggling due to lack of resources, restricted administrative capacities and most importantly limited opportunities for horizontal expression of territorial interests.

The decentralisation reforms that have been implemented in Greece during the 1990s have done little to alter these dynamics. This is the case because every measure that would decentralise competences at the sub-national level was accompanied by recentralisation by the central government. Moreover, together with the issues concerning decentralisation, issues about central economic policy would end up overriding any such dynamics. Similar issues can be identified with the latest wave of decentralisation reforms introduced through the 'Kalikratis' plan, which gave considerable autonomy to the regional authorities whilst simultaneously creating 7 decentralised administrative units with no democratic mandate. The creation of these units can only be explained in ways similar to the creation of the unelected regional authorities with the 'Kapodistrias' plan in the 1990s. At the time the prefectural and local levels were assigned democratic legitimacy whilst the central government imposed the 13 unelected regions. Moreover, the 'Kalikratis' plan did little to address the most serious issue facing local governments in Greece which is their fiscal autonomy from the central state.

The introduction of the NSRF in 2007 without any institutional modifications to reflect the changed regional classification of structural funds assistance serves similar purposes. Greece is now in a situation where there are five Regional Operational Programmes (ROPs) that are implemented by 13 Intermediate Managing Authorities which correspond to different territorial units than the ones of the ROPs. The operations of the intermediate MAs are controlled by the Ministry of Economy and other central ministries after the establishment of a relevant MA and line MAs in each of the major ministries working from

Athens. Finally, and probably most importantly, the severe financial crisis affecting the country since 2009 has provided the central government with more arguments to cut public services. This will hurt the lower territorial levels by rescaling their governance arrangements to favour the central government. Therefore, another issue of central economic policy will put forward considerations of efficiency that will override any efforts for decentralisation.

References

- Andreou, G. (2006) EU Cohesion Policy in Greece: patterns of governance and Europeanisation. *South European Society and Politics*. 11:2, 241-259.
- Andreou, G. (2010) The domestic effects of EU Cohesion policy in Greece: islands of Europeanisation in a sea of traditional practices. *South-east European and Black Sea Studies*, 10:1, 13-27.
- Bache, I. and Flanders, M. (eds.) (2004) *Multi-level governance*. Oxford: Oxford University Press.
- Bache, I. (2008) *Europeanisation and multilevel governance: Cohesion Policy in the European Union and Britain*. New York: Rowman and Littlefield.
- Bache, I. (2010a) Partnership as an EU policy instrument: a political history. *West European Politics*, 33: 1, 58 -74.
- Bache, I. (2010b) Europeanization and multi-level governance: EU cohesion policy and pre-accession aid in Southeast Europe. *Southeast European and Black Sea Studies*, 10: 1, 1-12.
- Bachtler, J. and McMaster I. (2008) EU Cohesion Policy and the role of the regions: investigating the influence of Structural Funds in the new member states. *Environment and Planning C: Government and Policy*, 26: 398-427.
- Bauer, M. (2002) The EU 'partnership principle': Still a sustainable governance device across multiple administrative arenas? *Public Administration*, 80:4, 769-789.
- Chardas A. (2011) *EU Regional Policy in Greece: state capacity and the domestic impact of Europe*. Unpublished DPhil thesis, Falmer: University of Sussex.
- Dertilis, G. (2005) *History of the Greek state, 1830-1920*. Athens: Estia (in Greek).
- Chlepas, N.K. (1999) *The local administration in Greece: the dialectic competition between decentralisation and local government*. Athens and Komotini: A. N. Sakoulas (in Greek).

Commission of the European Communities (2005) *Partnership in the 2000-2006 period. Analysis of the implementation of the partnership principle*. Discussion Paper, DG Regio, European Commission Brussels:

Featherstone, K. and Yannopoulos, G.N. (1995) The EC and Greece: integration and the challenge to centralism. In: Jones, M. and Keating, M. (eds.) *The European Union and the regions*. Oxford: Clarendon Press.

