

Study on the relevance and the effectiveness of ERDF and Cohesion Fund support to Regions with Specific Geographical Features – Islands, Mountainous and Sparsely Populated areas

Second Intermediate Report

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4.4 Voreio Aigaio

Selected Region: Analysis of relevance and effectiveness of ERDF and Cohesion Fund (CF)

1. Identification

1.1. Identification of NUTS2 area and corresponding NUTS3 regions

Voreio Aigaio NUTS2 region (GR41) is composed by 3 NUTS3 areas (departments): Lesbos (GR411), Samos (GR412) and Chios (GR413); is one of the 13 greek NUTS3 regions

1.2. Identification of relevant programmes supported by ERDF or Cohesion funds :

Voreio Aigaio Region was under Objective 1 during 2000-2006 and it is under the Convergence objective during the 2007-2013 period; actions in the region was financed mainly by the regional OPs (ref cod 2000 GR16 1 PO 009), but also by the national sectoral OPs and by Cohesion Fund as Greece's GDP is less than 90% of the EU Average.

During the 2007-13 period finances come from a common operational program for Voreio Aigaio, Notio Aigaio and Kriti (ref cod 2007 GR 16 UP 002) and from Cohesion Fund. National sectoral EU programs have almost no application on islands where actions have only local character.

In addition, for the current period, Greece has several national sectoral Operational Programmes, which are focused on the eight Convergence regions, these are:

Operational Programme	Aim	Total Budget	ERDF and CF budget
Improvement of Accessibility	To improve transport infrastructure in Greece as well as its international connections. A decisive role in enhancing the attractiveness and accessibility of Greece's remote and landlocked regions and also in improving its position in terms of international transport.	€4.976 billion	€3.7 billion
Environment and Sustainable Development	The aim is not just the incorporation of the EU environmental law into national legislation, but the pursuit of a genuine convergence to the European environmental "acquis communautaire" in order to deal with the real needs concerning the environmental protection and the development of a model leading to sustainable development	€2.250 billion	ERDF €220 million and CF €1.580 million
Digital Convergence	To contribute to the digital convergence of Greece with the rest of the EU through the use of ICT. The programme will focus on	€1.075 billion	€860 million

	implementing a customised developmental strategy with specific emphasis on competitive Greek sectors such as tourism, shipping, culture and sports		
Competitiveness and Entrepreneurship	To improve competitiveness and entrepreneurship and to increase the cross-border mobility of the Greek production system (with an emphasis on innovation). The programme will see interventions in the fields of industry, services, trade, consumer protection, research and technology, energy, tourism and culture, and aims to produce positive results in terms of development for the entire Greek economy.	€1.519 billion	€1.291 billion
Technical Assistance	The reinforcement of the strategic bodies' of the administration and coordination system which is responsible for all Operational Programmes, and the reinforcement of the administrative capacity of the beneficiaries to improve their organisational effectiveness.	€ 226 million	€ 192 million

Source: European Commission, 2011

2.Regional features and Domestic Policy Responses

2.1. Main characteristics of NUTS2 and NUTS3 regions:

Voreio Aigaio is principally an insular archipelagic area; it is also an external border area and Samos is characterised as a mountainous area.

The concept of insularity is the connecting link, the common characteristic of all islands regardless of their size, population and development level and has to been examined in comparison with mainland areas. Insularity expresses 'objective' and measurable characteristics, including small size (area and population), isolation and remoteness, as well as unique natural and cultural environments. However, it also involves a distinctive 'experiential identity', which is a non-measurable quality expressing the various symbols that islands are connected to. Practically, "insularity" is composed by four characteristics:

- *Small Size*: More often than not, islands are small both in terms of areal size and population compared to European mainland. Their small population results in a limited internal market and constrained local demand for commodities and services, as well as limited workforce. This, in its turn, limits scale and concentration economies. Concurrently, small size means that islands tend to have precious few -if any- land resources for extensive agriculture, whilst they also regularly lack key natural resources, including adequate water supplies, fossil fuels but also non-fuel minerals. In cases where raw materials may have been available in the past, these have now often been exhausted. The islands' small size has meant their environmental balance is regularly seriously endangered and this trait, in turn, makes environmental management a necessity.

