HELLENIC REPUBLIC

MINISTRY OF ECONOMY AND FINANCE
GENERAL SECRETARIAT FOR INVESTMENTS & DEVELOPMENT

NATIONAL STRATEGIC REFERENCE FRAMEWORK 2007 – 2013

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1. PUBLIC CONSULTATION PROCEDURE AND DRAWING UP OF THE NSRF AND OPs

1.1 Public consultation for the drawing up of the NSRF and OPs at national level

The national development planning is the outcome of a demanding effort to combine proposals and to blend priorities and covers a multi-level approach that touches upon the global development choices of the country's economy and society, the EU guidelines, the economic circumstances and the objective potential for efficient and effective project implementation. Within the framework of the planning process, **a very broad consultation** was carried out with a view to achieving the largest possible participation and consensus in drawing up the strategic choices that would lead to the achievement of a long-term development vision for the country.

The Ministry of Economy and Finance (MEF) is responsible for elaborating the National Strategic Reference Framework (NSRF) proposal for 2007-2013 and for coordinating all relevant procedures. The NSRF was drawn up in cooperation with the competent Ministries, Regional and Local Authorities, and in consultation with the EU, within the framework of a partnership stronger than in the previous period, in accordance with article 28 of the General Regulation of Structural Funds.

The principle of **partnership**[1] was fully applied in the NSRF elaboration process and was based on the principle of **transparency**. Partners' participation in the process was based on national and regional representation of policy fields and of social groups, full coverage of policies and special horizontal issues developed in the NSRF, according to the requirements of the General Regulation.

Throughout the consultation process, all fundamental supporting documents were uploaded on the MEF website and notified to all agencies involved. The proposals of the agencies were published on a special MEF web page dedicated to the 4th Programming Period, thus facilitating a wider debate and better public information.

Particular effort was undertaken so as to broaden partners' responsibilities and participation to the utmost in all planning phases (submission and processing of proposals, systematic information, organization of special meetings, input in NSRF drafts, etc.). The process was organized so as to ensure the partners' widest possible active participation and to valorise their proposals, which were systematically processed by the competent MEF services and constituted a fundamental input to NSRF drafts.

The **main milestones** within the framework of the consultation and development programming carried out to date were the following:

The NSRF **planning process** officially started in June 2004 with the dispatching of the **1st Circular** to the agencies responsible for sectoral and regional policies.

The **NSRF elaboration bodies and levels** were then determined, as follows:

- The «**Inter-ministerial coordination and policy-setting Committee for Development Programming 2007-2013**», chaired by the Minister for Economy and Finance, as the key mechanism setting the main NSRF policy framework.
- The «**Drafting and elaboration group for Development Programming 2007-2013**» and the «**NSRF Task-force»** of the MEF, providing on-going support to the above Committee.
- The «**Programme Planning Groups of Ministries and Regions**» (PPG). They act as liaison between the Ministry / Region and the Drafting Group and support the Region / Ministry in their participation in NSRF and Operational Programme (OP) planning. They

[1] As provided for in Articles 11 and 28.1 of the General Regulation of the Funds.

are staffed by the personnel of existing Managing Authorities, Ministries and Regions, aided by external experts.

The **2nd MEF Circular,** sent in October 2004 to more than 60 agencies (social and economic partners, Ministries, Regions, etc.), included the programming framework for 2007-2013, the documents to be prepared as well as the relevant schedule for their preparation, the methodology and procedures applicable in laying down the national development strategy guidelines and the Sectoral and Regional development priorities.

On the basis of the 2nd Circular's questionnaire, 34 detailed proposals were submitted **in February 2005** by Ministries and Regions, listing their main development choices.

In June-July 2005, the 13 Regions organised respective **Regional Development Conferences**, aimed at the elaboration of the initial development guidelines by all regional stakeholders, while in several cases, prior consultation had been held at a prefectural level.

Within the framework of the **1st National Development Conference** (July 2005), 42 updated summary proposals with codified priorities were developed and submitted to the MEF by Ministries/Regions/other bodies.

In **October 2005**, the Greek **National Reform Programme 2005-2008** (NRP) elaborated according to the guidelines that followed the renewed Lisbon Strategy (LS), was submitted to the EU and presented to the Finance Committee and the Community Affairs Committee of the Hellenic Parliament. Throughout the entire elaboration process of the Greek NRP, an effort was made to achieve a closer link between Structural Funds interventions, the European Cohesion Policy and the LS, considered as an interactive process with the drawing up of the NSRF.

At the same time, the process aimed at reforming the National Branch of the Public Investments Programme (PIP) into a multi-annual development programme with an annual breakdown and specific management structures and procedures was further promoted.

The consultation was also supported by the following special **thematic meetings**:

- In **November 2005** and **June 2006** with economic and social partners, with a view to promoting a more effective integration of horizontal and special issues (e.g. equal opportunities, the role and contribution of individual sectors, social groups, agencies, etc.) into the national development strategy.
- In **December 2005** with Ministries and Regions, with a view to achieving the maximum synergy between regional and sectoral strategies.

At the **2nd Development Conference (December 2005),** the MEF presented a working paper – draft of the NSRF strategic part, eliciting comments from the competent agencies.

December 2005 – May 2006 was a period of cooperation with all agencies and partners involved in the planning, with a view to processing all the comments received and integrate them in the drawing up of the NSRF.

Representatives of the Services of the European Commission (EC) participated, either as observers or speakers, in most of the above actions and attended the informal working meetings that were organized for them.

After the finalization of the new regulatory framework at EC level and the decoding of its requirements, the MEF prepared the **3rd Circular**, sent on **31/5/2006**, laying down the principles governing the OPs structures and contents, in order to provide the Ministries' and Regions' Programme Planning Groups (PPGs) and the competent programming authorities with proper support and guidance in the OP preparation process. A special Technical Guideline (fiche) with the structure, contents and drafting methodology of the 2007-2013 Operational Programmes was sent as additional support.

During the **3rd National Development Conference (June 2006)** an updated working paper – draft of the NSRF strategic part was presented for agencies comments, as well as the progress in the drawing up of the Operational Programmes on the basis of the 3rd Circular and the timetable for the completion of works. Information was also provided on the outcome of the consultation process with social and economic partners.

The **4th National Development Conference,** held in **October 2006**, saw the presentation of proposals regarding the 2007-2013 Operational Programme implementation mechanisms, as well as of the indicative framework regarding the criteria

on management competence of 2007-2013 potential final beneficiaries and the timetable for the completion of the new programming period's National Development Planning. Information was also provided on the progress of the new consultation round with the policy-setting agencies and social and economic partners involved, regarding the set up of the Operational Programmes' Management & Control systems and the management competence criteria of the 2007-2013 beneficiaries.

The constructive cooperation and wide consensus ensured during the drafting of the NSRF with the broad participation of regional and local authorities in all the phases of strategic planning and operational qualification of Ops, was also extended to the activation, implementation, monitoring and evaluation of interventions. This is reflected in the measures already taken and those to be implemented, such as the representation of economic and social partners, of representative NGOs and of 1st and 2nd tier local government in the composition of the Monitoring Committee of each OP, with concurrent strengthening of its role.

All the consultation documents as well as the proposals submitted by the agencies to the MEF and taken into account during the planning can be found in the following website: http://www.hellaskps.gr/programper4/.

1.2 Main inputs and drafting methodology of the NSRF

The NSRF constitutes the reference document for the programming of EU Funds at national level for the 2007-2013 period. It was elaborated **within the framework of the new strategic approach to the Cohesion Policy of the European Union,** according to which the NSRF *«…ensures that assistance from the Funds is consistent with the Community strategic guidelines on cohesion, and identifies the link between Community priorities on the one hand and the national reform programme on the other».*

During the elaboration of the 2007-2013 NSRF draft versions as programming document, a large number of proposals submitted to the MEF, guidelines – political choices at national and European level, quantitative data and studies were used as inputs, grouped in 3 levels:

- The level of **social dialogue and consultation,** described in the previous chapter.
- The level on inputs and cooperation with **EC services.**
- The level of **technical analysis and studies** (internally within MEF services, externally by other agencies etc.).

The current NSRF structure in separate units follows the relevant provisions of the General Regulation, the detailed guidelines from the Regional Policy and the Employment & Social Affairs Directorates General (DG) of the Commission and the fiches the Commission has published on special issues.

The **December 2005** decisions of the **European Council,** earmarking European Cohesion Policy funds for Greece until 2013, the new **Regulations of EU Funds**, as well as the **Cohesion Policy Strategic Guidelines** have constituted the framework on which, among others, national authorities were based in order to approach the main parameters of development programming (analysis of current situation and prospects, formulation of alternative choices, development strategy, qualification into main thematic and spatial priorities, financing, new management and implementation framework, OP «architecture») and to draw up the NSRF.

Furthermore, the main EU documents pertaining to the revised **Lisbon Strategy**[2] and the **National Reform Programme** for Development and Employment 2005-2008, were taken into account in developing the main strategic choices – priorities, as they constitute central

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[2] Communication from the Commission to the spring European Council: Time to move up a gear, Brussels, 25.1.2006,

COUNCIL RECOMMENDATION (12 July 2005) on the integrated guidelines for the economic policies of the Member States and the EU (2005 to 2008) (2005/601/EC),

COUNCIL DECISION (12 July 2005) on Guidelines for the employment policies of the Member States (2005/600/EC).

long-term choices for the EU, to which the development policy of the new NSRF is called upon to contribute.

The guidelines of the «Inter-ministerial Coordination and Policy-setting Committee for Development Programming 2007-2013» constituted decisive inputs in both the Strategic and the Operational Part of the NSRF, providing fundamental guidelines and strategic choices at national level.

The **Updated Stability and Development Programme 2005-2008**, as well as the data pertaining to macroeconomic development and prospects (MEF, National Statistical Service of Greece (ESYE), international organisations, etc.) were used for the analysis in the chapter on the present situation.

Statistical data from EU services, pertaining to the spatial eligibility of Regions (Eligibility statistics), Eurostat data and recent reports of the European Commission and international organizations with data per policy sector[3] were used in order to record and analyse the current situation. This analysis was also enriched with the findings of assessment reports on co-financed interventions in previous programming periods[4] as well as with a spatial analysis.

The in-depth analysis of the socio-economic situation as well as the development of alternative strategic choices were among the first issues to be elaborated within the framework of programming, drawing also on the conclusions of the **Report on the General Study of Greece's Development Prospects** (September 2005), as well as on the deliverables of **5 Thematic Studies[5],** elaborated on behalf of the CSF MA/Special Service for Strategic Planning and Evaluation of Development Programmes (EYSSAAP) of the MEF, that acted as draft thematic priorities of the development strategy and supported consultation.

The **thematic and spatial priorities** of the NSRF were further qualified with the inputs from proposals made by competent Ministries, Regions and socio-economic partners, submitted throughout the entire consultation process, as well as on the basis of the Draft Development and Operational Programmes submitted to the MEF.

Based on the above, the **NSRF targeting** was structured over 4 levels:

- the NSRF strategic objectives level,
- the thematic (5) and spatial (3) priorities level, as required by the General Regulation of the Funds,
- the level of the General Objectives (17) in which each thematic priority is subdivided,
- the level of special targets and of main means of achievement.

