



WP1: Synthesis report

*Ex post evaluation of Cohesion Policy programmes
2007-2013, focusing on the European Regional
Development Fund (ERDF) and the Cohesion Fund (CF)*

Task 3 Country Report Greece

September 2016



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**WP1: Synthesis report
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**Task 3 Country Report
Greece**

September 2016

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List of abbreviations

AIR	Annual Implementation Report
CF	Cohesion Fund
ECB	European Central Bank
ERDF	European Regional Development Fund
EU	European Union
GDP	Gross Domestic Product
GDFCF	Gross Domestic Fixed Capital Formation
IMF	International Monetary Fund
MA	Managing Authority
MC	Management Committee
NSRF	National Strategic Reference Framework
NUTS	Nomenclature of Territorial Units for Statistics
OP	Operational Programme
R&D	Research and Development
RTD	Research and Technological Development
SME	Small and Medium Enterprise



List of programmes and link to beneficiaries of ERDF and Cohesion Fund support

CCI	Name of programmes	Link beneficiaries	Number of Projects
2007GR161PO001	ΟΡ Ανταγωνιστικότητα και Επιχειρηματικότητα	http://www.espa.gr/el/Pages/staticBeneficiariesList.aspx	4 299
2007GR161PO002	ΟΡ Ψηφιακή Σύγκλιση	http://www.espa.gr/el/Pages/staticBeneficiariesList.aspx	3 919
2007GR161PO003	ΟΡ Τεχνική Υποστήριξη Εφαρμογής	http://www.espa.gr/el/Pages/staticBeneficiariesList.aspx	209
2007GR161PO004	ΟΡ Ενίσχυση της Προσπελασιμότητας	http://www.espa.gr/el/Pages/staticBeneficiariesList.aspx	132
2007GR161PO005	ΟΡ Περιβάλλον - Αειφόρος Ανάπτυξη	http://www.espa.gr/el/Pages/staticBeneficiariesList.aspx	1 248
2007GR161PO006	ΟΡ Αττική	http://www.espa.gr/el/Pages/staticBeneficiariesList.aspx	13 555
2007GR161PO007	ΟΡ Δυτική Ελλάδα - Πελοπόννησος - Ιόνιοι Νήσοι	http://www.espa.gr/el/Pages/staticBeneficiariesList.aspx	4 928
2007GR161PO008	ΟΡ Μακεδονία - Θράκη	http://www.espa.gr/el/Pages/staticBeneficiariesList.aspx	12 438
2007GR16UPO001	ΟΡ Θεσσαλία - Στερεά Ελλάδα - Ήπειρος	http://www.espa.gr/el/Pages/staticBeneficiariesList.aspx	6 945
2007GR16UPO002	ΟΡ Κρήτη & Νήσοι Αιγαίου	http://www.espa.gr/el/Pages/staticBeneficiariesList.aspx	7 205

Note: The web links above are to websites of the respective Managing Authorities who, under the rules governing the 2007-2013 programmes were required to publish the names of the beneficiaries of the funding allocated. The number of projects supported has been estimated on the basis of the information published on the website at the time when the data were downloaded. In the meantime the data concerned may have been updated. It may also be that the data have been moved to another part of the website, in which case the link may not work. If this is the case, those who wish to locate the data concerned will need to go to main OP website, as indicated by the beginning part of the link and search from there.



Map 1 Greece and NUTS 2 regions, GDP/head (PPS), 2014



Greece: GDP/head (PPS) by NUTS-2 region, 2014

- Index, EU-27 = 100
- < 50
 - 50 - 75
 - 75 - 90
 - 90 - 100
 - 100 - 125
 - >= 125
- ∕ NUTS2 boundaries

Sources: Eurostat, DG REGIO



Preliminary note

The purpose of the country reports is to provide for each Member State a short guide to the findings of the ex post evaluation of Cohesion policy programmes 2007-2013 undertaken by DG Regional and Urban Policy and an overview of the context in which the programmes were carried out. It is based on information produced by Task 1 and Task 2 of WP1 and on the country specific findings from the various WPs that form the ex post evaluation. These are listed below with an indication in brackets of the case studies carried out in the Member State concerned.

WP0 – Data

WP1 – Synthesis

WP2 – SMEs, innovation and ICT

WP3 – Venture capital, loan funds

WP4 – Large enterprises

WP5 – Transport

WP6 – Environment (case study Sewage in Koropiou and Paianias areas)

WP8 – Energy efficiency (country report Greece and OP Competitiveness and Entrepreneurship)

WP9 - Culture and tourism

WP10 – Urban development and social infrastructure

WP11¹ – European Territorial Cooperation

WP12 – Delivery system (case studies ERDF/CF: OP Improvement of Accessibility, OP Attica and ETC South-East Europe – ESF OP Public Administration - Assessment of capacity building financed by technical assistance – the case of Greece)

WP13 – Geography of expenditure

WP14 – Impact modelling

¹ The findings from WP11 – European Territorial Cooperation are summarised in a separate report as part of Task 3 of WP1.



