



Integrative Mechanisms for Addressing Spatial Justice and Territorial Inequalities in Europe

Working Paper 1: Territorial Cohesion Policy and Spatial Development in Greece

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Territorial Cohesion Policy and Spatial Development in Greece

Executive Summary

Since 1986, the objective of cohesion policy in the European Union (EU) has been to strengthen economic and social cohesion. The Lisbon Treaty and the EU's new high-level strategy (i.e. Europe 2020) introduced a third dimension namely territorial cohesion. The main of the report is to present and discuss the main findings derived from qualitative data based on face-to-face interviews with a few key informants. The conducted interviews revolved around three main research questions related to the EU territorial cohesion policy. The first one concerns the role and limitations of Regional Operational Programmes (ROPs) in the development process of the Greek regions. The second one concerns the impact of the pandemic crisis on territorial cohesion policy and, as a result, on the spatial development of Greek territories. Last, the third research question concerns the evaluation of the placed-based approach, a new and powerful regional development strategy making the best use of endogenous resources, adopted by the EU in the new programme period 2014-2020. The research questions are explored through interviews with different types of stakeholders (actors related to both public and private sectors). The findings of this study contribute to the wider understanding of the role of territorial cohesion in spatial development. More specifically, the qualitative methodology adopted in this study can: a) capture different perceptions and views of different actors, b) distinct between different fields of territorial cohesion and, more interestingly, c) shed light on inter-regional differences and similarities drawing comparative conclusions.

One of the main results of this study is that Regional Operations Programmes (ROPs) have an active and central role in the process of spatial development. However, although the Thematic Objectives of ROPs are, more or less, related to the development needs of the regions, there are some serious problems associated with their efficiency and implementation. Problems related to bureaucracy and flexibility, (insufficient) funding (mainly because the budget of the national part of regional policy is not sufficient in Greece), the lack of cooperation between the main stakeholders and the low levels of multi-governance and cooperation are probably the most important ones. Moreover, the pandemic crisis has deteriorated spatial development planning for at least two reasons. First, the budget of ROP's has decreased by about 10-15%; this money has been used by the Central Government to alleviate the effects of the pandemic crisis at the national level. The second reason is related to the disorientation of several regional actions and projects. In general terms, over 20-30%

of the ROPs' budget has been rearranged to fund several (new) COVID-19 actions. As far as the place-based approach and the tools of Integrated Territorial Investments (ITIs) are concerned, the main result of the report is that it can facilitate spatial development in the country promoting a multilevel governance system and overcoming significant lack of trust among the various levels of government. However, these tools have some restrictions and disadvantages in Greece related to: a) complexities and lack of experience and know-how, especially at the local level, b) the significant reduction of public servants and resources, due to austerity policies c) its ambiguity in terms of content, objectives and evaluation. All restrictions and disadvantages should be taken into account in the new Programme period 2021-2027 in order to maximize the efficiency of the territorial cohesion policy and improve the spatial development in Greece.

Introduction

The European Union (EU) constitutes, at the global level, the only effort of economic integration that has the institutional obligation to reduce regional differences. The presence of significant regional socio-economic disparities in the European space, in conjunction with its institutional obligation to address them, makes this issue of paramount importance for EU member-states. The possibility of increasing spatial inequalities among the EU countries and regions due to the European integration process has led to the adoption of European interventions and policies with significant financial resources. At the heart of these interventions is cohesion (or regional) policy, which aims not only to balance regional disparities in Europe but also to address the problems posed by the Common Market and Economic and Monetary Union (EMU). In other words, the EU allocates huge sums under its Structural and Cohesion Funds to strengthen “economic and social cohesion” as a means of promoting the harmonious development of Europe. In essence, it is the “market’s ‘visible hand’ which aims at balanced and sustainable development while fostering economic integration throughout the EU as a whole (Hübner 2008: 2-3). Since 1986, the objective of cohesion policy has exclusively been to strengthen economic and social cohesion. The Lisbon Treaty and the EU's new high-level strategy (Europe 2020) introduce a third dimension: territorial cohesion.

This report aims to explore a few critical aspects of the relationship between (territorial) cohesion policy and spatial development in Greece. This is a very important issue since the evaluation of regional policies is a very complicated task and empirical studies focusing on this issue have produced mixed results for the case of Greece. Although almost all studies have recognized significant positive effects of regional and urban public policies on economic growth and development, social cohesion and convergence, a few others have raised a number of questions and criticism concerning regional policies. According to these studies, significant problems include, among others, the lack of internal coherence and continuity between programmes and objectives, the inappropriate distribution of public expenditures, the low level of decentralization, the lack of cooperation between the main stakeholders and the low levels of civic engagement and participation in the design and planning of regional policies.