At the same time, the development strategy took into account the **national policies** laid down in strategic documents such as the National Report on Social Protection and Social Inclusion Strategy 2006-2008, the Digital Strategy 2006-2013, the "Plan for the Development of Transports for 2007-2013 and twenty-year plan' (Ministry of Transports and Communications), the National Port Policy (Ministry of Merchant Marine), the National Strategic Plan for the Rural Development of Greece 2007-2013 etc.

An important effort was undertaken towards a systematic assessment and integration of individual Community policies and priorities in the NSRF development strategy. The

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[3] Including, but not limited to: Communication from the Commission to the spring European Council: Time to move up a gear (Brussels, 25.1.2006), World Competitiveness Yearbook of the IMD Foundation, GEM - London Business School, World Economic Forum, ''Indicators for monitoring the 2004 Employment Guidelines - 2005 compendium'' DG Employment Social Affairs and Equal Opportunities, NSSG data, Bank of Greece, Annual Report on Competitiveness 2005/Ministry of Development/ESAA, Strategy Report on Pensions 2005.

[4] E.g. "Impact of EU Structural Policies in Greece 1989-2006" KEPE October 2005, Interim OP Assessment Update Reports, 3rd CSF 2005, "Progress and determinative factors of the Greek economy's competitiveness: Main Indicators", National and Capodistrian University of Athens – European Integration and Policy Workshop, December 2005.

[5] Human Resources, Competitiveness, Environment, Transports, Regional Development

formulation of thematic and spatial priorities took into account, among others, the following:

- Greece's main decisions and commitments recorded in the conclusions of European Councils,
- The European Employment Strategy and the EU Strategic objectives on European education and training systems, the strategy for gender equality,
- The European Agenda on Governance (e.g. Report on European Governance, European Governance: Better lawmaking, Impact Assessment Guidelines),
- Policies linked to the open coordination method for Social Protection and Social Inclusion as well as Health and consumer protection policies,
- The European framework on fiscal and macro-economic policies,
- The Community policy on enterprises, the internal market, the competition policy, the state aid framework,
- Community priorities for the environment, transports, energy: renewed strategy on Sustainable Development, the 6th Action Plan for the Environment, the White Paper on the European transport policy to 2010, Europe's new energy policy,
- The European strategy on Research and Technology, new technologies, innovation,
- The planning of rural development policy.

The section with the **list/ summary of OPs - and the NSRF architecture** was developed on the basis of the framework/ restrictions imposed by the new EU Regulations and of the national decision for a smaller number of co-financed Operational Programmes and fewer but more effective Managing Authorities, as well as with elements from draft OPs.

The ex-ante verification of the principle of **additionality** was carried out on the basis of the EC methodological guidelines[6], using public expenditure data from the PIP, the State Budget, Utility Companies and the national participation during the 2000-2006 programming period.

The **financing framework** was structured on the basis of the decisions of the European Council of 16th December 2005 and of the specifications – limitations provided for in the new Regulations, and also according to the sectoral and regional development needs for the next period, taking also into account the needs to complete projects carried forth from the previous period and the requirements for actions serving the LS. A fundamental choice was the optimal use of the resources of the new programming period to the benefit of the country's balanced regional development.

The main principles governing the **implementation mechanisms** were the object of a broad consultation process (4th National Development Conference, October 2006) and were recorded in the position papers of participating agencies: a) on the planning of the OP Management, Monitoring & Control Framework for 2007-2013, and b) on the management competence criteria of the OP potential final beneficiaries. These were complemented by the conclusions of a systematic analysis of the new EU Regulations requirements (NSRF Task Force, MOU S.A., CSF MA/Special Coordinating Service) and of the relevant study commissioned by the MEF on the «Improvement of OP management and control systems for the CSF 2000-2006, the Community Initiatives and the Cohesion Fund, and adaptation thereof to the 2007-2013 period».

At NSRF level, the **quantification of targets** followed the methodological framework proposed by the EC[7] and was based on a «bottom-up approach», that took also into account the contribution of the quantified targets (indicators) included at the level of

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[6] The new programming period 2007-2013. Methodological working documents. Working Document No.3. The verification of additionality for the Convergence objective.

[7] The New Programming Period, 2007-2013: Methodological Working Papers. Working Paper no. 2. INDICATORS FOR MONITORING AND EVALUATION: A PRACTICAL GUIDE.

individual OP drafts. The grid of NSRF quantified targets was developed on the basis of the principle of proportionality into a limited number of output, results and, where possible, impact indicators per thematic priority.

The **comments, remarks and guidelines formulated by the services of the EU** on the above were integrated, when possible, in the individual Sections of the NSRF.

2. SUMMARY OF SOCIO-ECONOMIC ANALYSIS

2.1 Macroeconomic trends and prospects

During the 1980s the Greek economy grew at an average rate of 0.7%, compared to 2.4%, in the EU 15, resulting in a divergence in per capita income from EU 15 average (in Purchasing Power Standards, PPS). However, in the 1990s the situation has changed, with the growth rate accelerating. A series of factors contributed to this upturn, leading to higher growth rates, on average higher compared toEU15 (3% for 1991-2004 period, compared to just 2% in the EU15). In 2005, the growth rate was 3.7%, while in 2007 and 2008 rates of 3.9% and 4% respectively are anticipated (the estimate for 2006 is 4%). However, despite rapid growth in recent years the level of per capita income of Greece in Purchasing Power Standards continues to lag behind that of the advanced EU countries.

At the same time one characteristic of the recovery in the Greek economy is the fact that in 2005 the *per capita GDP in purchasing power standards* improved significantly, to 77.3% of the EU15 average, up from 75.5% in 2004. The real increase of 1.8 percentage points is about three times the average annual increase of the relevant indicator for the period 1994-2001. The European Commission growth forecasts for 2006-2007 indicate that per capita GDP in purchasing power standards will approach 84% of the EU average at the end of this period.

Nevertheless, despite the high growth rates, growth in employment has been relatively limited since the mid 1990s: the average annual rate was 0.8% compared to 1.2% in the EU15 and compared to 0.9% for 1981-1995 period, when domestic growth was also much lower. Unemployment rose from 7.1% in the 1981-1990 period to 10% in the 1991-2000, up to 11% in 2004. In 2005 unemployment dropped down to 10.4%, while budget forecasts for 2006 and 2007 suggest that it will drop further to 9.2% and 8.2% respectively (as reported by National Accounts). Both OECD and the European Commission confirm these trend forecasts. Inflation dropped from 19.1% in the 1980s to 9.4% in the 1990s, still remaining at significantly higher level than the Eurozone and EU15 average In 1999 inflation dropped to 2.6%, only to resume its upward trend in the following years. In 2004 it stood at 2.9%, rising to 3.5% in 2005 – mainly owing to market conditions – and then dropping to 3.2% in 2006. Likewise, the rate of change in the harmonised consumer price index remains constantly higher in Greece than the Eurozone average, although the difference has narrowed significantly in recent years.

There has been a gradual reduction in the general government deficit over the last few years, mirroring signs of recovery in the Greek economy and convergence with the other European countries. More specifically, the *general government deficit* remained very high throughout the 1980s, running at over 10% in some years, until in the early 90s, where efforts for nominal convergence began toensure Greece's admission to the Eurozone. Once this goal had been met the deficit once again began its upward trend, reaching 7.8% in 2004. The gradual fiscal adjustment policy pursued since then has already yielded significant results, with the general government deficit dropping by 5.2% as a percentage of GDP over 2004-2006 period (from 7.8% to 2.6%). For the first time since the country's entry into the EMU the general deficit dropped below the 3% limit in 2006 (2.6%), to reach 2.4% in 2007 and follow a downward trend towards the mid-term objective of a balanced or a slightly in surplus budget.. In the framework of fiscal consolidation, the general government primary balance switches from deficit to surplus, thereby assisting the more rapid reduction of the public debt, which in 2008 will drop below 100% of GDP for the first time since 1992.

Finally, one of the structural problems of the Greek economy is the chronic external sector deficit, a result of a drop in competitiveness. It is significant that the current account *deficit as a % of GDP* rose from 1.1% over the 1980s to 2.5% in the 90s, reaching 10% in 2003. The Greek government aims at reversing this trend and after coordinated efforts the first results can already be seen, with the current account deficit as a % of GDP dropping in 2005 (9.2% compared to 9.5% in 2004), and the external sector contributing positively to GDP growth.

2.2 Regulatory framework and competition conditions

Due to the entering into force of Regulation 1/2003 on 1st May 2004 there has been an urgent need to amend Greek legislation to protect free competition, and also to amend Law 703/1977, as amended so far, to allow the body responsible for its implementation, the Competition Commission, to respond to the new requirements introduced by community law. Such amendments will ensure equal participation and contribution of the Competition Commission at EU level, through both unified and standard application of community rules on competition, and its contribution to case law on competition issues.

Specifically, the most important developments involve the amendment of Law 703/1977, principally by Law 3373/2005 but also by Laws 3419/2005, article 26 para. 4 and para. 5 and 3438/2006 (which added para. 20 to article 8 of Law 703/77), as well as the issuing of the new Presidential Decree 31/2006 on the Organization of the Directorate General for Competition of the Hellenic Competition Commissionand the issuing of decisions and communications on the implementation of competition law.

Law 3373/2005 has harmonized Greek with EU law i.e. Council Regulation (EC) 1/2003 and has introduced important changes to Greek legislation against limits to free competition. Specifically, it contains the legal basis and legislative empowerment for the Leniency Programme, while also strengthening the powers of the Hellenic Competition Commission to the carrying out of investigations, and in cases of violation of Law 703/1977. Furthermore, it reintroduces the prohibition against abuses of relationships of economic dependence, allows the Competition Commission to proceed to regulatory interventions in sectors of the economy, introduces changes to the framework for concentrations and strengthens the internal structure of the Competition Commission, which has now acquired a legal personality while the number of its members and staff increases.

Finally, towards alignment of Greek to community legislation, the Competition Commission issued Decision 299/V/2006 introducing the Greek Leniency Programme, and two Communications (Communication on *de minimis* and Communication on the Calculation of Fines) in order to ensure conditions of legal security for businesses and to provide with the necessary guidance with respect to all the above issues.

2.3 Assessment of the competitiveness of the Greek economy

International comparisons show that the level of competitiveness of the Greek economy remains (comparatively) low, a fact which undermines attempts to ensure conditions of self-sustaining growth. According to assessments, which cover a large number of countries and a much broader range of factors, our country is second-to-last among the EU member states. However, in 2005 there was a significant four place improvement in IMD (International Institute for Management Development) ranking..

Greece's position in international markets

International trade

Import to Export coverage ratio with respect to EU 15 worsened from 48% to 30% between 1989 and 2003. On the basis of Eurostat figures, exports of goods and services account for 20% of GDP, compared to other countries where the rate varies from 27% to 85%. The modest scale of Greek exports is due, inter alia, to the small size of the overwhelming majority of Greek businesses, to their limited innovative activity, to the distance separating Greece from the other countries of the EU and to the fact that over the last ten years exports from Greece to neighbouring Balkan countries have largely been replaced by direct investment in these countries.

Important element, however, is that despite negative picture in terms of trade in goods, comparative edge in exports of technology-intensive and skilled labour-intensive products is detected, where Greece shows the largest increase as % of total exports in all EU15. Another positive development is the significant increase in the volume of exports of goods (8.2%) in 2005, leading to an improvement in the trade balance as a % of GDP and the first positive contribution in many years to the country's growth rate(1.07%).