Executive summary

In Greece, the 2007-2013 programming period coincided with a prolonged and deep recession, triggered by the global economic and financial crisis which laid bare the long-term structural deficiencies of the economy. Between 2007 and 2013, GDP declined by 26% in real terms and while the recession came to an end in 2014, growth over the two years was less than 1%. The employment rate which was already relatively low, fell from 66% of the population aged 20-64 in 2007 to 53% in 2013, implying that only just over half of people of working age were employed. Unemployment increased from 8.4% of the labour force to 27.5% over the same period.

The public sector financial balance which was already in significant deficit in 2007 deteriorated further as GDP collapsed. In 2009, the deficit rose to 15% of GDP and despite the austerity measures imposed by financial institutions in return for lending, it was still 13% of GDP in 2013. Consolidated public debt, already large before the crisis, increased to 178% of GDP in 2013 and was much the same in 2015. Public investment relative to GDP was halved between 2007 and 2013 and though there was some increase in the subsequent two years, in 2015, it was only just over 50% of the level in 2006 in real terms.

All regions suffered in much the same way from the crisis, GDP per head falling precipitously in all of them and regional disparities in these terms remaining much the same. The same was true of employment, the proportion of 20-64 year-olds in work declining by 11 percentage points in each between 2007 and 2015.

In total, support from ERDF and Cohesion Fund amounted to EUR 15.8 billion over the period, equivalent to about 19% of total Government capital expenditure, or EUR 202 per head. The EU co-financing rate was increased markedly from 75% to 99.8% during the period to reduce the counterpart national co-financing rate and, accordingly, the national contribution to funding programmes. This allowed for a faster absorption of the funds, notwithstanding the austerity measures taken, but inevitably diminished substantially the total funds available for regional development.

The ERDF and Cohesion Fund were mainly used to support transport infrastructure as well as RTD, innovation and SMEs, though support for environmental infrastructure was also important. Over the period, important shifts in funding occurred, both between and within policy areas. Within transport, funds were moved from rail and other transport to roads and from the environment to enterprise support in order to help firms cope with the credit crunch.

Overall, the measures co-financed over the period led directly to the creation of over 21 000 jobs, of which around 1 500 were in research. This was achieved in part through the support given to 561 RTD projects, more than 25 000 projects to help firms finance investment and another 2 600 projects to start-up businesses.

In addition, support for investment in transport led to the construction of 144 km of new roads, which were part of the trans-European Transport Network (TEN-T) and the upgrading of 2 646 km of existing roads as well as of 60 km of railway lines.

Investment in environmental infrastructure resulted in an additional 1 460 thousand people being connected to safe drinking water supply and in additional 371 thousand people being connected to new or upgraded wastewater treatment facilities.

The additional investment from Cohesion and regional development policies is estimated to have increased the Greek GDP in 2015 by just over 2% above the level it would have been in the absence of the funding provided and in 2023, GDP will be an estimated 3% higher because of this.



1. The policy context and background

1.1. Macroeconomic situation

The Greek economy showed buoyant growth between 2000 and 2007 and converged significantly towards the EU average in terms of GDP per head (Table 1). From the advent of the global economic and financial crisis on, however, it has been in almost permanent recession. The global crisis exposed the long-term competitive weakness of the economy and as a result it hit Greece more severely than other EU Member States.

Between 2007 and 2013, Greek GDP declined by 26% in real terms and though it stopped falling in 2014, it grew by less than 1% between 2013 and 2015. In consequence, the gap in GDP per head between Greece and the EU, which had narrowed appreciably over the previous 7 years, widened markedly.

Table 1 GDP growth, employment and unemployment, Greece and the EU, 2000-2015

	2000-07	2007-09	2009-11	2011-13	2013-2014	2014-15
GDP growth	<i>(Annual average % pa)</i>					
Greece	4.0	-2.3	-7.3	-5.3	0.7	0.0
EU average	2.3	-2.0	1.9	-0.1	1.4	1.9
	2000	2007	2009	2011	2013	2015
Employment rate (% 20-64)						
Greece	62.1	65.8	65.6	59.6	52.9	54.9
EU average	66.5	69.8	68.9	68.6	68.4	70.1
Unemployment rate (% lab force)						
Greece	11.2	8.4	9.6	17.9	27.5	24.9
EU average	9.2	7.1	8.9	9.6	10.8	9.3

Source: Eurostat, National accounts and Labour Force Survey

The prolonged and deep recession was accompanied by large-scale job losses and the employment rate fell from 66% of population aged 20-64 in 2007 to just 53% in 2013, meaning that only just over half of people of working age were actually in work. As a reflecting of this, the unemployment increased three-fold over these 6 years from 8.4% in 2007 to 27.5% in 2013, the highest in the EU.

The recession also led to a marked deterioration in public finances. The budget was already in significant deficit in 2007 before the downturn and the deficit increased to over 15% of GDP in 2009 (Table 2).