Getimis, P. and Hlepas, N. (2010) Efficiency imperatives in a fragmented polity: reinventing local government in Greece. In: Baldersheim, H. and Rose, L. (eds.) (2010) *Territorial choice: the politics of boundaries and borders*. London: Palgrave Macmillan.

Hibou, B. (2005) Greece and Portugal: convergent or divergent Europeanisation? In: Bulmer, S. and Lequesne, C. (eds.) *The member states of the European Union*. Oxford: Oxford University Press.

Hooghe, L. (ed.) (1996) *Cohesion Policy and European Integration: Building Multi-Level*

Governance, Oxford: Oxford University Press.

Hooghe, L. and Marks, G. (2001) *Multi-level governance and European integration*. London: Rowman and Littlefield.

Hooghe, L. and Marks, G. (2003) Unravelling the central state, but how? Types of multi-level governance. *American Political Science Review*, 97: 2, 233-243.

Ioakimides, P. (1996) EU Cohesion Policy in Greece: The tension between bureaucratic centralism and regionalism. In: Hooghe, L. (ed.) *Cohesion Policy and European integration: building multi-level governance*. Oxford: Oxford University Press.

Marks, G. (1993) Structural policy and multi-level governance in the EC. In: Cafruny, A. and Rosenthal, G. (eds.), *The state of the European Community vol. 2: The Maastricht debates and beyond*, Boulder, CO: Lynne Rienner.

Molle, W. (2008) *European Cohesion Policy*. Milton Park: Routledge.

- Oates, W. (1999). An Essay on Fiscal Federalism. *Journal of Economic Literature*. 37: 1120- 49.
- Paraskevopoulos, C.J. (2008) Greece. In: Baun, M. and Marek, M. (eds.) *EU Cohesion Policy after enlargement*. Basingstoke: Palgrave Macmillan.
- Paraskevopoulos, C. J., Getimis, P. Rees, N. (eds.) (2006) *Adapting to EU multi-level governance: regional and environmental policies in cohesion and CEE countries*. Aldershot: Ashgate.
- Petrakos, G. and Psycharis, J. (2004) *Regional development in Greece*. Athens: Kritiki (in Greek).
- Piattoni, S. (2010) *The theory of multi-level governance: conceptual, empirical and normative challenges*. Oxford: Oxford University Press.
- Psycharis, I. and Simatou, E. (2003) The organisation of the public administration at regional and local level in Greece. *Series of Research Studies*, University of Thessaly. 9:29, 645-84, (in Greek).
- Psycharis, Y. and Petrakos G. (2010), Lagging regions and policy options: the case of Greece in the European context. In: Farshchi, M., Janne, O. and McCann P. (eds.) *Technological change and mature industrial regions: firms, knowledge and policy*, Cheltenham: Edward Elgar.
- Sotirelis, G. and Xiros, T. (eds.) (2010) *From prefecture to regional authority*. Athens: Papazisi Publications (in Greek).
- Sotiropoulos, D. (1993) A Colossus with feet of Clay: The state in post-authoritarian Greece. In: Psomiades, H. and Thomadakis, St. (eds.) *Greece, the new Europe and the changing international order*. New York: Pella.
- Tavistock Institute (1999) *The Thematic evaluation of the partnership principle; Final Synthesis Report to DG Regio*. London: The Tavistock Institute Evaluation Development and Review Unit.