In light of this situation, the study presented here seeks to answer three main research questions. The first one concerns the role and limitations of Regional Operational Programmes (ROPs) in the development process of the Greek regions. The second research question concerns the (possible) impact of the pandemic crisis on territorial cohesion policy and, as a result, on the spatial development of the Greek regions. Last, the third research question

concerns the evaluation of the placed-based approach, a new and powerful regional development strategy making the best use of endogenous resources, adopted by the EU in the new programme period 2014-2020. The emphasis will be given to the evaluation of the tools of integrated territorial and urban strategies such as Integrated Territorial Investment (ITI), Community-Led Local Development (CLLD) and Integrated Urban Development (IUD).

To achieve our aim, we present and discuss qualitative data on regional policy and territorial cohesion in Greece based on face-to-face interviews with several key informants. The findings of this study contribute to the wider understanding of the role of territorial cohesion in spatial development. The research questions are explored through interviews with different types of stakeholders (actors related to both public and private sectors). The qualitative methodology adopted in this study can capture different perceptions and views of different actors, distinct between different fields of territorial cohesion and, more interestingly, shed light on inter-regional differences and similarities drawing comparative conclusions.

Territorial cohesion and regional inequalities in the EU

As mentioned above, since 1986, the objective of cohesion policy has been to strengthen economic and social cohesion. The Lisbon Treaty and the EU's new high-level strategy (Europe 2020) introduced a third dimension namely territorial cohesion. This concept has been the subject of considerable conceptual critique and has been characterized as complex, elusive, and ambiguous (Atkinson and Zimmermann 2016, Medeiros 2016). According to the 'Green Paper on Territorial Cohesion: Turning Diversity into Strength' (EC 2008) "Territorial cohesion is about ensuring the harmonious development of all these places and about making sure that their citizens can make the most of the inherent features of these territories. As such, it is a means of transforming diversity into an asset that contributes to the sustainable development of the entire EU' (EC 2008:3). Mirwaldt et al. (2008) have argued that territorial cohesion is comprised of the following four dimensions: 1) A form of polycentricity that can promote economic competitiveness and innovation 2) Balanced development that reduces socioeconomic disparities 3) Accessibility to services, facilities and knowledge irrespectively to where one lives 4) Networking and the creation of physical and interactive connections between centers and other areas. Moreover, for Medeiros (2016), territorial cohesion seems to be comprised of the following similar but not identical

components: 1) Socio-economic cohesion that strengthens economic competitiveness while ensures social integration 2) Territorial poly-centricity that promotes a more balanced physical network of areas 3) Territorial co-operation and governance at different levels 4.Environmental sustainability (Medeiros 2016).

Territorial cohesion is also related to the place-based approach. This approach is a regional development strategy making the best use of endogenous resources. It is based not only on the recognition of the importance of the geographical context but also on the recognition of the lack of sufficient knowledge on local-based development issues due to insufficient administrative cooperation. “A place-based policy is a long-term strategy aimed at tackling persistent underutilization of potential by reducing social exclusion in specific places through external interventions and multi-level governance” (Barca 2009:vii). In other words, it is a kind of a policy that aimed “at giving all places the opportunity to make use of their potential (efficiency) and all people the opportunity to be socially included independently of where they live (social inclusion)” (Barca 2009: xii).

The place-based approach is strongly associated with Integrated Territorial Investments (ITI), a spatial development tool introduced in the Common Provision Regulation (CPR). The main goal of ITIs is to promote a more local or ‘place-based’ form of policymaking focusing on sub-national level areas such as regions, sub-regions, cities, rural municipalities and neighborhoods. ITIs aim at the implementation of development (territorial) strategies of specific spatial units/territory. These areas either present problems that need to be addressed in an integrated manner or demonstrate significant development opportunities that can be exploited by adopting an integrated development plan. ITIs are divided into *Integrated Urban Development* (focusing on cities with more than 10,000 inhabitants), *Community Led-local Development* (for rural lagging areas and areas with untapped comparative advantages, with a population of 10,000 to 150,000 inhabitants) and *Integrated Territorial Investments*, either in the context of Sustainable Urban Development or for other areas, with a specific thematic development direction.