Finally, in contrast to the poor performance in exports of goods, exports of services have done better: Greece ranks high in the global trade in certain service sectors, a fact due to the activity of Greek shipping and the growth of tourism, where the country's share of the global market is increasing. This position was consolidated during the 1990s and the country's dominant position is boosting the current decade as well.

Foreign Direct Investment

For several years Greece's capacity to attract Foreign Direct Investment has been quite low. According to recent data from the United Nations Conference on Trade and Development (UNCTAD) for 2005, Greece is not ranked high in terms of FDI attractiveness, among 140 countries under review, a factdirectly attributed to the structural weaknesses in the Greek economy.

Since the mid-90s Greece's share of global investment flows has been steadily declining. It is worth noting that the downward trend continued unchanged following entry into the EMU, with capital inflows in 2002 dropping compared to those of the previous year, while FDI input reserves dropped between 2002 and 2001 by 11%. In 2002 FDI inflows were at their lowest level for thirty-five years, but the trend has been reversed ever since – over the first ten months of 2006 FDI inflows were more than ten times higher than the 2005 respective period.

As to investment outflows, outgoing investment reserves show that Greece has a relatively limited presence in international markets, performing mainly at a regional level (SE Europe). Specifically, Greek investment amounts to 25% of all direct foreign investment in SE Europe, with an upward trend forecast for the years ahead. Of particular significance is the dynamic involvement of Greek banks, with a 16% share of the market. This trend is expected to last, given the development potential and modernization of financial systems in the neighbouring countries. Moreover, Greece is evolving into an important energy hub in the region, with energy offering an auspicious field for future investment.

The Greek presence in the Balkan countries

Overall Greek exports to the Balkan countries in the five years 1999-2003 recorded an average annual increase of 9.6%. The largest annual increase 2003) was with respect to exports to Croatia (57.4%), followed by those to Bulgaria, Turkey and Bosnia Herzegovina, with minor differences in volume. As a result, at the end of 2003 Greece's trade balance with the Balkan countries was positive in four cases (Albania, Bulgaria, FYROM, Serbia and Montenegro) while in deficit with the other four (Turkey, Romania, Bosnia Herzegovina and Croatia).

However, it is significant that Greek exports to neighbouring Balkan countries have been replaced to a large extent by direct investments over the last decade, due, mainly, to the geographical proximity, the low cost of labour and the existence of a Greek community in these countries.

To conclude, the problem of the competitiveness of the Greek economy is seen to be particularly acute at the intra-European level, where the largest losses have been recorded over the last twenty years.. The adverse position of the country can be explained by the existence of specific advantages in the new member countries. Thus, serious issues are raised as regards the Greek competitiveness after the recent enlargement of the EU to central and eastern Europe, since economies in these countries would attract foreign direct investments of a volume twenty times that of the Greek economy, they are far more outward-looking and enjoy either a surplus in their balance of trade or a much smaller deficit.

2.4 Labour market and employment

2.4.1 Recent trends in employment

The employment rate in Greece rose from 54.2% to 60.1%, over the period 1994-2005, but still lagging behind EU average, which rose from 59.8% to 65.2%, over the same period, and remains significantly below the total employment target of 70% for 2010 laid down in the Lisbon Strategy. The part time employment rate remains very low for the year 2005 as well, amounting to 4.8% compared to 18.5% in the EU25 for the same period.

This significant divergence between Greece and EU average is mainly due to the low f female employment level, which has been showing an upward trend in recent years (45.2% in 2004, from 41.7% in 2001) but still lagging far behind the European average (55.7% for EU25).

2.4.2 Employment by economic activity sector

With respect to employment distribution among sectors of economic activity, figures published by the National Statistical Service of Greece for 2005 show that those employed in the primary sector of the economy account for just 13% of total workforce, while industry -Handicraft maintainin general terms their share of overall employment (23%). The services sector has made an impressive increase in its share, at 65% of total employment.

At the level of economic activity sector, the majority have the capacityto 'generate' new jobs, led by the real estate management and commerce, but also the areas directly linked to the public sector, such as public administration, education, health and social care. On the other hand, areas linked to the primary sector, the manufacturing industries and electric power supply seem to be shrinking in terms of employment, resulting in gradual jobs losses.

2.4.3 Labour Productivity

Labour productivity is lower than EU15 average and – together with the comparatively lower employment rate – constitute the main reason for the low per capita income.

According to a recent Bank of Greece report, the probable causes are problems in the business environment (red tape, regulatory interventions), the lack of competition, the small scale of Greek businesses, lag in adopting new technologies and the weakness of the education system.

In EU ranking with respect to the hourly productivity of labour (GDP in PPU per hour of work in relation to EU15 = 100) the value of the indicator for Greece is low compared to the community average (74.5 in 2003). The hourly labour productivity is in fact the second lowest in the EU15.

Nevertheless, productivity expressed as GDP in PPU per worker in relation to the EU15 = 100, has shown an impressive improvement, since over the last decade the relevant indicator has risen and is expected to reach 99.7 by 2007.

2.4.4 Female employment, employment of the elderly and youth employment

Over the last few years (1999-2004) there has been an increase in the number of jobs, most of which have been covered by *women*. Specifically, the increase in female and male employment amounts to 4.2%and 2.6% respectively. Assessment of employment gap between male-female in Greece overtime, reveals that it is presents a downward trend (from 30.1 in 1999 to 28.5 in 2004). However, employment gap between the two sexes continues to be significant, with male employment at high levels compared to other member states.

In this framework, the best solution in order to increase the employment rates of the country's active population, is to increase women's employment rates.

On the other hand, *employment rate of the elderly* (55-64) has remained more or less unchanged over the last few years and stood at 39.4% in 2004, slightly below the EU average (41% EU25). The average retirement age is 59.5, compared to 60.7 in the EU25 (2004 figures). It should be stressed that employment of people aged 55-64 is more than 10 percentage points below the 50% target for 2010 (Lisbon Strategy). Over the years 1999-2004 there was a decrease of 0.4% in female employment rate.

Finally, according to Labour Force Survey (by the National Statistical Service of Greece, 2005), the rate of employment of young people (15-24) in Greece stood at 25%, about 12% below the EU25 average (36.8%). Youth unemployment rate (15-24) in 2005 was 25.5%, about 1% lower than the previous year (26.9%), but still much worse than 18.7%

in EU25. Obstacles young people encounter entering the labour market reflects both the difficulty of the education system to adapt to the needs of the economy, and the failure of the economy to create adequate new jobs..

2.4.5 Recent trends in unemployment

Unemployment is now becoming one of the most important problems the EU economies face. In Greece, unemployment remains high, exceeding the EU15 average since 1998. Specifically, on the basis of the National Statistical Office Labour Force Survey the unemployment rate was around 9.9% in 2005, down 0.6 pp compared to the previous year (10.5%) but still above the EU25 average (8.7%).

Moreover, Greece ranks high as regards long-term unemployment. Over the last five years, while most countries have managed to reduce long term unemployment, Greece has exhibited an upward trend, after a two year period of stagnation, but still remaining at lower levels than in 2000.

With respect to gender breakdown of unemployment, it appears that women are proportionally affected more than men. In Greece, female unemployment rates are always more than twice as high than male. Over time, however, the reduction in female unemployment has been more intense, tending thus to reduce the unemployment gap between the two sexes.

2.4.6 Special population groups

The problem of unemployment is particularly acute among *the disabled* and *members of other vulnerable groups*, largely due to their special features. More specifically, the disabled remain outside the labour market at a much higher rate than the general population (according to National Statistical Service figures for 2003, 84% of disabled persons find themselves excluded from the labour force). Disabled persons who do manage to enter the labour market usually find themselves in low-skill, low-pay jobs.

As for nationals of non-EU countries residing in Greece, figures from the Labour Force Survey show higher employment rates than EU nationals, while their unemployment rate is also lower. With respect to changes in employment in Greece over the last five years, almost half the new jobs created are due to the employment of foreign nationals.

2.4.7 Active employment policies.

Greece lags behind in expenditure on active employment policies. Specifically, in 2003 Greece spent 0.11% of GDP on support for active employment measures, a much lower percentage than EU average (0.7% in EU15).

A positive development in the area of active employment policies is the completion of the network of Public Employment Services, staffed with specially trained Vocational Orientation Counselors, equipped with all the appropriate technical infrastructureand IT network.

2.4.8 Lifelong learning

Internationalization of markets and new technologies makes it necessary to constantly update the labour force's knowledge and skills. Unfortunately lifelong learning is still not widespread in Greece. In fact, Greece shares bottom position with Portugal in the EU25 rankings as regards participation of citizens aged 25-64 in lifelong learning programmes (2% in 2004, compared to an EU25 average of 9.9%). Although there has been a marginal increase in this percentage when compared to previous years (2000-2002), Greece still lags behind the levels achieved in other EU member states.

In previous programming periods there was no overall strategy, just isolated actions. However, some positive measures were recorded, such as the creation of the National System for Linking Vocational Education and Training to Employment (ESSEEKA), the introduction of an institutional framework for lifelong learning, the design and implementation of procedures to accredit and certify structures, instructors, ongoing audit systems, monitoring of accredited agencies, programmes of lifelong vocational training and

procedures for certification of knowledge-skills-abilities, the development of a system of Diagnosis of Education and Training Needs by the Employment Observatory S.A.

There has been, however, a characteristic lack of coordination between educational and training agencies, as well as an overlapping in their actions and measures. There has also been delays in the completion of the institutional framework for the accreditation of ongoing education structures and in the activation of the ESSEEKA.

2.4.9 Entrepreneurship and employment

Over the 1999-2005 period, in Greece, the number of entrepreneurs (self-employed businessmen, either employing staff or working alone) increased by roughly 1.7%. However, the growth rate in the number of both categories of self-employed is much lower than the one of the total number of employed (8.5%) over the same period, the result being a steady decrease over time of the self-employed in total employment.

As for total employment in the country's businesses, in 2003, 1,785,000 persons were employed, of whom 1,545,000 worked in SMEs and 239,000 in large businesses. The contribution of SMEs to employment is obvious: they provide the majority of jobs – 87%.

2.5 Structure of the Greek economy – trends

Greece has the largest agricultural sector (7% of GDP) of all the EU countries, which shows the importance of agriculture to the country. The country with the smallest agricultural sector is Luxembourg, where it accounts for only 0.5% of GDP.

In Greece, manufacture amounts to 22% of total GDP, a relatively low figure compared to other member states. The only countries in Europe where industry is less dominant are Cyprus and Luxembourg. The country with the highest rate is the Czech Republic, where 39.3% of GDP is generated by industrial activities.

In respect of the services sector, Greece is ranked seventh, showing that services are far more important than industry – accounting for 71% of total GDP. The country where services contribute the most to GDP is Luxembourg, at 83.1%, while they are of least importance in the Czech Republic, at 57.3%.

2.5.1 Manufacture

The overall manufacture production indicator has been relatively stagnant since 2000, following a period of growth (1995-2000). Most sector indicators show slight changes in 2004, demonstrating a constant or a slight downward trend. Specifically:

- The following sectors were in decline: textiles, clothing, leather and footwear, timber and cork, transport equipment, paper and paper products, office equipment and computers, furniture and other industries, transport, radio/TV and other communications appliances
- The following sectors exhibit a constant trend: food and drinks, non-metallic minerals, machinery and kinds of equipment, electrical machinery, appliances etc., oil and coal by-products
- The following sectors recorded growth: tobacco, printing and publishing, chemical products, elastic and plastic products, basic metals, manufacture of end products from metal.