- Remoteness and isolation: that result in high installation and operating costs for companies, households and the state.
- Special experiential identity: The particularities of insular space affect perceptions, behaviors and actions. Islands are ‘objects of the mind’ in addition to being physical objects and they are viewed in different ways by visitors – tourists and mainlanders – compared to long-term local inhabitants. While for the visitor, islands can be places to ‘escape’ from everyday life and live ‘utopias’, local inhabitants may have highly different views.
- Particular, rich and vulnerable natural and cultural environment: Because of their small size and their isolation many islands have witnessed the evolution of unique endemic species and, as a result, have valuable terrestrial and marine ecosystems. Additionally, numerous islands have a rich historic past due to their strategic position on the maritime routes, which is presently highlighted through monuments, settlements and landscapes; many of these have been classified as national, European, or even world cultural heritage sites. This unique natural and cultural capital has been used till now mostly for the development of tourism.

These characteristics of islands **are not compatible with the attractiveness principles of the dominant development model**, which is characterised by mass production of standardised goods in or near urban centres, near main transport axes. Activities on islands:

- a) Cannot enjoy the privilege of economies of scale as islands are characterised by limited variety and quantity of resources;
- b) Cannot have good accessibility and low transport cost, as islands are isolated and remote areas;
- c) Cannot profit from agglomeration externalities as islands have limited markets and activities;
- d) Cannot have good access to Services of General Interest.

Consequently, business on islands cannot be competitive and therefore, insularity has to be considered a permanent, natural feature that affects negatively, directly and indirectly, islands’ attractiveness. This affects even more job and career opportunities and attractiveness for population. On small islands and archipelagos insularity entails even lower attractiveness. The fact that Samos Department is also a mountainous archipelagos is adding difficulties.

Nevertheless, these same characteristics entail a quality of their natural and cultural assets, a high density of natural and cultural capital, a strong cultural identity and, combined with the fact that islands have low nature fragmentation by artificial surfaces, a particular quality of life. These assets can be used for an alternative development model based on “quality” product and services.

Geographical and Population indicators for the Voreio Aigaio Region

GEO	Area size (km ²)	Average altitude (m)	Population (2008)	Population density (2008)	Population change 1961-1981 (%)	Population change 1981-2001 (%)	Births – deaths 2000 (/1000 inh.)	Births – deaths 2008 (/1000 inh.)	Ageing index 2001
	1	2	3	4	5	6	7	8	9
Greece	131,957	143	10,934,097	85,3	16.1	12.2	-0.2	0.93	11
Voreio Aigaio	3,836	81	200,275	52,2	-23.3	5.2	-4.1	-1.8	14
Lesbos	2,154	85	105,957	49,2	-25.4	3.4	-4.2	-2.3	14
Lemnos	778	127	42,603	54,8	-22.1	8.2	-4.4	-2.6	14
Chios	904	76	51,957	57,5	-20	6.5	-3.6	0	13

Source: ELSTAT (www.statistics.gr), processed by the authors

Voreio Aigaio is an insular Region, comprised of 5 big and 4 small inhabited islands divided in 3 NUTS3 areas, stretching over just above 3,800 km²; this figure is deceiving, as the north-south geographical distance between Limnos Island and Fourni Islands is over 300 km. The population is just over 200000 people resulting in very low densities, between 49,2 and 57,5 inhabitants per km², much lower than the national average (85,3). The Region has experienced a period of rapid (active) population loss (1950-80) due mainly to lack of employment that was not compensated by a modest rise during the next decades much lower than the national average; the biggest NUTS3 area, Lesbos, have experienced the worst performance. Natural growth is also very negative (the lowest of all 13 NUTS2 Greek Regions) and the population is aged. Internal differences are also important in Voreio Aigaio, as the four smaller islands experience a number of additional difficulties in accessibility (double insularity), economic performance and experience significant population loss. But, even for the bigger islands (mainly Ikaria and Lemnos) differences are important, in terms of accessibility and services available locally.