Regional policy and inequalities in Greece – A short review

Greece is a country with an area of 132.000 km² located in Southeast Europe with 11 million inhabitants. Greece joined the EU in 1981, followed by Spain and Portugal in 1986, and

adopted the euro in 2001. The Greek economy has experienced, in the last four decades, two bust-boom-cycles; it performed very poorly from 1980 to 1994, it presented rapid growth rates over the period 1995-2007 while it plunged into the deepest recession in its history in the period 2009-2015. The recent recession lasted nearly seven years, tremendously affecting the economic well-being of its inhabitants. For instance, the real Gross Domestic Product (GDP) has shrunk by more than 26%, settling the Greek GDP per capita below 75% of the European Union (EU)-28 while disposable income has fallen by more than one-third (Artelaris 2017). In parallel, the unemployment rate tripled, escalating to 27% in 2015, the employment rate reached 50%, a record low, while the at-risk-of-poverty or social exclusion rate has risen to alarming levels, from 28.1% to 36% (Artelaris 2017, Eurostat, 2016).

The main administrative-territorial structure in Greece includes 13 regions (*perifera*) corresponding to NUTS 2 level of the Eurostat and 51 regions (prefectures/*nomos*) corresponding to NUTS 3 level.¹ The NUTS 2 regions in Greece are Attiki, Central Greece, Peloponnese, Western Greece, Thessaly, Epirus, West Macedonia, Central Macedonia, Eastern Macedonia and Thrace, North Aegean, South Aegean, Ionian Islands and Crete. The analysis of the report focuses on this spatial level, mainly because this is the territorial level that Cohesion policy refers to. Figure 1 depicts the regional division in Greece, both at NUTS 2 and NUTS 3.

Figure 1. The Regional Division of Greece, NUTS 2 and NUTS 3

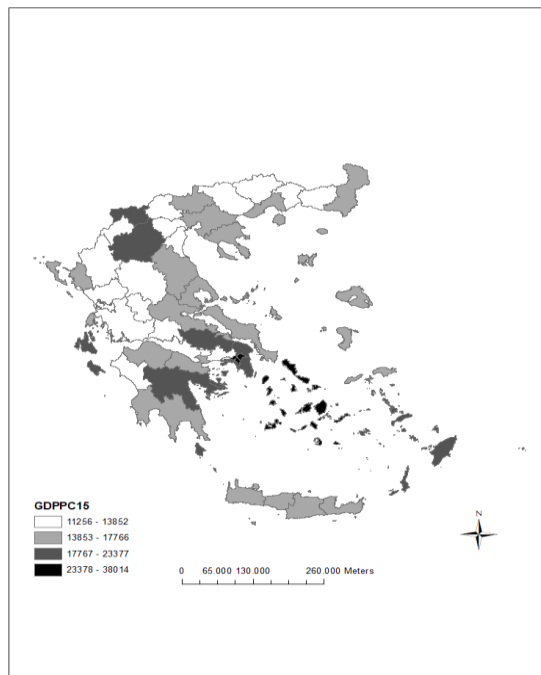
¹ Since 2011, 74 regional units have replaced the 51 prefectures with the Kallikratis reform.



Spatial agglomeration is marked in Greece; it ranks 9th in terms of the highest regional GDP per capita disparities among 30 countries with comparable data (OECD 2019). Interestingly, it presents a distinct kind of spatial dualism in the form of Attiki (and its small near satellite regions) and non-Attiki, compared to the most common north-south and east-west dualism found in other EU countries (Gezici and Hewings 2007). The capital region of Attiki (mainly consisting of the metropolitan region of Athens) is responsible for about 35% of the total population and 48% of GDP, while the second biggest region, Central Macedonia, is responsible for 17% and 14%, respectively. On the other hand, the Ionian Islands and North Aegean accommodate less than 2% of the total population and are responsible for about 1.5% of the total GDP. In terms of per capita GDP, Attiki and South Aegean are the most developed regions in the country while Epirus and Eastern Macedonia and Thrace are the least developed ones.

Figure 2 presents the regional distribution of per capita GDP at NUTS 3 level in 2015. According to Petrakos & Psycharis (2016a: 55-56), the basic spatial pattern of the country's development is characterised by: a) a primary (Attica) and a secondary (Thessaloniki) poles of development, along with their satellite prefectures, b) a land axis of development that includes again the two largest metropolitan areas of Athens and Thessaloniki as well as their satellite cities and their in-between areas, and c) an island axis of development that includes the Ionian Islands, Crete, Dodecanese, Cyclades and the islands of the North Aegean. On the other hand, the country's less-developed prefectures include parts of Peloponnese, Western Greece and Epirus, as well as most of the prefectures of the northern border zone.