At the same time manufacture is lagging significantly behind in terms of its concentration on sectors of high added value, only achieving 75% of the European average in this respect, and 154% in terms of concentration in low-added-value sectors. In its overall composition the sector is almost identical to the Spanish manufacturing sector, although the latter has the inherent advantage of a larger domestic market.

The overall result is the emergence of a trend towards 'deindustrialization', with a reduction of units and, obviously, employment. This process reflects, first of all, the impact of broader international phenomena.. The problems of Greek manufacture have their roots in the conditions in which Greek industry has evolved: development of business activity in a tariff protection environment; bank financing at 'negative' interest rates; high public

participation in investment costs(grants and subsidies for interest payments); very small average size of businesses; 'family' management, even in'large' businesses; innately strong 'recycling' of SMEs; attempts to promote the 'guided' development of driving sectors.

Some of the almost permanent features of Greek industry are: long-term stagnation, shrinking industry's share of GDP, drop in or stagnation of industrial employment, low added value, lack of extroversion, intensity of imports penetration, dependence on 'traditional' sectors, failure to generate innovation and inadequate adoption/adaptation to imported innovation, interventions by the state to 'rescue'-type interventions, resulting in great losses for the public sector and increasing its overall loan burden.

Finally, the most important characteristic of the Greek manufacturing sector is its territorial concentration: 48% of all industrial units, 46% of employment and 53% of the gross production value are all concentrated in the prefectures of Attica, Boeotia, Evoia and Corinth, while these four prefectures, together with that of Thessaloniki, account for 63% of industrial units, 57% of employment and 65% of gross production value of all Greek manufacturing sector. Territorial concentration is a clear indication of the Greek manufacturing sector dependence both on infrastructure and the economies of environment provided by the two largest urban concentrations of the country (Athens and Thessaloniki), and on their market size.

2.5.2 Tourism and shipping

Despite its small size, Greece holds an important position in the global trade services, mainly due to shipping and tourism industries. The final WTO figures for 2003 rank Greece ninth in travel services exports and fifteenth in transport.

Over the last decades tourism has been the fastest growing economic sector at global level. For Greece this entails thirteen million arrivals of foreign tourists each year (Greece is ranked 15th in the world in tourist arrivals), ranking the country at the fourth place in the EU in net revenue from tourism. Tourism accounts for 17% of GDP and provides 800,000 jobs directly or indirectly serving the tourist sector (18% of total employment).

Importance of tourism to national economy's growth is depicted on the gross added value volume of the hotel and restaurant sector, which in 2004 amounted to 8,821.9 mio € , representing 7.57% of national gross added value. The level of the sector's contribution to overall gross added value is increasing.

Over the decade 1990-2000 positive growth rates in tourism were sustained. However, the years 2000-2004 were marked by a decrease in tourism, with foreign tourist arrivals dropping in 2004 down by 18.72% compared to 2000. During the same period, a similar trend could be observed in domestic tourism, less intense though: domestic tourist arrivals in 2004 numbered 5,567,107, a drop of 4.62% from the 2000 level. Thus the total figure for arrivals for 2004 was 11,880,335, a drop of 12.67% compared to 2000 figure.

The drop in competitiveness of the Greek tourist industry can be attributed to many factors. One of these is Greece's entry into the Eurozone, which, because of the Euro's strong exchange rate, has made the country less attractive than its Mediterranean rivals. However, the adoption of the Euro is not the decisive factor as regards the drop in competitiveness in the tourist market. Greece is ranked as the 16th most popular tourist destination, with a market share in 2003 of 2.03%. The five top-ranking countries in terms of tourist arrivals in 2004 were France (9.8%), Spain (7%), USA (6%), China (5.5%) and Italy (4.9%). In the period 2000-2004 particularly good results were recorded for countries in direct competition with Greece, possibly with the exception of Italy.

The salient features of tourism development to date have been a lack of strategic planning, improvisation and lack of regulation. In recent decades Greece has been exclusively a vacation destination ('sun and sea'), whilst complementary products have only made their appearance in the last few years, but without a significant effect on the overall product.

Fiercer competition in the globalised economy, with regard both to offer, with new tourist destinations at lower cost but similar quality, and demand, due to changing consumer standards and the global economic recession, have drastically changed the tourist economy components. International experience shows that competition becomes more intense and more focused on destinations, while improved competitiveness is the key to thriving tourist destinations.

Greece has powerful competitive advantages in the shipping sector as well, where she plays a leading role in the European and global shipping communities and represents a key hub for the communication and transport networks linking the EU to Asia and Africa. The fleet flying the Greek flag is ranked fourth in the world in terms of capacity, while Greek-owned vessels are the most important shipping community in the world, controlling 14.1% of global tonnage and 16.5% of deadweight tonnage. The fleet flying the Greek flag ranks first in the EU and employs more than 25,000 Greek seamen. Greece is also ranked first in the EU in terms of passenger movement by sea, accounting for 25% of the EU total.

2.5.3 Capital markets

The main features of the Greek capital market's development in recent years include increased market capitalisation as GDP% nearing that of EU stock markets average, the significant increase in foreign institutional investors' participation in the Greek stock market, the drop in stock transaction costs and in the contributions paid by the Athens Stock Exchange members, improved profitability of most listed companies and increased dividend allocations.

On the other hand, the Greek capital market has some weaknesses that need to be addressed and improved. Specifically, the Greek stock market's liquidity index is lower than the EU average, daily transactions have high concentration in a small number if shares, while numerous ATHEX listed companies have limited share ownership spread.

The Greek capital market, now, has a comprehensive and modern institutional and supervisory operation framework, ensuring effective operation and market transparency. In particular, the institutional and regulatory framework governing the Greek stock market's operation has been fully updated, following the major enhancement of the legislative framework and supervisory infrastructure. .

At the same time, the Hellenic Capital Market Commission, now has greater freedom and autonomy in exercising preventive and suppressive supervision to ensure the capital market's normal and smooth operation, since the (individual) supervisory competencies of the Ministry of Economy and Finance and the Athens Stock Exchange have been fully transferred to the Capital Market Commission, thus enabling it to operate according to the requirements of European standards and practices.

Finally, as regards planning future actions, on the part of Greek authorities, to further develop the Greek stock market, planning has started for the creation and introduction into the market of new financial products and investment tools (such as Exchange Traded Funds – ETFs), the development of the required institutional framework that will allow the globally rapidly developing Hedge Funds to enter and operate in the domestic market, the review of the taxation framework for mutual funds, the review of the existing institutional framework regarding listed companies' corporate governance for harmonisation purposes with the restated corporate governance principles of the OECD (2004), expansion of the Athens Stock Exchange working hours, so as to fully converge with the respective European markets, the creation of a small exchange market with limited company listing requirements, in order to attract smaller companies and hedge funds to the stock exchange, etc.

2.5.4 Transport infrastructure and services

Figures on transport in Greece compared to those of the EU15 show that the transport sector plays a larger role in the country's growth than elsewhere in Europe. Overcoming natural obstacles to accessibility ensures broader dissemination of economic growth and economic activity synergies, at both national and regional levels. An important part is also played by exogenous geopolitical factors, such as EU enlargement and the establishment of the Free Trade Zone with the EU's Mediterranean partners, which contributes to expanding Greece's vital economic area, also through the transport system also. These factors, combined with the shift eastwards of the 'geopolitical' centre of gravity of the EU25, increase the country's importance and of its role in the Balkans and eastern Mediterranean. These prospects are expected to strengthen the role of the country's transport system at international and national levels.

Road transport – road network

The main inter-regional road network condition remains mediocre in overall terms, despite significant improvements in certain sectors in recent years. This is mainly due tothe dependence on non-upgraded (with respect tol uniform operational requirements) road sections, and the absence of sufficient road connections. Deficiences in linking the main road network to urban centres, important production areas, and to key transport network connections (ports, airports, freight centres, etc.) are identified, causing delays in the development of combined transport services for the country. Moreover, significant deficiencies still remain with respect to the main road infrastructure of the country's major urban centres.

The country's primary objective is to modernize the development of the Trans-European Road Network with emphasis on the PATHE (Patra-Athens-Thessaloniki-Evzonoi) and Egnatia Motorway system, which form part of the EU 30 priority projects under Decision 884/2004/EC 'on community guidelines for development of the trans-European transport network'.

Equally important is the completion/upgrade of the urban road infrastructure of metropolitan areas andthe improvement of links between urban centres, production areas, the main archaeological and tourist destinations and the Trans-European Road Network on the one hand , and the development of connections with other transport networks.

The number of small passenger vehicles remained modest in 2003 in proportion to the country's population despite the significant increase. The vehicle indicator per 1000 inhabitants in Greece as a whole stood at just 348 (not significantly behind EU levels in Attica), 70% of the EU15 figure and 75% of the EU25 figure, ranking the country 15th and 20th in EU15 and EU25 respectively.

With respect to number of buses/coaches and trucks per 1000 inhabitants, the country's ranking was much higher, with the Greek indicators significantly higher than the corresponding EU average.

Rail transport

Rail plays a modest role in land transport (1.8% in 2000), with the country ranking last in the EU15 and second-to-last in EU25. The situation has not improved in recent years: passenger volume on Greek railways has remained static compared to other EU countries).

The role of the rail in land freight transport is also limited, at just over 2% compared to 8% in the EU in 2002. However, prospects in this sector are improving, with an increase in freight transport over the last few years.

The country's basic rail axis (Patra-Athens-Thessaloniki-Eidomeni / Promachonas (P.A.TH.E./ P.) forms part of the trans-European rail network. Despite modernization of this key axis, set aside the sections expected to be completed by the end of the programming period 2000-2006 (about 74% of the length of the network), the remaining network is marked by very poor technical features, old infrastructure and a lack of modern telecommunication and signalling systems.

Combined transport

Significant delays in implementing projects with respect to combined transportation serviceshinder the establishment of an inter-operational freight network . The reason for this failure is mainly the absence of the relevant legal framework, only recently enacted.

At the same time the linking up of road, rail, sea and other networks has not considerably improved over 2000-2006 programming period. The Greek system of freight transport is afflicted by problems and deficiencies of organization, operation and infrastructure,– with negative impact on freight flows attraction.

Urban transport and relevant infrastructure

The main problem of the urban transport systems is traffic congestion, a problem portraying a downward trend due to a a mismatch between the constantly boost in demand and the limited rate of increase of the road network's traffic capacity. .

Disparities observed with respect to access to high-level urban transport services between Greece and the other EU countries continue to exist, despite substantial improvements in the transport system.. Demand and requirements for upgrading the quality of service

continue to increase rapidly, requiring significant increase in interventions. Disparities among various urban centres in the system of urban transport areimportant as well..

In 2003 Greece continued to lag behind the average indicators per EU inhabitant, but the difference has been narrowing, especially since 2000, thanks to a more rapid increase in transport projects.

Air transport

Hellenic airport network is widespread as regards geographical area and population – mainly the result of the country's geomorphology and relief, which makes air links among islands but also to the major urban centres essential. The geographical characteristics of the country and her peripheral location with respect to the main European centres, combined with the reduction in air fares due to deregulation, have led to a dramatic rise in international air travel .