The active population in the Region is much lower as a share of the total population and less educated compared to the national average, revealing the impact of emigration and the difficulties for development based on innovation and competitive activities. The GDP per capita of the Region is particularly low, at the 70% of the national average, with even lower percentage for the biggest island, Lesbos. Concerning convergence patterns, the Region diverged from the Greek and EU GDP per capita during the 2000s, despite the fact the values of GDP growth during 2000-8 is higher than national one. The data of tax paying incomes corroborate this picture, with slightly higher percentages than the corresponding GRP data, but still lower than the national average. Unemployment is low, but here these low rates seem to reflect the unavailability of jobs that causes out-migration (those that can not find a job leave the Region), rather than high employment rates. Services (traditional ones as commerce, public administration, transport and tourism etc) are by far the most important sector of the GRP, while agriculture and manufacture are very low, lower than the average rate. The multimodal accessibility index -calculated by ESPON- is at the same level as other greek regions due the presence of airport on the three main islands. For urban dynamism, only two cities are characterized as Functional Urban Areas (FUAs): Mytilini on Lesbos NUTS3 area with a value of 1.1 and Chios town with a value of 0.9.

Other indicators related either to Lisbon or to Europe 2020 Strategy as early school leavers, share of population with high education, R & D, innovation (0 patents), ICT penetration, are also very low. All these giving an extremely low competitiveness index (8 compared to European average 55) but also bad performance to Human Development Index (51,8) and Human Poverty Index (51,2).

Indicators for active population, GDP, income and unemployment for the Voreio Aigaio Region

GEO	Active % of population 2001	GDP/capita (Greece = 100, 2007)	GDP change 2000-2008 %	Income / taxpayer (Greece = 100, 2007)	Unemployment rate % (2009)	Agriculture % of GDP (2007)	Manufacture % of GDP (2007)	Services % of GDP (2007)
Greece	42,2	100	38,3	100	9,5	3,8	10,4	76,5
Voreio Aigaio	35,8	71,6	35,8	89	6	6,1	4,8	77,7
Lesbos	37,0	68,7	30,8	85,2	8,4	5,8	5,6	79,9
Samos	36,1	70,1	31,5	88,1	6,1	4,1	3,2	81,9
Chios	33,0	78,4	28,6	96,4	3,7	9,1	2,5	77

Source: ELSTAT (www.statistics.gr), processed by the authors

Concluding, the main challenges that the Region faces are both geographical, since it is an insular area, economic, since it is characterised by a traditional economy based private expenditure ground on public transfer of money (social transfer and public investment), social, since the population is ageing without good public services. Geographical challenges seem to be a constraint for the development of the area, but also an opportunity and an asset for the development of services developed exactly on its insular status and the low degree of human presence and impact on the Region.

2.3. Domestic Policy Responses

Even if in Greece islands are representing almost 20% of the territory and 15% of the population, there were never any specific policy to address insularity and the problems entailed. All national regulations and all policies used to be uniform covering in the same way all the territory; so Greece had not negotiated a specific status for its islands during the accession period as other countries have done. Since the integration of Greece within EU, domestic policy is principally driven by European regulations and financed from EU structural funds.

Since the European Council of 1988, Greece is trying to persuade EU members to accept the particular situation of islands in order to adopt a specific integrated policy; some disparate measures have been adopted since then as a reduction of VAT by 30%, a reduction of direct imposition for islands with a population under 3.100 inhabitants, a specific program for agriculture in islands with less of 100.000 inhabitants etc. More recently the Greek government has initiated a study on European Islands (EUROISLANDS) financed by ESPON in order to examine the content of a possible European policy on islands.

In 1995 the Ministry of the Aegean was created in order to administrate in a better way Aegean Islands (Voreio and Notio Aigaio NUTS2 regions) by a better consideration of their specific problems; a lot of specific actions as the construction of heliports, the financing of non commercial sea links, of transfer of drinking water, of construction of

desalination plants etc have been implemented. It has to be added that the financing of the municipalities of islands from the Central Government –calculated on the number on inhabitants- is higher as well as the financing for public investment. .

Within the same year the University of the Aegean was created in order to reinforce the educational and the R&D level on islands; nowadays the University has 17 departments (13 of those in Voreio Aigaio) with about 10.000 under- and post- graduate students and 800 scientific and administrative staff creating direct, indirect and induce socio-economic and scientific results to the local community.