Figure 2. Regional distribution of per capita GDP at NUTS 3 level, 2015



As far as regional convergence/divergence is concerned, recent studies suggest that after a period of moderate regional convergence took place until the end of the millennium, the process of convergence has stopped (Artelaris 2021). Moreover, the crisis greatly affected the regional distribution of GDP and well-being in a very asymmetric way. However, the recent empirical studies have concluded mixer results. On the one hand, some studies suggest that the more advanced and/or urbanised regions were relatively more resilient in the period of crisis (Petrakos and Pcycharis, 2016b; Monastiriotis, 2011). On the other hand, however, several studies show that the more urbanised and developed regions of the country, with a higher degree of economic openness, connectivity and productive participation of the tertiary sector (especially in the financial and insurance activities and real estate), were more affected by the crisis (see for example Artelaris and Kandylis 2014; OECD 2014; Psycharis et al. 2014 and Palaskas et al. 2015; Artelaris 2017). On the contrary, the less urbanised and developed regions, with the productive elements of tourism, agriculture and, in part, the labour-intensive industry being more evident, performed better during the years of the crisis.

In terms of regional policy, its foundation can be traced back to the end of the 1950s. The main regional issue was set in the ‘5-year Economic Development Programme for Greece 1960-1964’, which stressed the need “for the effective promotion of a solution to the problem of inequalities that exist today among different areas of the country” (Konsolas et al. 2002: 1).

The '5-year Economic Development Programmes', the 'Development or Investment Laws' and the 'Budget or Programme of Public Investment' were the main tools for achieving economic development and addressing spatial inequalities. These tools included not only various development and investment incentives, such as subsidies but also particular actions aiming at regional convergence, such as programmes and incentives for specific regions (mainly less-developed and border areas).

Beyond this, regional policies in Greece started to be co-funded by the European Community in 1986. The 'Integrated Mediterranean Programmes' (IMPs) (1986-1992), followed by the 'Community Support Frameworks' (1989-1993, 1994-1999, 2000-2006), and the 'National Strategic Reference Frameworks' (2007-2013, 2014-2020) are the main frameworks of funding. Interestingly, since the '90s, the evolution of regional planning in Greece has been closely intertwined with the course of the EU Cohesion Policy (Papadaskalopoulos and Christofakis, 2011). European Union (EU) co-financed projects have been the largest part of public investment expenditures in Greece (OECD 2020). This is more evident in the years of the crisis (i.e. since 2009) since the budget of the "Public Investments Budget" has greatly decreased² and as a result, the vast majority of regional policy funding comes from the European funds. This trend will remain important in the coming years (OECD 2020:118).

The 'National Strategic Reference Frameworks' include the 'Sectoral Operational Programmes' aiming at the development and structural modernisation of certain economic sectors and the 'Regional Operational Programmes' setting general policy goals and specific objectives for each region. Each one of the Greek regions is the subject of a Regional Programme that includes projects and regional scale actions. ROPs are operationalized through financial mechanisms, including the European Social Fund and European Regional Development Fund. The thirteen Regional Operational Programmes are: ROP Eastern Macedonia and Thrace, ROP Central Macedonia, ROP Western Macedonia, ROP Epirus, ROP Thessaly, ROP Ionian Islands, ROP Western Greece, ROP Sterea Ellada, ROP Attica, ROP Peloponnese, ROP Northern Aegean, ROP Southern Aegean and ROP Crete.

² Although the national resources available in PIP is limited, this budget is important in terms of national and regional development in Greece, since it: i) implements national and regional growth policies ;ii) complements the ESIF intervention allocating resources to objectives or sectors non-eligible for EU financing; and iii) targets inequalities in particular between island and continent regions/municipalities (OECD 2020:123).

It is worth noting that each region in Greece also elaborate a Research and Innovation Strategy for Smart Specialization (RIS3). RIS3 strategies are integrated, place-based economic transformation agendas focusing on key national/regional priorities, challenges and needs for knowledge-based development and build on each country/region's strengths, competitive advantages and potential for excellence. These strategies also support technological and practice-based innovation stimulating private sector investment and ensure the full involvement of stakeholders. This concept is grounded in the idea that public investments for research, technology and innovation "should be focused on regional knowledge strengths in order to mobilise those assets and transform them into higher-value-added activities. The ultimate aim is to leverage private research and innovation expenditure and enable co-ordination among the above-average performing actors of national and regional research and innovation systems" (OECD 2020:125).