Air transport is expected to play an even larger role with the enlargement of the EU and the expansion of Greece's vital economic area towards central and Eastern Europe.

Over the last five years Greece has seen a significant increase in air travel – 5% and 11% increases in domestic and foreign flights respectively. It is estimated that in 2004 the country's airports served 4% of all passenger travel among the EU25 states. The figures for 2004 rank Greece in 6th place among EU25 countries with respect to passenger travel as an absolute value, and in 7th place with respect to passenger travel proportion to total population (per 1000 inhabitants), with a large part of this traffic being carried by charter flights bringing tourists to and from various holiday destinations around the country.

Maritime transport

Due to its strong insular nature, Greece depends heavily on sea transport, which has led to the development of a large number of island ports. During the previous programming periods significant interventions were implemented to improve and modernize the main freight ports and selected coastal navigation ports. These interventions are contributing in overall terms to the development of the pan-European sea freight corridors and strengthening the balanced development of all the country's regions.

Despite progress made in this area, the linking up of road, sea and other EU transport networks is still not complete; supplementary infrastructure projects are still awaiting implementation, but once in place they will allow capitalization of the benefits of earlier investment.

Greece has seen a significant increase in the number of sailings, in the passenger traffic on coastal navigation routes, and in the domestic and foreign freight traffic. However, the volume of passengers using regular shipping lines to foreign destinations is modest and declining, while the use of local ferries is stagnant.

2.5.5 Energy

Over the last ten years Greece's energy consumption has risen rapidly, especially in the building sector and in transport. Production continues to be energy consuming; insufficient energy-saving practices have been adopted. At the same time Greece is ranked very low, below the European average, in terms of greenhouse emissions, especially carbon dioxide, as a result of the use of fossil fuels in the power production.

The buildings sector, responsible for about 40% of energy consumption, and therefore for indirect emission of carbon dioxide, together with the polluting industries, must be subject to new measures to promote sound environmental policy.

In terms of the energy intensity of the economy, Greece exhibits higher levels (250kg per unit of GDP) than the European average (EU25 210kg), exhibiting a small decrease however.

Final consumption of electric power in Greece in 2005 amounted to a total of 51074 GWh, of which industry accounted for 15156 GWh, transport 199 GWh, the commercial sector and public services 16479 GWh, the domestic sector 16875 GWh and agriculture 2932 GWh. The total installed power of the country's generating stations in 2005 was 14023 MW, of which electricity generation accounted for 13763.71 MW and heat-power co-

generators 259.785 MW. Lignite is the main source used in primary domestic power generation, representing 82.95% of all fuels used.

Total gross electric power production in 2005 amounted to 60020 GWh, of which 59.2% came from solid fuels, 15.3% from liquids, 13.6% from natural gas, 9.35% from hydro-electric schemes, 2.1% from wind power and 0.37% from biomass and waste. It is estimated that by 2010 demand for power will have risen to 71546 GWh.

Despite abundant natural resources, Greece has a low share in power production from renewable sources, specifically 9.6% for 2003 (compared to an EU25 average of 12.7%). Directive 2001/77/EU sets an indicative target of 20.1% coverage of gross consumption of energy for 2010 through renewable sources, including major hydro-electric schemes, a target compatible with obligations under the Kyoto Protocol.

The country's energy system is in transitional stage as the electricity and natural gas markets are deregulated and new policies are introduced to promote renewable sources and combined heat/power production. The deregulation of the Greek electricity market has gradually developed and not always at the pace laid down in the Directive's timetables. Recently, however, the Ministry of Development has significantly speeded up the relevant legislative measures. For example:

- In the natural gas sector work is nearly complete on the legislative framework which will lead to deregulation of the domestic market. Law 3428/2005 was enacted in December 2005, setting out the rules for the operation of a deregulated market. In March 2006, a Ministerial Decision was issued determining the mechanism for calculating transfer rates and another Decision is awaited on the Model Supply Contract between system users and the operator (ESMFA). This legislation will allow any new supplier to operate in the Greek market.
- The enactment of Law 3426/2005 on speeding up the process of deregulation of the Greek electricity market creates a modern framework, attractive to large-scale investment in power production, with obvious benefits for employment and consumers. It will also strengthen competition and, gradually, by July 2007, all consumers – including households – will be able to choose their own supplier.
- Law 3468/2006 introduced a new framework for renewable energy sources, completing harmonization of national law with Directive 2001/77/EC. The law represents an intervention of major importance for the promotion of the use of RSE, simplifying the licensing procedures and offering significant incentives for private investment.

National actions in the energy and natural resources sectors during the programming period 2000-2006 were implemented under the Community Support Framework, and specifically the Operational Programme 'Competitiveness'.

Completion of deregulation of the energy markets and the major international energy initiatives set up a new landscape in the energy sector. At the crossroads of major international energy routes for power, natural gas and oil, Greece now has an appealing framework to attract large-scale investments to ensure secure supplies of energy, create new jobs and upgrade her geo-strategic position.

2.6 Education, research and technological development

2.6.1 Education

Greece's position with respect to the Lisbon Strategy objectives is as follows:

<u>Improving the quality and effectiveness of EU education and vocational training systems.</u>

- *Expenditure on education*

Public spending on education in Greece represents 3.94% of GDP, with the larger share allocated to tertiary education (about 1.28% of GDP for 2003, above the European average for the same period). Nevertheless, Greece is one of the countries with a relatively low level of public spending on education and training.

With respect to private investment in education, no member state has broken through the 1% level for private investment in education as % of GDP - the average level is 0.63%. In

Greece private spending represents 0.22% of GDP, lower than the level recorded in some new EU member states..

With respect to the businesses spending on continuous vocational training, the average percentage of labour costs spent in the EU25 is 2.3% compared to 0.9% for Greece.

- *Quality of human resources in education*

Over time Greece is experiencing a constantly decrease in birth rate, reflected in a significant fall in the participation rate of the two age groups, i.e. 0 to 14 and 15 to 19, productive to the education system –– in total population. Thus, a constant increase in the demographic deficit in Greek education is recorded, because of the dramatic birth rate drop. This deficit is seen clearly in the decrease in the number of both children at school age and consequently pupils in primary and secondary education.

At the same time, due to the increase in numbers of children of immigrants, there has been a gradual change in the school population structure in Greece, with the Greek school acquiring an ever more multicultural character.

It is evident that both the demographic deficit and the consequent narrowing of the school-age population, together with the increased diversification in the school population structure, will add to the challenges the Greek education system is called on to tackle.

As to the student-teacher ratio, while the average EU25 ratio for primary and secondary education is 13.7:1, in Greece it is just 10:1, down from the 2000 level when 11.2 children equalled a teacher. The fall in the ratio is the result of both the declining student numbers and the increase in the number of teachers.

- *Secondary education attainment*

77.3% of young people (18-24) in the EU25 have completed upper secondary education, but this figure is still far behind the EU target of 85% despite the progress made in this area in several countries.

Greece is closer this target, with a large proportion of the population (84% in 2005) having completed at least secondary education. However, in Greece, as in almost all European countries, the rate of completion of secondary education is higher for female than male.

- *Science and technology students*

4.2% of EU25 students in maths, science and technology (MST) are Greek students (Eurostat 2002), while they account for 29.7% of all students in higher education (Eurostat 2002). In Europe, European students (EU25) in the corresponding disciplines account for 25.9% of the total number in the EU25 (Eurostat 2003).

Also, MST graduates as a percentage of all higher education graduates in Greece account for 27.3% (Eurostat 2004), while the corresponding figure for the EU25 is 23.6%.

- *Ensuring access to ICT*

The period after 2000 has seen a rapid fall in the pupil to computer ratio, which, in Greece, dropped to 21.2 pupils to computer, in 2003,from 57.9 in 2000(OECD, PISA 2000 and 2003) still lagging significantly behind most European countries however.

The pupil tocomputer ratio relates to the average rate of penetration of the internet by children. Countries with a lower pupil-to-computer ratio tend to have higher rates of internet penetration. In Greece the penetration rate has increased (OECD, PISA 2000 and 2003) rising from 26.4% in 2000 to 69.2% in 2003 and placing Greece in a favourable position compared to other European countries.

<u>Ensuring access to education systems</u>

- *School / higher education*

In Greece one of two children aged four is in pre-school education, while the corresponding EU25 figure is eight out of ten (Eurostat 2004). The level of participation for children aged 5 is 83.5%, revealing the average age of access to pre-school education in Greece.

Moreover, the level of participation in education of persons aged 15-24 has been steadily rising since 2001 (52.3%), reaching 61.6% of the total population in 2004. Significant progress towards fostering participation in higher education has been achieved in Greece compared to the rest of Europe. .

- *Early school leaving*

Almost 15% of young people (18-24) in the EU25 are early school leavers, a figure showing that very little progress has been made towards the EU target of 10% for 2010.

In Greece substantial progress has been made in limiting early school leaving (18.2% in 2000). Greece is closer to the EU target figure for 2010, with the drop-out rate among 18-24 year-olds now at 13.3% (2005).

Opening up of education systems to the outside world

The percentage of Greek secondary school students learning at least one foreign language is 99.2%, while more than half (59.4%) learn two. In Europe the average number of foreign languages learned per student is about 1.5.

2.6.2 Research and Technological Development

Investments in RTD

Greece lags behind with respect to R&D indicators, with the lowest rate of investment in research and innovation, and the fewest export of products of technological value than any EU15 country. This is reflected in the Gross Domestic Spending on Research and Technological Development on the one hand, amounting to 0.61% of GDP in 2004compared to 2%in EU, and in the number of researchers per 1000 workers rising to 3.3 compared to an EU average of 5.7.

General Secretariat for Research and Development figures show the bulk of business spending on RTD coming from large and medium-sized businesses, although they represent a low percentage og total businesses. With respect to sectors of economic activity, about 70% of business spending is generated in the areas of ICT, chemical products and food and drinks. Finally, about 40% of businesses which have carried out research are relatively young companies.

Investments in ICT

Greece's position in ICT is not satisfactory in Europe but worldwide as well.. In March 2004, according to the most recent WEF survey, Greece was ranked 42nd out of a total of 104 countries under the technological readiness indicator.

Despite the fact that the ICT market continues to grow at a satisfactory rate (increase of 3.2% in 2004 over previous year) Greece is still ranked low for ICT participation in GDP, compared to other countries. The level of broadband penetration is still very low (just 0.1% in 2003, 0.3% in 2004 and 0.8% in 2005) when compared to EU15 (5.1% in 2003, 8.4% in 2004 and 12% in 2005) and EU25 (7.4% in 2004 and 10.6% in 2005). Nevertheless, there has been a significant upward trend in broadband penetration in Greece, which has exceeded the corresponding percentage increase in the EU15 and EU25 for 2004 and 2005.

Research and Technology productivity

Results in R&D activity can be distinguished (with respect to the end product in relation to population) in: a) scientific publications, b) citations, c) patents registered with international patent offices.

As regards the first indicator (scientific publications per million inhabitants) Greece scores 82% of the European average while with respect to the second (number of mentions per scientific publication) Greece scores only about half as much as the leading European countries (2.76 compared to 5.64 in the Netherlands).

As regards patents, Greece diverges significantly from the European average (8.1 applications per million inhabitants, compared to a EU25 average of 133 for 2002). The low number of patents reflects Greece's orientation to applications and adoption of imported technology rather than creation of new technology.