During the revision of the Constitution in 2007 a specific article was adopted that entails the “greek legislator and administration to take in consideration the specific conditions of islands and mountains and to take care of their development”. For the moment being only the new legislation about local authorities has incorporated specific clauses for islands.

On the european level it was agreed that the quota of co-financing of structural funds to be higher in islands; otherwise the goals of the regional OPs does not seem to be differentiated from the programs for the mainland.

4. ERDF and CF Programme priorities and fields of intervention

The vision of Voreio Aigaio region is expressed in the following way for the two periods:

2000-2006: Raising of the geographical isolation, of the demographic shrink and the economic lagging provoked by the border and insular character of the region;

2007-2013: decrease of the double peripherality and strengthening of its extroversion by the widening and the reorganization of its productive base.

For 2000-2006 and 2007-2013 programming period is difficult to compare the programmes as there is a lot of different classifications and groupings of actions:

- Total budget allocation: there is a very small increase in current prices between the two periods as for the first period 353MEuro was invested in comparison with 380MEuro included in the budget. During the 2000-6 period extra 80,1MEuro from CF had financed investments in Lesbos and Samos in transport and environment and 19,3Euro by Interreg.
- Allocation by priority (OPs only): the priorities between the two program periods are totally different, so any comparison is without substance

Comparison of Priorities of regional OPs between two programming periods

2000-2006 period		2007-2013 period	
Inversion of the demographic shrink and of the marginalisation of the insular economy	198,6MEuro	Accessibility	120,6MEuro
Urban Development	112,8MEuro	Digital convergence and entrepreneurship	28,6MEuro
Diversification of the insular economy and reinforcement of its competitiveness	69,1MEuro	Sustainable development	228,3MEuro

Source: European Commission, 2011.

The amount of money invested in the different NUTS3 areas is according to their population; Lesbos has received 52% of the budget, Samos 23% and Chios 25%.

Budget of ROP 2000-2006 of Voreio Aigaio per field of intervention (%)

Level 3 code	GR411	GR412	GR413	GR41	GR41
Level 3 name	Lesbos	Samos	Chios	Voreio Aigaio	Voreio Aigaio
14 Fisheries	0,34	4,72	2,27	1,83	8.356.137
15 Assisting large business organisations	0,81	1,79	0,02	0,84	3.842.537
16 Assisting SMEs and the craft sector	6,65	3,33	6,99	5,97	27.282.005
17 Tourism	5,13	6,07	9,03	6,32	28.877.124
18 Research, technological development and innovation (RTDI)	2,39	4,41	0,36	2,35	10.737.754
21 Labour market policy	0	0,07	0,15	0,05	237.721
22 Social inclusion	0	0,01	0,01	0,01	24.527
23 Developing education and vocational training	0,88	0,79	0,67	0,81	3.707.500
31 Transport infrastructure	30,6	42	23,69	31,5	143.964.014
32 Telecommunication infrastructure and information society	18,83	21,5	17,27	19,06	87.101.635
33 Energy infrastructure	0	0	0	0	0
34 Environmental infrastructure	22,19	1,55	9,66	14,32	65.444.997
35 Planning and rehabilitation	7,84	12,78	12,49	10,13	46.317.146
36 Social and public health infrastructure	3,87	0,96	13,9	5,7	26.055.526
41 Technical Assistance and innovative actions	0,46	0	3,49	1,11	5.064.840
Total %	100	100	100	100	
Total Euro	237.949.591	105.196.284	113.867.588	457.013.463	457.013.463

Source: Smeo, 2008.

If we compare the allocation of the budget by field of intervention between Voreio Aigaio and average of EU island regions we can observe in Voreio Aigaio 83,6% of the budget is used for infrastructures (mainly transport 26,8%, environmental 27,1% and

telecommunications 16,2% but a low share in planning and rehabilitation) compared to 65,9% for all the islands and only 14,7% to ameliorate the productive environment compared to 31,5% of all EU objective 1 islands. RTDI have received 2% of the whole investment in Voreio Aigaio compared to 3,7% in EU Objective 1 islands and 6,2% for all the EU Objective 1 regions.