Table 2 Government budget balance, accumulated debt and investment, Greece and the EU, 2000-2015

	2000	2007	2009	2011	2013	2015
Public sector balance	<i>(% GDP)</i>					
Greece	-4.1	-6.7	-15.2	-10.2	-13.0	-7.2
EU average	0.0	-0.9	-6.7	-4.5	-3.3	-2.4
Public sector debt						
Greece	104.9	103.1	126.7	172.1	177.7	176.9
EU average	60.6	57.9	73.1	81.1	85.5	85.2
General Govt investment						
Greece	5.1	4.9	5.7	2.4	3.4	3.8
EU average	2.9	3.2	3.7	3.3	3.0	2.9

Source: Eurostat Government financial accounts

This led to the interest rates that the government could borrow at being unsustainable, forcing the country to rely on the European Commission-IMF-ECB Troika for a bail out in 2010. The Memoranda of Understanding that followed imposed



fiscal consolidation measures, which consisted of a reduction in government investment and a contraction in regional development funds. This led to a revision of the EU co-financing rule, allowing an EU co-financing rate of 99.8% instead of 75%. Despite the consolidation measures, the budget deficit was reduced only slowly largely because of the depth of the recession and in 2015 was still over 7% of GDP. The persistent large-scale deficits resulted in public sector debt increasing continuously, reaching 178% of GDP in 2013 and remaining at much the same level in 2015. The cutbacks in public investment led to this halving in real terms over the programming period.

1.2. Regional Disparities

Greece is divided into 13 NUTS 2 regions. In the 2007-2013 period, three of the 13 were accorded Phasing-out status under the Convergence Objective (Kentriki Makedonia, Dytiki Makedonia and Attiki), two were accorded Phasing-in status under the Competitiveness and Employment Objective (Sterea Ellada, Notio Aigaio) and the remaining 8 regions² had Convergence Objective status.

Traditionally, regional disparities originate from several factors: the topography, the level of educational attainment, the main economic sectors (manufacturing, agriculture and services with particular regard to tourism) as well as the transport and other infrastructure endowment. The major urban centres - Athens (Attiki) and Thessaloniki (Kentriki Makedonia) - where about half of the total population and most of the industrial activities (mainly food, textile and clothing) are concentrated, are characterised by better transport infrastructure. The islands (Notio Aigaio, Voreio Aigaio and Kriti), which are less populated, rely mainly on tourism and have a reasonably developed level of infrastructure. The remaining are mountainous, rural, less industrialised and have by a lower level of economic development.

In the previous programming period (2000-2006), regional disparities widened. Gross Value Added (GVA) per head in Transition regions (the Phasing-in and Phasing-out ones) grew at an average rate of almost 5%, in Convergence regions, by 3% (see Country folder for Greece). Over the 2007-2013 period, disparities ceased to widen but there was little convergence either. The GDP per head of Convergence regions in 2014 was on average much the same in relation that of Transition regions as in 2007. In both, it declined appreciably relative to the EU average. Similarly, the employment rate in the two sets of regions declined by much the same extent over the period (by 11 percentage points between 2007 and 2015) and unemployment increased in both almost equally.

2. Main features of Cohesion Policy implementation

2.1. Nature and scale of Cohesion Policy in the country

The Greek National Strategic Reference Framework (NSRF) for the 2007-2013 period was formulated around five main thematic priorities: (a) investment in the productive sector of the economy; (b) knowledge society and innovation; (c) employment and social cohesion; (d) institutional environment; (e) attractiveness of Greece and the regions as places to invest, work and live.

The ERDF and the Cohesion Fund initially made available for the period, totalled EUR 15.9 billion, of which EUR 3.7 billion was financed by the Cohesion Fund. The total funds were equivalent to 1% of annual GDP. This amount, which remained unchanged throughout the seven-year period, corresponded to about 19% of total Government capital expenditure or EUR 202 per head of population (Table 3).

² Anatoliki Makedonia, Thraki; Thessalia; Ipeiro; Ionia Nisia; Dytiki Ellada; Peloponnisos; Voreio Aigaio; Kriti.



Table 3 ERDF and Cohesion Fund and national co-financing for the 2007-2013 period in Greece initial (2007) and last (2016)

	2007				2016			
	EU funding	National public funding	National private funding	Total	EU funding	National public funding	National private funding	Total
EUR million								
Convergence	15 688.2	4270.7	-	19 958.9	15 688.8	39.7	-	15 728.5
Competitiveness	158.3	55.4	-	213.7	157.7	-	-	157.7
Total	15 846.5	4326.1	-	20 172.6	15 846.5	39.7	-	15 886.2
<i>Change, 2007-2014</i>								
Convergence					0.6	-4 231.0	-	-4 230.4
Competitiveness					-0.6	-55.4	-	-56.0
Total					-0.0	-4 286.4	-	-4 286.4
% GDP	1.04	0.28	-	1.32	1.04	0.00	-	1.04
% Govt. capital expend	18.9	5.2	-	24.1	18.9	0.0	-	19.0
Per head (EUR) pa	202.4	55.3	-	257.7	202.4	0.5	-	202.9
of which:								
Convergence	217.8	59.3	-	277.2	217.9	0.6	-	218.4
Competitiveness	25.2	8.8	-	34.1	25.1	-	-	25.1
<i>EU15</i>								
% GDP	0.13	0.09	0.01	0.24	0.13	0.06	0.01	0.21
% Govt. capital expend	3.1	2.0	0.3	5.5	3.1	1.4	0.3	4.8
Per head (EUR) pa	40.7	26.4	4.3	71.4	40.5	18.2	4.3	63.0
of which:								
Convergence	145.3	74.8	9.6	229.7	145.3	41.6	8.7	195.6
Competitiveness	16.1	15.0	3.1	34.1	15.9	12.6	3.2	31.8

Note: EU funding relates to decided amounts as agreed in 2007 and as at 14 April 2016. The figures for % GDP and % Govt. capital expenditure relate to funding for the period as % of GDP and Govt. capital expenditure aggregated over the years 2007-2013. Govt. capital expend is the sum of General Government gross fixed capital formation and capital transfers. The EU15 figures are the total for the EU15 countries for comparison.