Methods

In terms of methods, the selected approach is based on qualitative interviews; they are used to explore the three main research questions of this study, that is, the role and limitations of the ROPs in the development process, the impact of the pandemic crisis on territorial cohesion policy and spatial development and the evaluation of place-based approach adopted in the period 2014-2020. The qualitative data collected through face-to-face (online due to COVID-19 restrictions) semi-structured interviews with senior civil servants (heads of the managing authorities) from four different regional governments (out of 13 governments). Additional information is collected by means of in-depth interviews with another two key informants: one senior manager in the field of territorial cohesion policy employing in the private sector and one academic researcher (Associate Professor) in the field of regional development and regional policy. The interviews conducted were based on a specific interview guide, organized into three parts corresponding to the three main research questions. Although the results of the analysis may not be fully representative, they can illuminate important aspects of the role, importance and limitations of territorial cohesion on spatial development adding further interesting qualitative insights on the issue. The interviews were conducted in the period 16 February 2021 to 1 March 2021.

Regional Operational Programmes (ROPs) and Spatial Development in Greece

As mentioned above, Regional Operational Programmes (ROPs) set general policy goals and specific objectives for each Greek region. Their common ground is the aim to strengthen the capacity of regional and local authorities in order to implement a full range of actions. All key informants took part in this study agreed upon the active and central role of ROPs for spatial development. They all also agreed that the Thematic Objectives of ROPs are, more or less, related to the development needs of their regions. The main reason behind this is that Thematic Objectives are so wide-ranging that it is difficult not to cover the needs of every region. As one interviewee put it:

Of course, ROPs contribute significantly to the development process. It is a significant part of the development either through infrastructure or business support or any other..... In essence, there are no other significant tools in Greece, especially in our times. There are no other possibilities for sustain and sound regional development process...

However, one of the interviewees suggested that the Thematic Objectives of ROPs are related to the development needs of the region only to some extent. This informant thinks that there is an important relationship mainly in the issues of entrepreneurship (Thematic Objective 3) and the environment (Thematic Objective 4). The same informant also noted that it's highly problematic that the Thematic Objectives of ROPs are the same for all regions. Although it is very convenient in terms of management, he/she believes that it creates problems since the development needs of each region must necessarily be subject to the existing Thematic Objectives.

Most of the interviewees noted that they have used in their region all thematic objectives of ROPs in order to increase efficiency and improve regional performance. However, one of them supported the view that only a few thematic objectives should be used to achieve efficiency. As he/she straightforwardly explained:

Not all thematic objectives were used in my region. On the contrary, we limited the objectives to a few. The choice was made consciously in order to increase efficiency. I strongly believe that ROPs should be seen in light of other financial instruments and institutions.

Some of the interviewees agreed to the fact that there is insufficient funding in a few thematic areas. However, each of them mentioned different thematic areas according to the

development needs of their regions. The areas mostly mentioned were Research and Technological progress and Infrastructure. However, one interviewee expressed the view that no more funding is needed for these areas (i.e. research and technological progress and infrastructure). He/she stated that:

Many believe that the reduction of financial resources for traditional types of infrastructure does not facilitate economic development. However, I do not believe in that. Are we sure that we need more roads? How many other schools or hospitals are needed especially in areas with population shrinking? What matters for me is the number of staff and quality of services; and there is a shortage for them. On the other hand, many believe that the country needs more innovation and entrepreneurship. This is true and it would probably give a significant stimulus to the economy; however, I think that there is no significant interest from businesses to absorb resources. In other words, I think that none of them (i.e. research and technological progress and infrastructure) are important for economic development in Greece. The mix of policy actions needs reconsideration.

The issue of insufficient funding is closely related to another issue: the national funding of regional policy. Almost all interviewees agreed with the fact that the national part of regional policy needs to be strengthened to fund actions and projects not eligible under Cohesion Policy. The recent economic crisis and austerity policies of 2008 have increased the severity of this problem because the (national) resources of the Public Investment Programme (PIP) have further decreased. One of the interviewees however noted that funding is not a significant problem at that time for the Greek regions. According to his/her, the main problem is the inability of the institutions to plan, create and implement appropriate actions and projects. The main reason is the shortage of staff, especially in local governments. As the same person put it:

Some public institutions have “zero service capacity”. In other words, they do not exist on the map. And, in essence, this means that the areas do not exist on the map, too. Therefore, even if we had more financial resources, I am not sure if we could absorb them because we do not have employees to plan and implement projects and actions.