Budget of approved projects and payments until 2010 per field of intervention for the 2007-2013 ROP of Voreio Aigaio

Axis	Category	Field of Intervention	Allocated (public funds)	%	Payments
2	22	National roads	33.532.683	8,81	0
2	23	Regional/local roads	44.710.244	11,75	12.164.314
2	30	Ports	42.357.073	11,13	3.752.494
5	8	Investments in companies	26.675.555	7,01	15.420.952
5	10	Telecommunications infrastructure	1.905.397	0,50	
8	44	Urban and industrial waste treatment	13.866.835	3,64	
8	45	Management and distribution of water	21.298.948	5,60	
8	46	Management of waste water	17.181.976	4,52	
8	54	Other measures for environmental protection and hazard prevention	2.579.876	0,68	130.101
8	55	Landscapes of natural beauty	1.289.938	0,34	
8	56	Protection and conservation of natural heritage	9.674.537	2,54	
8	57	Contribution to the improvement of tourism services	7.417.145	1,95	
8	58	Protection and conservation of cultural heritage	9.674.537	2,54	92.674
8	59	Cultural infrastructure	3.869.814	1,02	37.025
8	60	Contribution to the improvement of cultural services	1.934.907	0,51	433.787
8	61	Integrated plans for urban and rural regeneration	28.378.639	7,46	10.000.000
8	69	Improvement of access of women to jobs	14.421.508	3,79	0
8	75	Education Infrastructure	42.567.958	11,19	57.649.100
8	76	Health Infrastructure	42.567.958	11,19	4.536.034
8	77	Child care Infrastructures	1.905.397	0,50	
8	81	Special actions for the size of the market	5.159.752	1,36	
11	85	Preparation, application, monitoring	4.375.000	1,15	0
11	86	Evaluation, studies, publications	3.125.000	0,82	22.227
			380.470.677		104.238.708

Source: Ministry of Economics and Finance, 2011.⁷⁴

The main observation is that transport infrastructure (roads and ports) absorb during the two periods about the one third of the allocated budget. The actions for the protection of the environment have almost the same budget for the two programs and about 15%. Education, Health and Social Infrastructure have a bigger share in the actual programming period with about 11,5% each; Urban regeneration (an action that failed by far to use the money allocated during the past period) has during the actual period 7,6% and Culture with 4,2% see a net decrease of its budget. Finally the actions towards entrepreneurship and competitiveness of the economy have a budget of 10,5% instead of 15% during the past period.

⁷⁴ Axis legend: 02 Infrastructure and Services of Accessibility; 05 Sustainable Development and quality of life ; 11

Digital Convergence and entrepreneurship; 08 Technical support

Allocation by field of intervention – Comparison between 2000-6 and 2007-13

Fields of intervention	2000-2006	%	2007-2013	%
Transport	121847971	34,28	120600000	32,33
Entrepreneurship	53902145	15,16	39252452	10,52
Communications	1587503	0,45	1905397	0,51
Protection of environment	54549746	15,35	54927635	14,73
Natural Heritage	2657392	0,75	10964475	2,94
Culture	39951475	11,24	15479258	4,15
Urban regeneration	6596926	1,86	28378639	7,61
Access of Women to Job	20343009	5,72	14421508	3,87
Education Infrastructure	35453281	9,97	42567958	11,41
Health and Social Care Infrastructure	21598879	6,08	44473355	11,92
TOTAL	358488327	100,85	372970677	100

Source: OPs 2000-6 and 2007-13, Author's calculations

5. ERDF and Cohesion Fund strategies and relevance

During the period 2000-6 two of priority actions had a very close relation with the problems of the insular region: (a) Inversion of the demographic shrink and of the marginalisation of the insular economy and (c) Diversification of the insular economy and reinforcement of its competitiveness. The main problem of the economy on the islands in general and in particular of the islands of Voreio Aigaio is the low competitiveness of their exporting enterprises (even the tourism ones) that not permit job creation and (active and educated) population increase.

During the current period the priority actions are fixed centrally the same for all the regional OPs, so it is impossible to figure the regional specificities and needs in the axis of the program. From the presentation of the programs' analytical budget and the comparative analysis it comes out that in fact there are no big differences between the two periods: the larger part of the budget (85 to 90%) is spent for basic infrastructures and only a small part to assist the productive sector. Furthermore R& D and innovation actions that were marginal with the 2000-6 program, seems to be inexistent to the actual one.