Convergence and Competitiveness categories for EU15 include the Phasing-out and Phasing-in regions, respectively. For Greece, the 3 Phasing-out regions (Attiki, Dytiki Makedonia and Kentriki Makedonia) are included in the Convergence category, while two Phasing-in regions (Notio Aigaio and Sterea Ellada) are included in the Competitiveness one.

Source: DG Regional and Urban Policy, Inforegio database and Eurostat, national accounts and Government statistics

The 5 priorities set out in the NSRF were pursued through 10 Operational Programmes (OPs): five regional ones and five thematic ones with national coverage³. The five regional OPs integrated the 13 regions into 5 geographically neighbouring entities, including both Convergence and Transition regions.

2.2. Division of funding between policy areas and changes over the period

The division of ERDF financing between broad policy areas differed, depending on the region's category – Convergence, Phasing-in and Phasing-out (Table 4, note that Phasing-out regions are included under Convergence; while Phasing-in regions are included under Multi-Objective). In particular, a larger share of funding in Convergence regions went to 'Transport, Energy and ICT' followed by 'Enterprise Support and Innovation'. In the Multi-Objective regions, funding was almost evenly split between 'Social culture and territorial development' and 'Transport, Energy and ICT', followed by 'Enterprise Support and Innovation'.

³ The 5 national OPs were: the OP Competitiveness and Entrepreneurship, the OP Digital Convergence, the OP Improvement of Accessibility, the OP Environment and Sustainable Development and the Technical Assistance OP. There were also three Cross-Border Cooperation OPs between Greece and Bulgaria, Italy and Cyprus, which are not taken into account here.



Table 4 Division of ERDF financing for the 2007-2013 period in Greece by broad category

	Convergence		Multi-Objective	
	EUR mn	% total	EUR mn	% total
1. Enterprise support, innovation	2 509.9	18.1	484.9	24.6
2. Transport, energy, ICT	7 299.3	52.6	606.1	30.8
3. Environmental	1 869.0	13.5	210.6	10.7
4. Social, culture+territorial dimension	1 714.8	12.4	645.9	32.8
5. Human capital - Labour market	0.9	0.0	0.2	0.0
6. Technical assistance, capacity building	484.4	3.5	20.6	1.0
Total	13 878.2	100.0	1 968.3	100.0

Note: Division of decided amounts of funding as at 14 April 2016. Territorial dimension⁴ includes support for urban and rural regeneration and tourist services and measures to compensate for climate conditions.

Source: DG Regional and Urban Policy, Inforegio database

Over the programming period, considerable shifts of funding were made, both within and across policy areas (Table 5)⁴. Within 'Transport', funding for which increased over the period from 38% of the total to 39%, support for investment in roads remained the major item, increasing by about 25% over the period, mostly at expense of rail and 'other transport'. The increase for roads was mainly a result of the transfer into the programme of 24 infrastructure projects not completed in the 2000-2006 period, 39 new ready-to-start projects, and 66 technical support projects. (In addition, the approval of law n.4072/2012, which facilitates expropriations and reimbursement of payments in infrastructure projects, accelerated road construction.)

Table 5 Division of financial resources in Greece for 2007-2013 period by category, initial (2007) and last (April 2016) and shift between categories

Category	EUR mn					% Total	
	2007	2016	Added	Deducted	Net shift	2007	2016
1. Innovation & RTD	1 192.1	1 287.4	457.7	-362.5	95.3	7.5	8.1
2. Entrepreneurship	182.0	660.8	478.8	-	478.8	1.1	4.2
3. Other investment in enterprise	498.0	1 039.7	689.6	-147.9	541.7	3.1	6.6
4. ICT for citizens & business	1 345.9	737.8	48.4	-656.4	-608.0	8.5	4.7
5. Environment	2 716.1	2 057.0	141.8	-800.8	-659.0	17.1	13.0
6. Energy	625.2	861.3	596.7	-360.5	236.1	3.9	5.4
7. Broadband	210.9	87.4	-	-123.4	-123.4	1.3	0.6
8. Road	3 672.4	4 603.0	1 811.8	-881.2	930.6	23.2	29.0
9. Rail	810.7	530.6	-	-280.1	-280.1	5.1	3.3
10. Other transport	1 574.4	1 096.8	304.2	-781.9	-477.7	9.9	6.9
11. Human capital	-	-	-	-	-	-	-
12. Labour market	96.4	0.2	-	-96.3	-96.3	0.6	0.0
13. Culture & social infrastructure	1 888.2	1 713.5	176.9	-351.6	-174.7	11.9	10.8
14. Social Inclusion	-	-	-	-	-	-	-
15. Territorial Dimension	602.1	665.5	159.5	-96.2	63.4	3.8	4.2
16. Capacity Building	25.1	6.2	3.0	-21.9	-18.9	0.2	0.0
17. Technical Assistance	407.0	499.3	145.0	-52.7	92.3	2.6	3.2
Total	15 846.5	15 846.5	5 013.4	-5 013.4	-	100.0	100.0

Note: 'Added' is the sum of additions made to resources in OPs where there was a net increase in the funding going to the category. 'Deducted' is the sum of deductions made to resources in OPs where there was a net reduction in funding. 'Social inclusion' includes measures to assist disadvantaged groups and migrants. 'Territorial dimension' includes support for urban and rural regeneration and tourist services and measures to compensate for climate conditions.