As far as structural weaknesses and problems of ROPs are concerned, there is a strong agreement regarding bureaucracy and flexibility. All interviewees recognized that these are the keys to the effectiveness of European Territorial Cohesion suggesting that the bureaucracy

and flexibility need to be improved in Greece because the procedures and rules are very strict. This can be achieved in several ways such as the foundation of modern and more flexible institutions and the building of better cooperation among stakeholders. This is particularly evident in the case of RIS3 for which there are no flexible mechanisms to support start-up business growth and entrepreneurship. In a similar but different vein, one interviewee argued:

There are specific indicators that regions should use but things change very fast and very often. As a result, regions could use, alternatively, another indicator(s) to achieve the same goal. Although, in general terms, the indicators are important, I think that it's very problematic to "stick" to the indicators. For example, if you did a very effective action but it is not 100% related to the specific indicator, then there is a problem for us..... The flexibility is therefore necessary and this can be achieved by using alternative (but similar) indicators... .. Moreover, "the idea of supermarket" can also apply in the spatial development policies facilitating the process of economic growth. This means that it is very convenient for regions to have many tools and actions and choose what is best for them based on the development needs at that moment in time

...

According to most of the interviewees, the effectiveness of European Territorial Cohesion can be improved via multi-governance and cooperation between stakeholders. The creation and reinforcement of multi-governance can create better conditions for the implementation of the actions and facilitate the process of economic growth and development. On the one hand, there is a need for better cooperation between national and regional governments, especially during the phases of planning. On the other hand, local governments (i.e municipalities) are unable to take part in most of the relative processes for several reasons, and mainly because they present lack of employees and experience in similar actions and projects. In general terms, cooperation is necessary due to the synergies and complementarities of the actions included in the ROPs and the National Strategies. This is most evident especially in the case of RIS3.

Last but not least, limitations related to the process of evaluation are another critical problem. Evaluation, strongly associated with the processes of analysis, synthesis, planning and implementation, is a significant task in ROPs mainly because it can ensure the effectiveness of regional policy and prevents any failures and omissions. Although the EU has adopted ex-ante, interim and ex-post evaluation for regional policy, several countries such as Greece, present a lack of an established evaluation culture. In addition to this, the ex-ante

evaluation process must be established in all texts of development (and spatial) planning. As one informant put it:

The ex-ante evaluation should be strict and essential.

Territorial cohesion and (pandemic) crisis in Greece

The COVID-19 outbreak has been slowing down Greece's recovery efforts reducing the GDP of the country in 2020 about 10%. In economic crises, the funds that are available for regional policies (and Cohesion Policy) are, typically, very limited compared to the needs. This also exists for the current pandemic crisis. This crisis however has also two additional significant adverse effects on regional and territorial cohesion policies, as all interviewees explained. First, the budget of ROP's has decreased by about 10-15% of the total budget; this money has been transferred to the Central Government in order to alleviate the effects of the pandemic crisis at the national level. As a result, this action is going to have an important effect on regional economic growth and development. As an interviewee put it:

There have been significant reductions in the ROP due to the pandemic. The money was transferred to the central government for the needs of the state due to the pandemic crisis. To my knowledge, this also happened in several other EU countries. The EU permits the central governments to get money not only from ROPs but also from OPs to finance expenditures for COVID-19. Most of them transferred to the Operational Programme "Competitiveness, Entrepreneurship and Innovation 2014-2020 (EPAnEK)" for business actions and human resources to support unemployment.

The second reason related to the adverse effects of COVID-19 on territorial cohesion policies is the disorientation of several regional actions and projects. In general terms, over 30-40% of the total ROPs budget been rearranged to fund several (new) COVID-19 actions; Most of these changes concern the objective of entrepreneurship. As an interviewee put it:

We have a "violent rearrangement" of priorities. The total deviation reaches 40% of the ROP budget compared to the initial planning. There are actions not only for entrepreneurship but also for doctors and nursing staff through the European Social Fund. In general terms, the changes are great.

Almost all interviewees share the same opinion about the suitability of the tools of pandemic. They all think that regions have some powerful and suitable tools that can facilitate

to cope with the pandemic. However, they think that low budget and bureaucracy are significant obstacles to the creation of a recovery path. Notwithstanding this, some of them noted that the development goals will be achieved in the end, in most of the policy areas.