The CF actions concerns in the region only environmental infrastructures that have nothing special to do with insularity; actions supporting the amelioration of transport services in order to decrease isolation (construction of ships, application of territorial continuity principle) would help more the cohesion objective.

This situation originates from the analysis of the state of the region and the main factors that detected as the reasons of this state on which is based the policy measures of the OPs. There is a lack of internal coherence of the program between the detected problems, the needs and the analysis of the perspectives, the strategic objectives and the operational goals; thus it is absolutely natural that the outputs and the results of the actions cannot

change the state of the region. The development problem of the region is not recognised as a problem of low attractiveness due to insularity that affects mainly the productive capacity of the economy but only as lack of infrastructures in different sectors. The fact that one third of the budget is used for transport infrastructures -and mainly for roads- means that for the stakeholders and the decision makers perceive as the most important problem the internal accessibility. This perception is in discrepancy either with the analysis of the external environment and the priorities given at the national level and the regional level (investment into the productive sector with diversification of the tourism product and the innovation are the 2 main priorities) or with the main internal problems detected within the SWOT analysis.

The OP priorities address specific geographical features in only one action related to insularity effect on the competitiveness of the local companies (the small local market effect) financed with only with 4MEuro, 1% of the budget! The lack of differences at the NUTS 3 level is not relevant in the specific Region, since it is entirely an insular one. The fact that Samos department is also a mountainous area has not affect the procedures in order to take advantage (more funds, better conditions, specific measures) from this additional handicap.

The strategy between the two programming periods is very similar, even if there are differences within the vision and the priority axis of the programs. But, when the analysis is done at the level of actions and the budget allocation there are not real differences in the strategy adopted to overcome regional problems. There is territorial zoning of actions and of budget allocation in the Region and it is very important within the whole procedure of programming and realization of the program; there is an explicit decision for the territorial distribution of funds between the three NUTS3 areas based on population criteria.

Conclusively, the examined Ops were not adapted to geographical specificities and these were not taken seriously into account. Even if insularity and peripherality are evoked very often within the programming texts there is not an analysis based on these two characteristics and on the strategy and on the way that the OPs can assist the region to overcome their deficiencies;

6. Quantitative results of the ERDF/CF programme

The indicators per theme for the 2000-2006 period are:

Environmental infrastructure (146 million Euros)

Theme	Type of indicator	Indicator	Unit	Target value	Achieved value	Year achieved
Sewerage and purification	Output	Drainage network (new and improved)	Km	170	58	2006
Urban and	Output	Uncontroll	Number	5	0	2006

industrial waste (including hospital and dangerous waste)		ed Waste Disposal Sites				
Drinking water (collection, storage, treatment and distribution)	Output	Water supply network (new and improved)	Km	100	51	2006
	Output	New Wastewater r Treatment Plants	%	4	1	2006

Source: ADE, 2008.

Telecommunications infrastructure and information society (87 million Euros)

Theme	Type of indicator	Indicator	Unit	Target value	Achieved value	Year achieved
Services and applications for the citizen	Output	New and improved buildings for the Higher Education	Cubic metres	6600	5615	2006
	Output	New and improved classrooms	Number	150	153	2006

Source: ADE, 2008.

Social infrastructure and public health (26 million Euros)

Type of indicator	Indicator	Unit	Target value	Achieved value	Year achieved
Output	Upgrading/extension of town hospitals	Number	3	2.34	2006

Source: ADE, 2008.