Source: DG Regional and Urban Policy, Inforegio database, April 2016

There was also a major shift over the period to 'Enterprise support and innovation', the funding for which was increased from 12% of the total to 19%. This re-allocation was a response to the challenges posed by the crisis, which led to EU funding being re-oriented towards support of the private sector as well as measures for youth

⁴ The 17 categories shown in the table are aggregations of the more detailed 87 categories into which expenditure was divided in the period for reporting purposes.

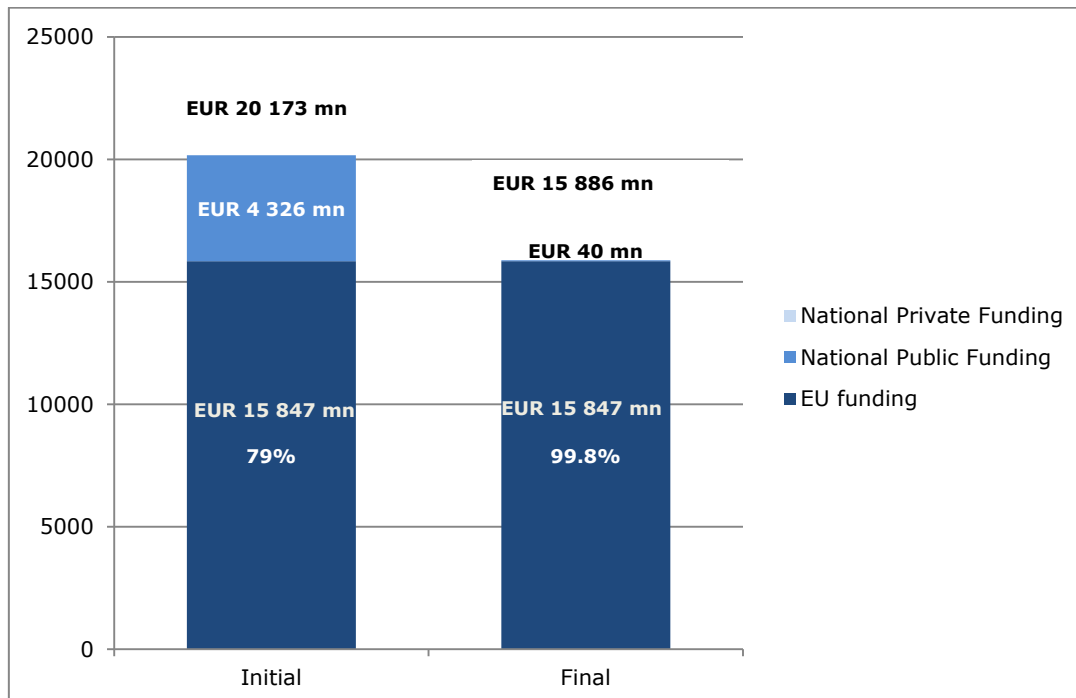


employment and support of RTD and innovation. The counterpart was a substantial shift of funding away from the 'Environment' and 'ITC for citizen & business'.

2.3. Policy implementation

As a result of the bail-out plan, Greece was under strict supervision to reduce public spending and was unable to provide the necessary matching co-financing for Cohesion policy programmes to go ahead. The European Commission facilitated spending through advance payments and by increasing the EU co-financing rate from 75% to 99.8%, so enabling national co-financing to be reduced to a minimum level (from EUR 4.3 billion to just EUR 40 million) (Figure 1). This measure, however, meant a substantial reduction of in the overall funding available for development programmes, from EUR 20.2 billion as initially planned to EUR 15.9 billion Cohesion policy investments, which in fact decreased by the amount corresponding to national public funding (from EUR 4.3 billion to about EUR 40 million) (Figure 1).