All the above illustrate Greece's low performance in research and technology production. However, positive elements such as workforce and ICT spending could be reinforced and improved to create competitive advantage and convergence.

2.7 Social cohesion

2.7.1 Income Disparities and Social Protection spending

Social protection spending amounted to 26% of GDP in 2004, close to the European average of 27.3%. The risk of poverty, also, is in gradual but constant decline. The percentage of the population below the poverty threshold after social transfers was 19.6% in 2004, compared to 19.9% in 2003, exhibiting a slight decrease.

The percentage of the population living below the poverty threshold is significantly higher as regards the unemployed (32.8%) and pensioners (27.9%), but significantly lower with respect to the employed (12.9%). An equally serious risk of poverty is faced by elderly couples (37%), single-parent families with a female leader (35.1%), large families (30.5%) and households where at least one person is over 65 (29%). The importance of employment is seen also in the fact that 68% of individuals living under the poverty threshold are not employed.

Due tothe high level of home ownership, the risk of poverty is restrained to 17% when home ownership is included in the income, along with self-produced goods and goods and services distributed gratis to households..

It must be noted thatincreased burden of poverty in the countryside does not entail social exclusion because of the protection provided by the family and the informal local cohesion networks, as well as self-production and consumption. Nevertheless, one of the most important challenges is to improve the efficiency of the social protection system: while social benefits and allowances reduce poverty by nine percentage points in the EU15, equivalent spending in Greece (as % of GDP) barely reduces poverty by three percentage points.

2.7.2 Health

General indicators of the Greek population's health stand at a good level, but not improving at the same rate as in other Mediterranean countries, lagging behind in prevention, public health and primary care organisation, and proper staffing.

According to Eurostat figures total health expenditure has been increasing in recent years. In 2002 Greece spent more than 9.5% of GDP on health, ranking the country in one of the highest places among EU member states. However, high levels of private expenditure are also recorded (47% of all health spending), an indication of disparities in access to and consumption of health services.

However, despite the high levels of health expenditure overall, the dissatisfaction of Greek citizens with respect to the health system and especially with respect to the regional dimension of services offered is of key importance.

Also, despite the steps taken towards operational and organizational modernization of health facilities, there are still significant problems, such as:

- Defective, fragmented and uncoordinated primary health care services, mainly in the large urban centres
- outdated infrastructure and hospital equipment
- Effectiveness and efficiency deficit in administrative and organizational structure in hospital units.
- Low penetration of information management and dissemination technologies
- Absence of an epidemiology map with reliable data on morbidity

2.7.3 Social Inclusion

The national policy for long-term care involved a gradual shift from traditional, privileged closed type to modern open-type services of community care, as well as the development of new services targeting vulnerable groups. Nevertheless, there are still problems of poor access, concentration of care services in urban centres, gaps in semi-urban and rural

areas, lack of specialised care services and limited functionality of open care programmes due to adverse demographic trends.

Weaknesses have also been identified in the operation of the Network of Primary social Care Services, the funding of services provided by public and private care agencies, the securing of information and education services, the development of Special Programmes for the social inclusion of target groups treated differently by the social services, the application of techniques for the management and evaluation of social services, the employment of trained staff and the complementarity and synergy among actions by the public, private and voluntary sector.

At the same time demographic changes set new challenges for health and long-term care systems. The rate of demographic dependence of the elderly is expected to increase in Greece from 26% in 2003 to 60% in 2050, while the working-age population is expected to fall to 56.41%, resulting in greater burdens for the pension and health systems and increased pressure on their sustainability.

To tackle these challenges the National Strategy Report for Social Protection and Social Inclusion 2006-2008 highlighted the strategic directions which must underpin the modernisation of the Greek system of social protection and reflect the priorities set by the revised Lisbon Strategy and the National Reform Programme 2005-2008.

2.8 The Environmental Dimension

2.8.1 Urban solid waste

Over the last ten years emphasis has been put on transport and disposal of solid waste infrastructure, and especially on the construction of landfills. However, fully integrated management of urban solid waste has still not been achieved, while there are serious gaps in the integrated management and disposal of industrial and hazardous waste. It is significant that 85% of waste is properly collected, while the remaining 15% produced in isolated mountain and island regions is not efficiently collected.

The relative rate of recycling of urban solid waste is around 8%, but there are better prospects for the next few years.

2.8.2 Water resources

The quality of Greece's water resources is generally quite good. The indicator of total consumption per available reserve is generally satisfactory, but there are significant variations in certain areas of the country (tourist regions, urban centres).

Water resource management problems are seen mainly in the regions which are more vulnerable in terms of water balance and environmental pressures (islands, coastal areas, heavily cultivated areas).

Attempts have recently begun to incorporate and implement Directive 2000/60, in order to achieve proper, integrated management of water resources.

2.8.3 Urban wastewater

With respect to urban wastewater shortfalls are recorded in treatment plants and mainly in sewage networks. However, it should be stressed that great progress has been made in recent years.

The comprehensive action plan is based on the requirements of Directive 91/271, the key objective being to integrate the required infrastructure for collection, transport and sewage treatment. 90% of the population of Priority A and B communities are now served by wastewater management pants, but the level of processing is not always up to specifications and often the maintenance is poor and operational problems appear. As for the Priority C communities in Directive 91/271, there are still 204 communities (out of a total of 335) which are not being served by appropriate wastewater management systems.

2.8.4 Air pollution – The acoustic environment

The major air pollution problems are encountered in the main urban centres of the country, and in lignite power plants. There are also problems in certain industrial areas.

The quality of the acoustic environment has been downgraded in recent years, with the most important problems affecting urban centres and almost all tourist areas.

The environment is also downgraded by the constantly increasing exposure of the population to radiation, largely from power transport cables and mobile phone masts.

2.8.5 Biodiversity

Greece enjoys a high level of biodiversity, with land areas of Natura sites covering no less than 19.1% of the country's surface area. However, management and protection system in most of these sites suffers reveals severe delays and weaknesses despite the drawing up of 100 special environmental studies and individual management plans. .

2.8.6 Civil protection

There are significant shortcomings as regards infrastructure with respect to civil protection i.e– the development and implementation plans to prevent, tackle and deal with natural or technological disasters.caused by.key weaknesses detected involve flood prevention infrastructure and fire prevention. Delays in the development and integrated activation of a single information, management and coordination system, a necessary condition for early warning and response, constitute another major deficit.

2.9 Regional analysis

The development status of the country's thirteen Regions is to a large extent linked to a series of factors such as population size, urbanization and the role of the urban centres, the hierarchical structure of the country's urban system, the structure of the productive pattern, the position (of each Region), the limited ability of each Region to to set up a dynamically evolving productive pattern within the broader development context.

With the exception of the two metropolitan centres, Athens and Thessaloniki, and perhaps the areas nearby it is obvious that the other parts of the country do not posess the minimum level of critical mass as to as to spatial, population, productive and technological factors, required, on the basis of comparative performance benchmarks at prosperity and employment level, **to tackle effectively a multitude of challenges and problems either representing a peculiar feature of each region, or emerging as a result of increased competition or are linked to structural problems of the economy.**

The global picture illustrates that, **the country's Regions as a whole indeed converge with EU-25**, but also that convergence is carried out at slow pace, since, the country's Regions face various problems periodically, and as a result **regional disparities persist**, despite the country's high development potentiall.

Considering the per capita GDP for the period 1995-2003, performance in the thirteen Greek Regions is as follows:

a) The country as a whole grows at a higher rate than EU average

b) The country's Regions do not contribute to this growth the same way.

c) The Regions developing at a higher rate than the national average are: V.Aigaio,Thessalia, N. Aigaio, and Kriti. Attiki and Dytiki Makedonia are around the national average while Anatoliki Makedonia and Thraki, Sterea Elladada and Dytiki Ellada lag behind.

A review of the same data at the level of spatial entities reveals that regional disparities are not so stark. The per capita GDP at current prices over the period under examination, 1995-2003, has increased at above the average national rate in the spatial entities of Attiki, Voreio Aigaio, Notio Aigaio and Kriti, Thessalia, Ipeiros and Sterea Ellada, but laggs behind in the other two spatial entities of Anatoliki Makedonia and Thraki, Kendriki Makedonia and Dytiki Makedonia, and Dytiki Ellada, Peloponnisos, and Ionia Nissia.

2.9.1 Disparities in population

A key characteristic is the important territorial unbalances (ratio of population concentration between the Regions with the smallest and highest population quota) as a result of the very high concentration of economic activities in Attiki, but also of the particularity of the country's relief (mountainous and insular areas).

Differences in urbanization and geographical relief of the country's Regions are reflected in the density indicators per Region. Thus, Regions without particularly large urban centres and with large massif, i.e. the Regions of Dytiki Makedonia, Ipeiros, Western Greece and Peloponnisos, show density below 40.0 inhabitants per square km, in contrast to Attiki, where the indicator shows as much as 1025.1 inhabitants per square km.

2.9.2 Disparities in growth performance

Although the country exhibits a per capita growth rate in purchasing power parities (PPP) over significantly higher than EU average the last years,, this tendency is spread to the Regions in an uneven way, as expected.

As regards regional disparities in the country, which remain, among the lowest in the total of EU-15, it should be noted that, following a period of relative stagnation, from 1983 until 1993, linked to significantly low growth rates, high inflation and raising unemployment trends, a subsequent increase is observed, followed again by a decrease , from 1998 until 2001.

In relation to areas of economic activity, the development performance of the Regions has developed in a fairly balanced way, while the disparities among Regions are directly linked to factors such as as urbanization, geographical location, the pursued policy with respect to infrastructure, and the special features of each Region. The general trend is seen in a reduction in the contribution of the primary sector, a relatively modest decline in the contribution of the secondary sector, and a relatively modest increase in the relative contribution of the tertiary sector, according to figures for the period 2000-2003.

2.9.3 Employment and unemployment

Common features as regards the relatively high level of unemployment, youth unemployment and difficulty of access to the labour market are to be met in all regions. Furthermore, in all regions the employment rate is relatively low compared to the community average. Finally, female rates are worse with respect to all relevant indicators.

The structural picture is completed by the settlement and employment in the country, since 1989, of a significant number of economic migrants, many of whom tend to settle in Greece permanently, together with their families.

Structure of employment by Region

Most of the employed, in the tertiary sector, are located, as expected, in the densest Region by far, Attiki. Those employed in the secondary sector are located in Dytiki Makedonia, while the highest percentage of those employed in the primary sector, are active in Peloponnisos.

With respect to the distribution of employment by Region and sector, the tertiary sector ranks first in terms of its special weighting in employment, both in the country overall and all Regions. The secondary sector ranks second in the country overall, but in the Regions of Attiki, Voreio Aigaio, Dytiki Makedonia, Ipeiros, Kentriki Makedonia, Sterea Ellada and Notio Aigaio as well. The primary sector varies greatly from Region to Region, accounting only for 0.67% of the employment in Attiki and up to 29.05% in Peloponnisos.

Disparities in employment

Over the year 2004 the employment rate rose to over 60% in six Regions, at a particularly low level of around 53.3% in just one Region (Dytiki Makedonia) and at levels a little below (up to -4%) the national average (59.4%) in the other Regions. The Lisbon Strategy target is to increase this indicator to 67% by 2005 and to 70% by 2010.