A possible solution to the shortage of funds during the pandemic crisis (but also during economic crises in general) is effectiveness. Local-based policies can facilitate towards this direction; these policies can foster the mobilization and exploitation of endogenous territorial capital giving added value and multiplier benefits to the structural characteristics of the regions. Moreover, effectiveness can be also facilitated by strengthening the national regional policy. National regional policy in Greece can allow the adoption of a few additional and alternative (complementary) thematic objectives. This, however, requires more national funding and some new financial priorities. In addition to this, the adoption of cyclical public investment policies is necessary for Greece. Although public investment is considered to be the most appropriate policy tool to respond to economic downturns and recessions, the experience suggests that it exhibits a pro-cyclical behaviour in Greece. This means that public investment is increasing in periods of economic growth and decreasing in periods of economic contraction and as a result, the less developed and resilient regional economies will be in immediate danger of being trapped in a vicious cycle of recession, with adverse effects in terms of economic growth.

Territorial cohesion, place-based approach and spatial development in Greece

As mentioned above, territorial EU cohesion policy is strongly related to the place-based approach. This approach is a regional development strategy, making the best use of endogenous resources. It is based not only on the recognition of the importance of the geographical context but also on the recognition of the lack of sufficient knowledge on local-based development issues due to insufficient administrative cooperation. Integrated Territorial Investments (ITIs) are a significant tool of this approach; they can promote territorial cohesion and reduce regional inequality. ITIs are the most important tools of implementation of the EU Cohesion Policy in the current programming period (i.e. 2014-2020). They aim at the implementation of (territorial) development strategies of specific spatial units/territories. These areas either present

problems that need to be addressed comprehensively and in an integrated manner, or present significant development opportunities that can be exploited by adopting an integrated development plan. ITIs are divided into Integrated Urban Development (focusing on cities with more than 10,000 inhabitants), Community Led-local Development (for rural lagging areas and areas with untapped comparative advantages with a population of 10,000 to 150,000 inhabitants) and Integrated Territorial Investments, either in the context of Sustainable Urban Development or for other areas, with a specific thematic development direction, at a clearly defined spatial level.

All interviewees highlighted the importance of the place-based approach and the new tools of European territorial cohesion policy on regional/spatial development. According to them, these tools are important for the development needs of both urban and rural areas of the country helping Greece to meet its territorial objectives. All interviewees agreed that the most important advantage of it is that they can promote a multilevel governance system and overcome a significant lack of trust among the various levels of government. In other words, ITIs can increase administrative cooperation partnership among local, regional and national authorities as well as among other stakeholders (i.e. businesses, NGOs).

The place-based approach and ITIs are also suggested by the recent report of OECD (2020) as significant tools for regional growth and development in Greece. According to the OECD, the strength of the place-based approach is both a necessity and a priority for Greece. The analysis of the OECD report suggests four types of regions in Greece, each with specific strengths and weaknesses that require different policy responses. They are Metropolitan regions (Attica, Central Macedonia) with developed research and technology capabilities, regions with a manufacturing base (East Macedonia-Thrace, West Macedonia, Continental Greece) gathering traditional industry sectors, rural regions (Epirus, Peloponnese, Thessaly and Western Greece) with local services and primary activities and insular regions (Crete, Ionian Islands, North Aegean, South Aegean) with strengths in quality tourism and specialised agricultural products. As OECD suggests “Greece’s development strategies would benefit from a place-based approach where sectoral policies (support for private investment, infrastructure and human capital policies) meet and interact in each place, generating multiplier effects. Place-based policies also help to ensure that growth benefits reach different population groups and places – from continental, mountainous and island localities” (OECD 2020:19).

A serious disadvantage of ITIs, according to the interviewees, regards its ambiguity in terms of content, objectives and evaluation. For some of the interviewees, the tools have not

the expected results mainly because they are complex and require “roles and responsibilities” for which there is no experience and know-how, especially at the local level. Local governments are, very often, unable to be involved in the designation and implementation of these projects. However, the success of these tools is based on the ability of stakeholders - mainly municipalities- to design and implement an integrated strategy. In addition to the lack of experience, the economic crisis of 2008 had profound negative effects on actions related to ITIs. The main reason for this was the significant reduction of public servants and resources, especially in local governments, due to austerity policies. One informant noted:

We, in our region, decided not to adopt and implement ITIs. This decision made for several reasons. First, we believed that one of the tools of ITIs, the Community Led-local Development, is not important because there are the LEADER programmes. I think that LEADERS cover sufficiently rural areas in the region. Moreover, I am not sure if integrated interventions are effective for this type of areas. Second, we knew that there was clearly a lack of know-how and shortage of staff both in regional and local governments. This was a serious obstacle to the success of ITIs. Last but not least, the lack of cooperation and trust were also significant obstacles.....