Figure 1 Total funding going to expenditure on Cohesion policy programmes for the 2007-2013 period, initial planned amount and final amount (EUR mn)

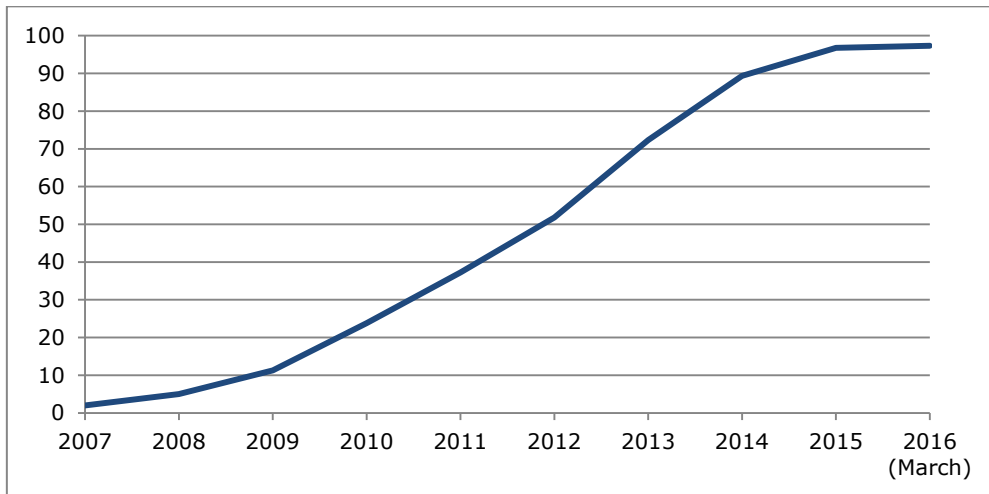


Source: DG Regional Policy financial data, 14 April 2016

The large reduction in national co-financing, combined with funding shifts between policy areas, led to a significant increase in the rate of absorption of funds from 2012 onwards (Figure 2). Exceptionally, payments for Greece amounted to 98% of the funding at the end of March 2016 (instead of the usual maximum of 95% before expenditure has been approved) as a result of a special agreement made to release the final 5% of funding early because of the severe shortage of public finance in the country.



Figure 2 Time profile of payments from the ERDF and Cohesion Fund to Greece for the 2007-2013 period (% of total funding available)



Source: DG Regional Policy financial data, end-March 2016

2.4. Delivery system (WP12)

An evaluation of the management and implementation of Cohesion policy over the 2007-2013 period was carried out by WP12⁵. The delivery system in Greece for managing and implementing ERDF and Cohesion Fund programmes was found to be complex, with limited coordination between central and local authorities and a tendency to centralisation. Based on an assessment of performance criteria, weaknesses were identified in programming, project selection, compliance and financial management.

With regard to programming, political interference was identified as a key weakness, with ERDF and Cohesion projects being less vulnerable than ESF ones due to their longer maturity periods that surpassed the lifetime of governments⁶. In project selection, lack of simplification of the overall processes was acknowledged as a key weakness. Beneficiaries perceived procedures and processes as bureaucratic and time consuming and welcomed the use of IT and e-solutions so long as their implementation did not entail a duplication of efforts.

As regards compliance, it was found that the accumulation of irregularities could have been prevented if beneficiaries had been better verified during the implementation phase of their operations. Better cooperation between MAs and beneficiaries, prompt submission of final audit results to beneficiaries, and better administrative verification checklists could have addressed this weakness.

Financial management suffered from a shortage of human resources and a lack of training. In particular, MAs at local and regional level lacked sufficient experienced staff, since many officials opted for early retirement. As a result, MAs had to rely on consultants, which weighed on the budget and worked against the competence of internal staff from being improved in respect of Cohesion policy management and evaluation.

⁵ The WP12 report is published at http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1?.

⁶ Two case studies were carried out as part of: Assessment of capacity building financed by technical assistance (Task 5) and Case study reports (Task 3), Delivery System, WP12, see http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/%231?#1.



3. The outcome of Cohesion Policy programmes – main findings from the ex post evaluation

The main findings summarised here come from the evaluations carried out under the Work Packages (WPs) of the ex-post Evaluation of Cohesion Policy 2007-2013 which covered in detail the following policy areas:

- Support to SMEs – increasing research and innovation in SMEs and SME development (WP2);
- Financial instruments for enterprises (WP3);
- Support to large enterprises (WP4);
- Transport (WP5);
- Environment (WP6);
- Energy efficiency in public and residential buildings (WP8);
- Culture and tourism (WP9);
- Urban development and social infrastructure (WP10);
- European Territorial Cooperation (WP11);
- Delivery system (WP12);
- Geography of expenditure (WP13);
- The impact of cohesion policy 2007-2013: model simulations with Quest III and Rhomolo (WP14).

All of these are relevant for Greece, except the evaluation on large enterprises (WP4), which did not cover Greece among the countries examined. The evaluation of ETC (WP11), it should be noted, is the subject of a separate report. The findings of WP12 were outlined above, while the estimates produced by WP13 on the allocation of funding and of expenditure between regions are not considered here⁷.

3.1. Enterprise support and innovation (WP2, WP3 and WP4)

The funding allocated to specific projects in this broad policy area amounted to EUR 2.9 billion, around 19% of the total allocation of funding for Greece. The larger part of the funding (some 45%) went to RTD and innovation, while most of the rest went to support other investment in enterprises (i.e. other than RTD and innovation).

Overall, up to the end of 2014, 561 RTD projects had been supported, along with 30 projects of cooperation between companies and research institutes. The support provided helped to start up 2 611 new businesses and co-financed 25 347 investment projects in SMEs. An estimated 21 006 full-time equivalent jobs in SMEs, in gross terms, were directly created as a result of the funding, together with 1 422 research jobs (see Table 6 at the end of this section).