Diffusion of part time employment across the country is very limited when compared to other countries in Europe. In absolute terms, about half the part time employed are located in the large Regions of Attiki and Kendriki Makedonia. However,part time

employment is relatively widespread in Dytiki Makedonia and Kriti, compared toAnatoliki Makedonia and Thraki.

Key factor as regards Greece's poor low employment levels is the low female participation in the labour market, which stands at levels below 50% in all Regions except in Kriti.

Variations among Regions with respect to self-employment is also characteristic: the Region recording the higher percentage is Peloponnisos (44.6%), as compared to Attiki, the region recording the lowest percentage.

Disparities in unemployment

Large variations are observed among Greek Regions as regards unemployment rate. in 2005 they ranged between 18.1% in Dytiki Makedonia and 7.1% in Kriti.

Regions marked with unemployment above the national average in 2003-2005 were Dytiki Makedonia (17.1%), Anatoliki Makedonia and Thraki (11.8%), Ipeiros (11.5%), Kendriki Makedonia (11.2%), Sterea Ellada and Evia (11.1%), Dytiki Ellada (10.8%) and the Ionia Nissia (10.6%). Those with unemployment rate below the national average are Attiki (8.9%), Peloponnisos (8.7%) and Kriti (7.4%), while in the Regions of Notio Aigaio (9.9%), Thessalia (9.9%) and Voreio Aigaio (9.2%) rates are roughly equal to the national average.

Unemployment appears to particularly afflict specific regions, especially those which have not moved towards an agricultural or manufacture restructuring.

Difficulty of access to employment for young people

Gaining access to the labour market appears to be a serious problem for young people in the Region of Dytiki Makedonia, where unemployment rate is close to 44%, while higher rates than national average are recorded in Ipeiros, V.Aigaio, Sterea Ellada and Evia, Anatoliki Makedonia and Thraki, Kendriki Makedonia, Dytiki Ellada and Peloponnisos. By contrast, a lower rate than the national average is recorded in Attiki, the Ionian Islands, Thessaliaand N. Aegaio, while the lowest youth unemployment rate are recorded in Kriti (20.4%).

2.9.4 Disparities in labour productivity

Variations in productivity in the great majority of the Regions (and in the country as a whole) from EU25 average are greater than variations in per capita GDP, a fact which suggests that structural weaknesses of the economy hinder labour productivity Greece. More specifically, on the basis of both approaches, satisfactory performance is recorded only in Sterea Ellada (about 115% of EU25 average) and, to a lesser extent, in N. and V.Aigaio and D. Makedonia (between 80%-90%).

The specialization of production in areas and sectors of each Region's economy, in combination with other parameters such as the level of education, are considered to be of major importance in improving the productivity level.

2.9.5 Disparities in the level of education

On the basis of figures referring to the share of regional population (aged 25-64) with higher education attainment, it appears that Attica has the highest percentage(23%), about three times the level in the Region with the lowest proportion i.e. Sterea Ellada (7.8%).

3. SWOT ANALYSIS

The SWOT analysis technique is used during the process of strategic planning to provide a systematic, thorough and, as far as possible, codified recording of the current development situation and related trends. The outcome of the SWOT analysis is structured information, a common understanding of the real situation of development and a series of strategic choices.

The SWOT analysis is divided into two basic units:

1. Data on the *internal environment (within the country, region)* referring to current strengths and weaknesses. In particular:
    a. *Strengths* include all internal development factors that help explore opportunities and deal with threats.
    b. *Weaknesses* include all internal development conditions or deficits undermining the country's competitive position or hindering the exploration of opportunities.
2. Data on the *external environment (outside the country, region)* referring to current threats and opportunities which have not yet been explored. In particular:
    a. *Opportunities* include all external conditions or features favouring a boost in demand in the country (or Region) or contributing to the creation of a comparative advantage.
    b. *Threats* include challenges that arise due to non-favourable trends or any external conditions that affect the country's development position in a non-favourable manner.

The combined analysis –as it will be explained hereinafter- of the country's strengths and weaknesses in conjunction with the opportunities and threats linked with Greece's external environment will lead to a preliminary formulation of objectives and of the development strategy, prioritizing steps to be made in accordance with the implementation time frame (short-term, medium-term, long-term) required in order to attain the development objectives.

The table below presents a SWOT analysis based on the facts of the socio-economic analysis set out in chapter 2. The Table has three basic fields of analysis, according to the thematic nature of the object:

1. PRODUCT – CAPITAL MARKETS. Examination of the internal situation and external conditions of the productive environment, including entrepreneurship, knowledge society and innovation.
2. LABOUR MARKET, SOCIAL COHESION & ADMINISTRATIVE ENVIRONMENT. Examination of the internal situation and external conditions in the areas of the labour market, social cohesion and public administration.
3. SPATIAL COHESION, INFRASTRUCTURES. Examination of the internal situation and external conditions of regional and spatial development, as well as of technical infrastructures.

The aforementioned approach is considered useful in order to clearly document the coherence between the socio-economic analysis and the proposed development strategy within the framework of NSRF 2007-2013. In addition, it should be clarified that any reference made to the regional dimension in the context of the country's SWOT analysis is particularly brief and concise, as there are 13 full SWOT analyses provided in the NSRF ANNEX for each one of the Administrative Regions. Finally, in each case, the SWOT analysis focuses on the most significant remarks and findings of the socio-economic analysis, without however substituting the thorough and exhaustive documentation provided in the text.

TABLE 1 -SWOT Analysis

THEMATIC FIELDS OF ANALYSIS	Strengths	Weaknesses	Opportunities	Threats
PRODUCT – CAPITAL MARKETS	– High rates of economic growth. – Stable macroeconomic environment. – Leading role in the shipping and tourism industries. – Higher entrepreneurship drive than EU average. – High performance in exports of services. – Increasing number of knowledge institutes & bodies contributing to research & innovation.	– GDP per capita lower than EU average – Low international competitiveness of markets and products. – Low hourly labour productivity. – Low export rate of goods and services as % of GDP: Low degree of outward-looking attitude of the economy. – Low performance in attracting foreign direct investment (FDI). – Oversized public and rural sector. – Deindustrialization trends. – Small size of enterprises. – Small share in high technology intensity products / failure in creating productive networks. – Low quality of entrepreneurship. – Inadequate linkage of enterprises with research. – Low private expenditure on R&TD and number of patents. – Low number of patents expressing Greece's orientation towards applying and adopting technology, rather than creating it itself as a country. – Low rate of expenditure on information technologies as a percentage of GDP. – Low rate of broadband penetration. – Low development of e-commerce applications by Greek small and medium-sized enterprises (SMEs).	– Launch of institutional reforms aiming at market liberalization. – Market improvement in the Balkans after the 2007 enlargement. – Rise of living standards and increasing demand for better quality products and services internationally. – Increasing demand for alternative / thematic forms of tourism. – Constant technological advance in digital media. – Participation in the single European Research Area. – Further access of Greek exports to new developing areas (Middle East, Northern Africa).	– Competition by neighbouring countries offering low labour cost. – Domestic capital drain to other countries due to difficulties in investment development in Greece. – Dynamic entry of new competitors in the tourism sector. – Widening of digital divide in comparison to countries presenting a rapid development in this sector.

THEMATIC FIELDS OF ANALYSIS	Strengths	Weaknesses	Opportunities	Threats
		– Limited effectiveness in differentiating the tourism product.		
LABOUR MARKET, SOCIAL COHESION & ADMINISTRATIVE ENVIRONMENT	– Abundant supply of skilled labour force. – Top-level human resources in research with international presence and networking with the research community of Greeks living abroad. – Existence of informal social cohesion networks, which alleviate the risk of poverty and social exclusion. – High expenditure on health. – High percentage of the population having completed at least secondary education. – High percentage of people aged 20-24 acquiring higher education.	– Low rate of creation of new jobs. – Insufficient exploitation of the opportunities for new, flexible forms of work. – High percentage of long-term unemployed. – Large employment gap between men and women aged 15-64. Low employment rate for women and young people. – High rates of undeclared employment. – Inadequate linkage of education with the labour market – problem of "initial integration". – High school-leaving rates in specific population groups. – Deficits in educational infrastructures. – Low participation in lifelong education programmes. – Inadequate efficacy of the social protection system and services. – Shortage of nursing and paramedical staff. – Deficit in cost-control mechanisms. Non-contributory health scheme. – Problems in universal coverage and accessibility to health services due to the country's geomorphology. – Absence of a framework monitoring quality and effectiveness of Public Administration. – Fragmentation of competences in Public Administration, related to the institutional framework. – Insufficient development of e-governance services.	– Revised Lisbon strategy on growth and employment. – Utilization & integration of non-Greek workers and economic migrants into the country's productive fabric. – Existence of a significant scientific reserve among Greeks living abroad. – Implementation of the educational reform, which is intertwined with the goal of improving human resources. – Making the most of best practices and methodologies developed in other EU member-states regarding the reform of Public Administration.	– Creation of "pockets" of unemployment as a result of the rapid shrinking of the agricultural sector, due to the Common Agricultural Policy provisions. – Increased rates of departure of top level scientific potential abroad. – Illegal migration & human trafficking threatening the system of social welfare, especially in areas close to the frontiers. – Advent of health risks knowing no borders (e.g. SARS). – Population ageing resulting to increased demands for long-term healthcare and to a burden on the insurance system.
	– Reduction of inter-	– Significant differentiations between Greek Regions as	– Development of the country	– Further dependence

THEMATIC FIELDS OF ANALYSIS	Strengths	Weaknesses	Opportunities	Threats
SPATIAL COHESION, INFRASTRUCTURES	regional disparities (over the long-term). – Water quality levels largely meeting the stipulations of respective Community Directives. – High level of biodiversity. – Abundant supply of areas of natural beauty and of rich environmental – cultural heritage. – Wide spatial distribution of cultural resources throughout the Greek territory. – Significant investments made in the transport sector during the previous programming periods.	to the level and progress of their growth performance. Excessive accumulation of activities in one Region. – Regional enclaves with high rates of population at risk of poverty. – High energy-intensity. Large dependence upon energy imports. – Incomplete harmonization with Community law in environmental and energy issues. – Low share of electrical power production from Renewable Energy Sources. – Deficits in liquid and solid waste treatment plants. – 1/3 of the country facing threat of desertification. – Problems with high levels of air pollution and with the quality of the acoustic environment, mainly in major urban centres. – Deficits in the protection and management of the Natura sites. – Significant deficiencies remain in the main road infrastructure of the major urban centres as well as of the country's main inter-regional road network. – Inadequate interconnection of transport modes and networks and insufficient access to freight handling centres (ports, industrial areas). – Small in range and technologically inadequate railway network. – Inadequate port infrastructures and irrational operation of the maritime transport system. – Inadequate urban transport system and serious traffic problems in practically all of the country's urban centres. – Insufficient development of services to attract visitors at the country's cultural resources.	beyond the limits of the centre of Athens. – Proximity to the Balkans, the Black Sea and the SE Mediterranean basin – an area of great changes and prospects. – Improved levels of cross-border and transnational relations in SE Europe. – Completion and specification of an institutional framework for the country's spatial development. – Increasing use of financial tools for the implementation of the "polluter pays" principle. – Completion of new energy networks (national and international). – Completion of transport infrastructures (with an emphasis on Trans-European Transport Networks) and improvement of respective services. – Environmentally friendly technologies and other advances in the digital sector (intelligent transport), modernization of the urban transport system in urban centres as well as in rural areas aiming to upgrade the quality of life.	of local economy on tourism, an activity which is particularly vulnerable and affected by external and imponderable factors. – Delay in the implementation of energy agreements and policy adoption (at global level). – Complicated system of approval, financing, maturing of public works (e.g. too many licenses).