To sum up, the indicators for the 2000-2006 period are presented in the following Table

Output, result and impact Indicators of the Voreio Aigaio Region 2000 – 2006 RDP

Priority axis	Indicator	Value achieved	% of goal
1	Output Indicators		
	National roads (improvement)	1,6 km	100%
	Regional roads	160,86 km	161%
	Ports	4	100%
	Works in Monuments (castles, archaeological monuments, etc.)	30	167%

	Beneficiaries from labour market interventions	3.344	96%
	Creation of infrastructures for taking care people requiring assistance	54	100%
	Result Indicators		
	Km of new and improved roads % of existing	16,58%	more than 100%
	Interventions % of important monuments	43,43%	more than 100%
	Beneficiaries % of active population	1,83%	close to 100%
	Jobs during life time of project	2.600	104%
	Impact Indicators		
	New full time jobs	285	84%
2	Output Indicators		
	Drinking water network (new and improved)	102 km	84%
	Sewage systems (new and improved)	150 km	88%
	New Infrastructure for Sewage Treatment	5	125%
	Upgrade - expansion of hospitals	3	100%
	Teaching rooms (new and improved)	155	103%
	Integrated interventions in urban areas	5	100%
	Reconstitution of waste dumps	16	390%
	Result Indicators		
	Population serviced from new and improved water networks % of total population	4,4%	more than 100%
	Population serviced from new and improved sewage networks % of total population	29%	less than the target, some to new RDP
	Increase of population serviced from Sewage Treatment Facilities	10,85%	more than 100%
	Upgrade of hospital beds % of existing ones	72,50%	Less than target
	Increase of hospital beds	9,44%	Less than target
	New teaching rooms % of total	1,90%	100%
	Teaching rooms improved % of existing ones	12,80%	Less than

			target
	Population serviced by integrated interventions	60.800	365%
	Population benefited % of total urban and semi urban population	69,47%	more than 100%
	Jobs during life time of project	1.540	103%
	output Indicators		
	Operation of schools in one shift	100%	100%
	New full time jobs	158	125%
3	Output Indicators		
	Tourist companies beneficiaries	320	178%
	Quality upgrade of tourist beds	6.800	101%
	Manufacture companies benefited	178	112%
	New and improved University buidlings	6750 km2	102%
	Innovations benefited	36	514%
	Life-long learning beneficiaries	1.116	80%
	Result Indicators		
	quality upgrade of tourist beds % of total	22,5%	more than 100%
	Manufacture companies benefited % of total	6,66%	more than 100%
	Improvement of University buildings	14,40%	more than 100%
	Jobs during life time of project	1.543	96%
	Impact Indicators		
	Permanent capital increase of regional companies	92	213%
	New full time jobs	333	133%

Source: Final report of RDP of Voreio Aigaio 2000 – 2006, Annex II

Even if the fulfilment of the different indicators seems high, there were 16 projects that were not completed during the 2000-2006 period and were transferred in the 2007-2013 RDP. 27 projects were deleted from the 2000-2006 RDP, either due to problems of the related supporting documents (some implementation studies were incomplete or outdated), or due to the inability of the final beneficiary to complete the project.

For the Cohesion Fund, five projects were approved and completed, two for water – sewage networks (both on Lesbos), two for solid waste dumps (Lesbos and Samos) and one for urban waste on Samos, with a total budget of 80.000.000 Euro.

Performance Indicators of the Voreio Aigaio Region 2007 – 2013 RDP

		Current state	Goal	Achieved
Investment	Number of SMEs	347	340	89

payments for SMEs	Of which, number of new businesses	55	45	-
	Jobs (full time or equivalent)	87	80	84
	Investments (Euro million)	75	66,2	
Information society	Number of projects	14	5	
Transport	Number of projects	48	30	
	Km of new – improved roads	110	56	
Environment	Population served by water management projects	8900	4000	
	Equivalent population served by waste management projects	40000	5000	
	Number of projects for solid waste management	1	6	
	Rehabilitation of former dump areas	5	30	
Hazard prevention	Number of projects	4	2	
Tourism	Number of projects	182	150	
Education	Number of projects	33	40	
	Number of students served	9770	6800	
Health	Number of projects	7	20	
Urban development, natural and cultural regeneration	Number of projects	16		
Competitiveness	Number of projects for new businesses and new technologies	4		
Social integration	Number of projects for providing equal opportunities	3		

Source: Annual report of RDP, www.pepba.gr

The performance of the current program has to be checked on two levels: (a) the progress of payments and (b) the achievement of the goals.

- the progress of payments seems to be rather good as the 27% of the budget is already spent within the first 3 years. From the analysis by axe it is obvious that only the one axe (education infrastructures) has absorbed more than 50% of the sum; this obviously concerns projects from the previous programming period that have been transferred to the actual one
- the achievement of goals is inexistent and concerns only two indicators. The fact that the indicator concerning “new job creation” has already fulfilled when only the 57% of the budget is spent and that the goal was the creation of only 80 jobs (independently the sector, the level of qualification etc) is eloquent.