Previous Papers in this Series

55. Skouroliakou, Melina, [*The Communication Factor in Greek Foreign Policy: An Analysis*](#), February 2012
54. Alogoskoufis, George, [*Greece's Sovereign Debt Crisis: Retrospect and Prospect*](#), January 2012
53. Prasopoulou, Elpida, [*In quest for accountability in Greek public administration: The case of the Taxation Information System \(TAXIS\)*](#), December 2011
52. Voskeritsian, Horen and Kornelakis, Andreas, [*Institutional Change in Greek Industrial Relations in an Era of Fiscal Crisis*](#), November 2011
51. Heraclides, Alexis, [*The Essence of the Greek-Turkish Rivalry: National Narrative and Identity*](#), October 2011
50. Christodoulaki, Olga; Cho, Haeran; Fryzlewicz, Piotr, [*A Reflection of History: Fluctuations in Greek Sovereign Risk between 1914 and 1929*](#), September 2011
49. Monastiriotis, Vassilis and Psycharis, Yiannis, [*Without purpose and strategy? A spatio-functional analysis of the regional allocation of public investment in Greece*](#), August 2011
48. Monastiriotis, Vassilis and Psycharis, Yiannis, [*Without purpose and strategy? A spatio-functional analysis of the regional allocation of public investment in Greece*](#), August 2011
- SPECIAL ISSUE edited by Vassilis Monastiriotis, [*The Greek crisis in focus: Austerity, Recession and paths to Recovery*](#), July 2011
47. Skouras, Spyros and Christodoulakis, Nicos, [*Electoral Misgovernance Cycles: Evidence from wildfires and tax evasion in Greece and elsewhere*](#), May 2011
46. Pagoulatos, George and Zahariadis, Nikolaos, [*Politics, Labor, Regulation, and Performance: Lessons from the Privatization of OTE*](#), April 2011
45. Lyrintzis, Christos, [*Greek Politics in the Era of Economic Crisis: Reassessing Causes and Effects*](#), March 2011
44. Monastiriotis, Vassilis and Jordaan, Jacob A., [*Regional Distribution and Spatial Impact of FDI in Greece: evidence from firm-level data*](#), February 2011
43. Apergis, Nicholas, [*Characteristics of inflation in Greece: mean spillover effects among CPI components*](#), January 2011
42. Kazamias, George, [*From Pragmatism to Idealism to Failure: Britain in the Cyprus crisis of 1974*](#), December 2010

41. Dimas, Christos, *Privatization in the name of 'Europe'. Analyzing the telecoms privatization in Greece from a 'discursive institutionalist' perspective*, November 2010
40. Katsikas, Elias and Panagiotidis, Theodore, *Student Status and Academic Performance: an approach of the quality determinants of university studies in Greece*, October 2010
39. Karagiannis, Stelios, Panagopoulos, Yannis, and Vlamis, Prodromos, *Symmetric or Asymmetric Interest Rate Adjustments? Evidence from Greece, Bulgaria and Slovenia*, September 2010
38. Pelagidis, Theodore, *The Greek Paradox of Falling Competitiveness and Weak Institutions in a High GDP Growth Rate Context (1995-2008)*, August 2010
37. Vraniali, Efi, *Rethinking Public Financial Management and Budgeting in Greece: time to reboot?*, July 2010
36. Lyberaki, Antigone, *The Record of Gender Policies in Greece 1980-2010: legal form and economic substance*, June 2010
35. Markova, Eugenia, *Effects of Migration on Sending Countries: lessons from Bulgaria*, May 2010
34. Tinios, Platon, *Vacillations around a Pension Reform Trajectory: time for a change?*, April 2010
33. Bozhilova, Diana, *When Foreign Direct Investment is Good for Development: Bulgaria's accession, industrial restructuring and regional FDI*, March 2010
32. Karamessini, Maria, *Transition Strategies and Labour Market Integration of Greek University Graduates*, February 2010
31. Matsaganis, Manos and Flevotomou, Maria, *Distributional implications of tax evasion in Greece*, January 2010

Online papers from the Hellenic Observatory

All GreeSE Papers are freely available for download at <http://www2.lse.ac.uk/europeanInstitute/research/hellenicObservatory/pubs/GreeSE.aspx>

Papers from past series published by the Hellenic Observatory are available at http://www.lse.ac.uk/collections/hellenicObservatory/pubs/DP_oldseries.htm