SME support, R&D and innovation (WP2)

In the 2007-2013 period, the share of funding specifically allocated to SMEs support was relatively small, representing about 8% of the total funding available. This, however, amounted to a large proportion of the support provided to enterprises over the period in the country, given the large cuts in national funding to cope with the crisis.

Similarly to other Member States, the decision to favour direct investment support to SMEs was aimed at mitigating the effect of the credit crunch and the recession on the financing available to businesses. Most start-ups resulted from initiatives undertaken

⁷ They are available at: http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1.



in the regions of Attiki and Anatoliki-Makedonia-Thraki as well as to the initiatives undertaken under the Competitiveness and Entrepreneurship OP⁸.

This OP as well as Attiki made large use of grants to provide support. They also used a large number of instruments focused on specific sectors (e.g. tourism, ICT, microelectronics and freight transport). However, several instruments failed to reach the desired outcomes because of the difficulties of SMEs in accessing the necessary co-financing.

Financial Instruments for enterprises (WP3)

During the 2007-2013 period, around EUR 1 billion (EUR 910 million from the ERDF) was allocated to Financial Instruments (FIs), corresponding to almost 30% of total ERDF support to enterprises and around 6% of the total funding available for Greece. Unlike in the majority of EU15 Member States, national co-financing was very limited (16%), while there was no private co-financing at all. By the end of 2014, the majority (89%) of the funding allocated had been paid into specific funds, and over half of this (56%) had reached final recipients.

In order to improve access to finance for SMEs, as well as stimulating urban development and energy efficiency measures, FIs were adopted in all Greek OPs, with the exception of the Digital Convergence and Technical Assistance OPs. Overall, two Holding Funds and 22 specific funds were co-financed. The Holding Funds were managed by the EIB and the National Entrepreneurship and Development Fund (two in each case – the latter being a national fund to support enterprises, particularly SMEs and innovative enterprises). The specific funds were operated by both private fund managers and public bodies.

FIs mainly took the form of loans, guarantees and equities being used only to a limited extent. In particular, loan schemes were aimed at compensating for the lack of credit available to SMEs from commercial banks.

3.2. Transport (WP5)

EUR 6.2 billion of funding, around 39% of the total ERDF and Cohesion Fund allocation to Greece, went to investment in Transport, among the largest shares in the EU. Most of this (74%) went to the funding of road projects, a larger share than in any other Member State.

Funding helped to construct 144 km of new roads and 11 km of new railway lines, which were both part of the TEN-T. It also co-financed the upgrading of 2 646 km of existing roads and 60 km of railway lines (see Table 6 at the end of this section). The funding amounted to 25% of the total investment in transport made over the period.

3.3. Environmental infrastructure (WP6)

Some EUR 2 billion of funding went to the support of Environmental projects over the period, 13% of the total available. Of this, EUR 1.2 billion was allocated to water supply and wastewater treatment and EUR 0.3 billion to waste management, the broad areas covered by the WP6 evaluation. The remaining funds were allocated to other areas, such as risk prevention and promotion of biodiversity.

In practice, there was a reduction in the share of municipal waste treated over the period and in the proportion composted. There was also a small increase in waste disposed of in landfills, partly as a result of low charges being imposed for their use. In consequence, Greece was among the few Member States that by 2010 had failed to reduce waste disposed of in landfills to 75% of the 1995 levels. Over the same period, the proportion of waste recycled declined by 2% percentage points.

⁸ Expert evaluation network delivering policy analysis on the performance of Cohesion policy 2007-2013, Year 3 – 2013, Country Report on Achievements of Cohesion policy Greece.



Several difficulties occurred in the implementation of major waste projects: problems with procurement procedures, a lack public acceptance and limited capacity at municipal level to manage large tenders for technical investment.

On the other hand, the support provided resulted in almost 1.5 million more people being connected to improved water supply and over 370 thousand being connected to wastewater treatment facilities.

Collection, transport, treatment and disposal of sewage in the areas of Koropi and Peania case study⁹

The project for on the collection, treatment and disposal of sewage in the areas of Koropi and Peania is still under construction and is expected to become operational in 2017. This project involves the construction of 97.8 km of sewerage pipeline and a new wastewater treatment plant with a total investment cost of about EUR 125 million. Once completed, the system will be operated by the Athens Water Supply and Sewerage Company (EYDAP SA) and is expected to benefit 94 300 people.

3.4. Energy efficiency in public and residential buildings (WP8)

Greece allocated EUR 861 million, around 5% of total funding, to support of energy efficiency measures. Support took the form of financial instruments, especially loans, as well as grants. The average contribution to a loan in Greece was only EUR 1 500, compared with EUR 50 000 in the other 11 Member States examined by the evaluation carried out under WP8. This was because the contribution went exclusively to individuals, in contrast to the other Member States where support was provided mainly to housing associations and other bodies.

Energy Country case study¹⁰

Energy use is relatively high in Greece and all OPs recognised the potential for increasing energy efficiency. The country case study focussed on measures for support of improving energy efficiency in public and residential buildings in 4 OPs: Competitiveness and entrepreneurship, Environment and sustainable development, Attiki and Anatoliki Makedonia-Thraki.