It is worth noting that only a few regions in Greece adopted actions related to Community Led-local Development (focusing on rural regions). According to the interviewees, the main reason for this is that these (rural) actions are covered by the LEADER and ROP programs of the period of 2014-2020. On the other hand, all interviewees expressed the view that Integrated Urban Development (focusing on cities with more than 10,000 inhabitants) is probably the most important and powerful tool for the spatial development process. As one of the interviewees put it:

I think that Integrated Urban Development is very important for cities. However, I think that it is important only for the larger ones. I have not seen the expected results in smaller cities (e.g. cities with a population not more than 50.000 inhabitants). As a result, I strongly believe that the role of this tool can be reinforced by increasing the minimum number of population to, for instance, 50.000 or 70.000.

As far as RIS3 is concerned, most of the interviewees are skeptical of its effectiveness. Although all of them recognized its importance for spatial development as well as the progress that Greece has made during the last two decades in terms of innovation, they expressed the

view that there are some serious problems for the Greek case. Some of the interviewees noted that bureaucracy, resulting in serious delays and inefficiencies, is the most important obstacle. Another interviewee suggested that there is still a lack of connection between the academic and business sectors in the Greek regions. Interestingly, two of the interviewees highlighted the small-scale businesses in the country. They think that this policy is more appropriate for larger companies and/or companies that have a research unit. As a result, a change in the mix of actions is needed. As an interviewee argued:

Only in this case, such actions could have multiplier effects.

It is worth noting that some of the above-mentioned suggestions have also been noted by OECD (2020). As the OECD report mentions “In Greece, the current regional and local policies are mainly shaped by EU policies and are often delivered through the sum of many (often small-scale) projects which leads to duplication, high administrative costs and weak co-ordination – including between local and regional governments. This is because subnational governments have struggled to think of policies in an integrated way that is connected to medium- and long-term development visions. This vision is needed to galvanise local development and involve a broad array of local actors across the public, private and tertiary sectors” (OECD 2020:19).

Conclusions

The persistence of spatial differences requires a sound regional policy in Greece, especially in periods of economic growth when regional imbalances tend to be regenerated (Artelaris 2021). In this context, a sound territorial Cohesion Policy can be a powerful and effective tool for Greece to meet its territorial challenges and objectives, especially in the COVID-19 pandemic era in which regional inequality might further increase due to the nature of the crisis (Bailey et al. 2020).

This report aimed to explore a few critical aspects of the relationship between (territorial) cohesion policy and spatial development in Greece. More specifically, the study presented here seeks to answer three main research questions. The first one concerns the role and limitations of Regional Operational Programmes (ROPs) in the development process of the Greek regions. The second one concerns the impact of the pandemic crisis on territorial cohesion policy and, as a result, on the spatial development of Greek territories. Last, the third

research question concerns the evaluation of the placed-based approach, a new and powerful regional development strategy making the best use of endogenous resources, adopted by the EU in the new programme period 2014-2020. To achieve our aim, we present and discuss qualitative data on regional policy and territorial cohesion in Greece based on face-to-face interviews with key informants.

However, although the Thematic Objectives of ROPs are, more or less, related to the development needs of the regions, there are some serious problems associated with their efficiency and implementation. Problems related to bureaucracy and flexibility, (insufficient) funding (mainly because the budget of the national part of regional policy is not sufficient in Greece), the lack of cooperation between the main stakeholders and the low levels of multi-governance and cooperation are probably the most important ones. Moreover, the pandemic crisis has deteriorated spatial development planning for at least two reasons. First, the budget of ROP's has decreased by about 10-15%; this money has been used by the Central Government to alleviate the effects of the pandemic crisis at the national level. The second reason is related to the disorientation of several regional actions and projects. In general terms, over 20-30% of the ROPs' budget has been rearranged to fund several (new) COVID-19 actions. As far as the place-based approach and the tools of Integrated Territorial Investments (ITIs) are concerned, the main result of the report is that it can facilitate spatial development in the country promoting a multilevel governance system and overcoming significant lack of trust among the various levels of government. However, these tools have some restrictions and disadvantages in Greece related to: a) complexities and lack of experience and know-how, especially at the local level, b) the significant reduction of public servants and resources, due to austerity policies c) its ambiguity in terms of content, objectives and evaluation. All restrictions and disadvantages should be taken into account in the new Programme period 2021-2027 in order to maximize the efficiency of the territorial cohesion policy and improve the spatial development in Greece.

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