From the presentation of the monitoring system of the programs, some more general

conclusions can be made:

- The vast majority of the indicators are output indicators (even those named as result indicators) that reflect more absorption capacities and less achievement rates to certain goals necessary to change the state of the region; further more these indicators are too general (mainly in the actual programming period) that is impossible to fail!
- There is no methodology to explain how these indicators are calculated in order to estimate the efficiency of the system and /or the extra cost of insularity. For instance there is no information about the per km cost of a national, regional and local road on islands and the comparison to cost of construction on the mainland; there is no information about the cost of a job created on islands, of the construction of a dump, of the creation of a company, of a tourist bed etc.
- We know nothing about the changes to the initial allocation of the budget to different actions; we know nothing about the shrinkage of the budget allocated to innovation and the “inflation” of other budgets easy to absorb like the grants to business.
- There are no result and impact indicators in order to examine if the overall goals of the program are achieved: we know nothing if (goal a) the “Inversion of the demographic shrink and of the marginalisation of the insular economy” and (goal c) the Diversification of the insular economy and reinforcement of its competitiveness” are achieved after the successful completion of the program in 2008 and the absorption of all the allocated funds. We don’t know anything about the diversification of the tourist product, the amelioration of its quality and the quality level of the services offered; further we don’t know if more tourists came and the GDP they have created. There is no information of the kind of business (the activity branch) that are supported and how this has reinforced the competitiveness of the local economy.

8. ERDF Governance and complementarities with other sources of funding

The governance of EU programs is very centralized in Greece in the same way that all the administration is. Everything is decided within the central government and administration and the power left to deconcentrated (ex –regional authorities) and decentralised bodies (at NUTS3 and NUTS 5 level) is very limited (i.e. choice of projects to be financed). The principal role in the decision making system is between the Ministry of Economy, the Secretary General and the Managing Authority of the region. The vast committee of stakeholders (about 40 persons for Voreio Aigaio region during the period 2000-7 and about 70 persons for the OP of Kriti and Aigaio) has only a consultative role even if it is composed by elected members of local authorities, representatives of CCIs, hoteliers, farmers etc.

Very soon (July 2011) there will be new rules for the planning and the implementation procedures concerning EU and national funds, as the responsibility goes from the nominated by the government General Secretary of Region to the newly elected body at the regional level (November 2010).

As all the region is a “double” specific territory (insular and border area) there is no problem related to the representation of particular areas; as mentioned above the problem

has to do with the allocation of the budget by island, as all islands claim for a maximum of projects on their territory from every priority axe, sometimes independently from their needs and their priorities.

The region receives also financial assistance from other EU and national funds for the two programming periods. During the previous programming period there was one integrated multi fund program with actions financed from all the EU funds; in this way the programming and the governance procedures were unified and it was easier for the Stakeholders to have a global view of the state, the problems and the needs of the area and for the Managing Authority to organise better the complementarities between the different actions and adapt the actions to local demands. For instance there was an axis 4 dedicated to “Rural development” (the area has an important rural sector), where actions were funded from ERDF, ESF, EAGGF and FIFG; even for Urban Development there was complementarities between infrastructures and social interventions decided locally of course within the common european and national rules and priorities.

During the current programming period, the decision to separate the programs from different EU Funds has complicated even more the procedures and no real synergies are possible anymore; this is obvious when reading the programming documents and see the parallel procedures.

9. Conclusions

As the regulations running ERDF/CF programmes are common for all the EU regions, the features of regions with specific characteristics are not taken into account. The fact that insular areas are receiving a higher per capita allocation of funds (5,8% of the spending for less than 3% of the population at the EU level according to SWECO study) is a national decision in order to compensate the need for basic infrastructure at the island level.

The most important lesson from the analysis of the region is that for an archipelago such as the Voreio Aigaio a planning and a monitoring system at the island level is necessary, as intra-regional disparities can be enormous and actions implemented on one island have low or frequently no impact to adjacent island.