The overall funding allocated amounted to EUR 300 million, with the Competitiveness and entrepreneurship OP alone allocating some EUR 154 million. Specific objectives for energy saving are identified in all programmes, with emphasis on urban residential buildings, while the Competitiveness-and entrepreneurship OP also emphasises energy efficiency investment in municipalities,

In terms of output, up to the end of 2014, some 50 thousand households had been upgraded, 39 thousand by the Competitiveness-and entrepreneurship OP. As a result, energy savings of 498 681 tonnes of oil equivalent were made, significantly exceeding the target set. In addition, greenhouse gas emissions (CO₂ and the equivalent) were reduced by 2 825 kilotonnes.

3.5. Culture and tourism (WP9)

Some EUR 639 million, or 4% of total funding, was set aside for investment in culture and tourism over the period, exclusively in the form of non-repayable grants. Most of this (EUR 534 million) went to culture.

According to the MAs surveyed, the two policy areas were regarded as being closely inter-related, investment in culture being seen as a means of attracting tourists. The main motivation for providing support was stated to be to help diversify the regional economy, though, in addition, support for cultural activities was considered a way of strengthening social cohesion by preserving local traditions.

⁹ The full case study report can be consulted here:

http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp6_case_study.pdf.

¹⁰ The full case study report can be consulted here as separate annex to final report:

http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1.



3.6. Urban development and social infrastructure (WP10)

A total of EUR 1.7 billion, or 11% of total funding, was allocated to investment in urban development and social infrastructure. The majority of this (over 60%) went to investment in social infrastructure, particularly in education establishments, healthcare facilities and childcare centres.

Among the 115 OPs covered by the evaluation undertaken by WP10 (those with over EUR 22 million going to these two policy areas) five were Greek. In the majority of them, funding was allocated primarily to urban development project and to education buildings and equipment and only a small amount went to housing and other social infrastructure.

Evidence on achievements linked to investments is scarce. The only core indicator reported by MAs relates to areas of rehabilitated land, which amounted to 57 square km up to the end of 2014.

3.7. ETC (WP11)

Greece was involved in three Interreg programmes financed under the Cross-border Cooperation strand of the ETC Objective. These were, respectively, with Italy, Bulgaria, and Cyprus. The ETC-funded programmes are the subject of a separate report.

3.8. Impact on GDP (WP14)

The investment supported by Cohesion policy and rural development policies in Greece is estimated to have increased GDP in 2015, at the end of the programming period, by just over 2% above the level it would have been in the absence of the funding provided¹¹. It is further estimated that in 2023, 8 years after the funding came to an end, GDP will be almost 3% higher as a result of the investment concerned.

3.9. Overview of achievements

Table 6 summarises the core indicator data reported by MAs. Up to the end of 2014, the investment undertaken with the support of the ERDF for the 2007-2013 period resulted in the direct creation of 21 000 new jobs according to the figures reported by MAs.

In addition to the achievements reported above under the different WPs, around 772 thousand additional people, or about 7% of the total Greek population, were connected to the broadband network as a result of the ERDF support provided. ERDF support also led to the capacity to produce electricity from renewable energy sources being increased by 108 megawatts.

It should be emphasised that since not all MAs report all of the core indicators, and in some cases, only a minority, the figures tend to understate achievements, perhaps substantially. In addition, the data reported relate to the situation at the end of 2014, one year before the official end of the period in terms of the expenditure which can be financed, so that they also understate achievements over the programming period because of this.

¹¹ Estimates by the Quest model, a new-Keynesian dynamic general equilibrium model in kind widely used in economic policy research, developed by DG Economic and Financial Affairs to assess the effects of policies. See The impact of Cohesion Policy 2007-2013: model simulations with Quest III, WP14a, final report, http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp14a_final_report_en.pdf.

**Table 6 Values of core indicators for ERDF co-financed programmes in Greece for 2007-2013 period, as at end-2014**

Core Indicator Code	Core indicator name	Value up to end of 2014
0	Aggregated Jobs	21 006
1	Jobs created	3 467
4	Number of RTD projects	561
5	Number of cooperation project enterprises-research institutions	30
6	Research jobs created	1 422
7	Number of direct investment aid projects to SME	25 347
8	Number of start-ups supported	2 611
9	Jobs created in SME (gross, full time equivalent)	21 006
12	Number of additional population covered by broadband access	771 851
14	km of new roads	144
15	km of new TEN roads	144
16	km of reconstructed roads	2 646
18	km of TEN railroads	11
19	km of reconstructed railroads	60
24	Additional capacity of renewable energy production (MW)	108
25	Additional population served by water projects	1 455 459
26	Additional population served by waste water projects	370 841
29	Area rehabilitated (km ²)	57
35	Number of jobs created in tourism	13

Note: The figures in the table are those reported by MAs in Annual Implementation Reports. Core indicators for which no data were reported by the Member State are not included. The aggregate jobs indicator is based on an examination by the Commission of all gross job creation reported for each priority axis and is regarded as the most accurate figure for the total number of gross jobs directly created as a result of funding. It tends to be higher than the sum of the figures reported by MAs for the core indicators relating to jobs created because in many cases MAs fail to report anything for these indicators.

Source: Annual Implementation Reports, 2014 and DG Regional Policy post-processing of these, August 2016