The outcome of the SWOT analysis frames the outline of the country's development vision and the public policies chosen in order to meet internal needs, taking existing external resources into account.

In practice, the process of policy making consists in grouping the quarters of the SWOT analysis, as presented in the following diagram. As a matter of fact, the diagram depicts the method of utilizing the SWOT analysis for making-up nodal policy choices for the country, according to the combined reading of the quarters in pairs (strengths with opportunities, weaknesses with opportunities, strengths with threats, weaknesses with threats). The resulting combination quarters contain alternative, yet realistic policy lines (based on the combination between the internal and external features), the latter being classified into four categories, depending on their character.

DIAGRAM 1 -Utilizing the SWOT method for making policy choices

	Strengths	**Weaknesses**
Opportunities	**Growth accelerating / expansionary policies**	**Structural policies**
Threats	**Stabilisation policies**	**Preventive / discretionary policies**

The policy lines are the following:

1. Growth-accelerating/expansionary policies; aiming at accelerating the economic growth rate and maintaining – expanding the competitive advantage.
2. Structural policies; dealing with long-term distortions and development laggings and instrumental in the sustainability - viability of the economic growth rate.
3. Stabilisation policies; Targeted policies, cancelling or compensating for specific negative developments or trends in the growth environment.
4. Preventive/discretionary policies. Selective policies, preventing and alleviating negative effects in the economic growth rate.

On the basis of this analysis, an integrated approach of the country's development vision is put forward, and, in Diagram 2, namely, the manner is suggested in which the country should develop in the short/medium-run and basic strategy priorities and growth drivers are also suggested. Diagram 2 provides input to the formulation of the strategy presented in the following chapter.

DIAGRAM 2 -Strategy guidelines

	Strengths	**Weaknesses**
	GROWTH ACCELERATING / EXPANSIONARY POLICIES	**STRUCTURAL POLICIES**
Opportunities	• Support of entrepreneurial outward-looking attitude – Fostering Greek investment in neighbouring countries. • Promotion of services exports to developing countries. • Development of productive synergies and complementarity with high performance sectors. • Integrated – sustainable approach to entrepreneurship. • Networking of Research & Technologic Development agencies at European level. • Making Greece the link between the EU and other areas: the Balkans, the Black Sea and the Mediterranean (e.g. natural gas supply for the EU). • Attracting private investment and FDI in the energy industry.	• Physical capital investments – Integration of transport infrastructure network. • Restructuring / Market liberalization. • Administrative reform – modernization of public administration by means of organization and supportive interventions, laying emphasis on key services. • Encouragement of technological and entrepreneurial innovation, by providing state aid, incentives and investment capital to ease off private sub-investment in Research & Technologic Development. • Revision and update of the institutional framework, means and policies related to the development of human resources (education and training). • Fostering the acquisition of new skills and adaptability of employees and businesses. • Raising public awareness / mobilization of society and the business world to accept and integrate persons from vulnerable population groups. • Encouragement of digital economy. • Enlargement of public services provided through the internet and improvement of security for their users. • Development of transnational territorial cooperation for resolution of common environmental problems. • Sustainable energy policy. • Rehabilitation towards a higher added value in "traditional" processing industries, compatible also with the country's new spatial planning. • Differentiation of growth strategy at the level of the Regions.

	Strengths	Weaknesses
	STABILISATION POLICIES	**PREVENTIVE / DISCRETIONARY POLICIES**
Threats	• Promoting domestic and cross-border entrepreneurial partnerships in production sectors profitable for the country. • Fostering the creation of internationalized enterprises with high quality entrepreneurial structure. • Further enhancement of networking between production systems and dissemination of innovation in the country. • Creation of a domestic market and encouragement for innovations in order to achieve economies of scale and improve the competitiveness of the domestic system of innovation. • Completion of the liberalization of the electricity market through the necessary interventions in systems and accompanying investments.	• Improvement of product and capital market performance by consolidating transparency structures and procedures. • Reduction of the obstacles to the entry of enterprises to the market. • Implementation of the appropriate regulatory policy in certain major network sectors functioning as infrastructures. • Encouragement as regards the production of new products and services, mainly by making the most of new (digital) technologies. • Development of more inviting operating conditions for enterprises and highly skilled staff. • Creation of Venture Capital to encourage innovative entrepreneurship. • Risk prevention and management.

4. DEVELOPMENT STRATEGY FOR PROGRAMMING PERIOD 2007-2013

4.1 The overall strategic approach

The progress of the Greek economy depends to a large extent on its ability to adjust to the international environment, through a powerful and consistent boost to competitiveness. Within this framework, **complex and comprehensive actions** are required to cover a wide range of financial and social life activities.

The strategy concentrates on the need to implement policies at national and regional level, in such a manner that Regions and cities will become attractive **places for business installation,** improving at the same time the living standard of their citizens and reducing inter- and intra-regional disparities. This new approach relies on policy effectiveness through simplified planning and implementation mechanisms.

The overall objective is to expand the country's growth potential, maintain its economic growth rate and increase productivity at levels higher than the Community average, with the prospect to boost employment, achieve real convergence and improve the quality of life for all citizens, with no exclusions whatsoever.

In the new programming period 2007-2013, Greece aims at becoming an outward-looking country with strong international presence, with a competitive and productive economy. A country that will lay emphasis on education and the young, quality, technology, innovation and respect for the environment.

To attain this objective, the development effort focuses on:

- **Promoting innovation, research and entrepreneurship, as well as links between them**. The support of knowledge economy will be sought in the on-going improvement of knowledge produced by the country's overall productive sector. Considering the fact that the country is relatively lagging behind in this area, the strategy will focus on compensating for the deficit in research, innovation and technology, emphasising the participation of the private sector and the orientation to excellence and Knowledge Society.

  The strategy will promote high-capacity entrepreneurship and support to SMEs that are facing expansion problems, and will extend the growth effort towards clusters or categories of enterprises presenting positive prospects and significant potential. Emphasis will be given to the development of sectors where, by and large, innovation is converted into a competitive advantage during the stage of production.

- **Investing on sustainable infrastructure,** a prerequisite for improving the country's attractiveness as regards investments and quality of life. Priority will be given to the completion of projects, the operational interconnections of transport (networks), the optimum exploitation of interventions and projects already implemented, and the development and provision of related services. In the energy sector, emphasis will also be given on developing environmentally-friendly forms of energy and on improving the energy supply, which will contribute to the growth and promotion of the country's competitive position in the medium to long-run.

- **Investing on human capital**, which holds a dominant position in the country's strategy and aims at creating more and better jobs. Within this framework, the importance of the **European Employment Strategy (EES)** is stressed both in relation to setting policies on the labour market, and as regards measures in the area of social policy, linked to the integration of groups that are threatened with exclusion.

  Greece will concentrate on **developing quality human resources**, which will contribute to the improvement of the country's competitiveness and foster sustainable growth. The major importance of human resources is directly linked to the introduction of new forms for organising work, where human capital is mainly assessed in terms of knowledge (production of new knowledge and dissemination of knowledge already available), skills, flexible adaptation and integration of good practices. In this context, promoting lifelong learning, improving the quality of education and training, and the

adaptability of employees, employers and firms are nodal strategic choices for tackling structural problems of the labour market.

Facilitating access to employment is directly linked to the country's overall growth, as well as to the attainment and upkeep of high levels of competitiveness and the creation of new employment opportunities. It is already known that the country is lagging behind in terms of expenditure on active labour market policies, hence these measures need to be expanded. To tackle this issue, both the recommendations of the **2004 Council on employment** and the valuation of the weaknesses presented by the National Reform Programme are taken into account.

- Upgrading the institutional environment, simplifying the regulatory framework (reducing red tape) and proceeding to an essential **modernization of the public sector at all administration levels** in order for it to become a modern and effective tool for planning and implementing public policies. The reinforcement of the administrative capacity of the public services will contribute to the enhancement of productivity and quality of work, promoting entrepreneurship, attracting investments and boosting employment. Within the framework of upgrading the institutional setting, both **reforming the legislative & regulatory framework and incorporating the community directives play a dominant role.**

According to the socio-economic analysis, the extended consultation procedure and the aforementioned strategic goals, the **following five (5) thematic priorities** are defined. These thematic priorities specify the country's strategic objectives in the course of the new programming period and promote the accomplishment of its development vision:

- Investment in the productive sector of the economy
- Knowledge society and innovation
- Employment and Social Cohesion
- Institutional Framework
- Attractiveness of Greece and the Regions, as a place to invest, work and live in.

The development strategy of the NSRF is formulated **in synergy with long-term national sectoral policies,** which (apart from co-financed programmes) include interventions that are either purely financed by the State or for which there is also contribution on behalf of the private sector. Taking into account the Strategic Approach of Cohesion Policy for the programming period 2007-2013, this document includes either relevant **references** to the said national documents or **concrete reference to the most important priorities**, while more detailed reports are included on an individual case basis in sectoral Operational Programmes. As an example, a list of the main national thematic policies covered by programming documents follows:

Thematic policies	Programming Documents
Education and lifelong learning	• National Reform Programme 2005-2008 • OP Education and Lifelong Learning 2007-2013, OP for HR Development 2007-2013 • [Brief reference in General Objective 4 of NSRF]
Adaptability of workers and enterprises, Access to employment	• National Reform Programme 2005-2008 • OP for HR Development 2007-2013 • [Brief reference in General Objectives 7 and 8 of NSRF]
Social Inclusion	• National Report on Social Protection and Social Inclusion 2006-2008/ National Action Plan on Social Inclusion • OP for HR Development 2007-2013 • [Brief reference in General Objective 9 of NSRF]
Health and Social Solidarity	• National Report on Social Protection and Social Inclusion 2006-2008/ Strategy Report on Health and Long-term Care
Public Administration	• National Reform Programme 2005-2008 • OP Reinforcement of Public Administration Efficiency,

	2007-2013 • "POLITEIA: Public Administration Reform 2005-2007" • "Theseus 2005-2009" • [Brief reference in General Objective 12 of NSRF]
Transport	• Transports' Development Plan 2007-2013, and twenty-year plan (Ministry of Transport) • National Port Policy (Ministry of Mercantile Marine) • OP Accessibility Improvement, 2007-2013 • [Brief reference in General Objective 13 of NSRF]
Environment and Sustainable Development	• National Strategic Development Plan –Environment and Sustainable development Sector, for 2007 – 2013 period, Athens, October 2006
Gender Equality	• National Reform Programme 2005-2008 • Action Programme of the General Secretariat for Gender Equality "National Policy Priorities and Axes for Action on Gender Equality (2004-2008)" • [Brief reference in General Objective 11 of NSRF]
Information and Communication Technologies (ICT)	• Digital Strategy 2006-2013 • OP Digital Convergence 2007-2013
Rural Development	• Strategic Plan on Rural Development 2007-2013

A key-element of the development **strategy** is the regional dimension and specification of development interventions. Strengthening the competitiveness of Greek Regions is of utmost importance to the entire country and requires significant structural interventions in the economy of each Region. **The future of every Greek Region depends on the competitiveness of its productive sector**, which is directly linked to investments in production sectors facing national and international competition.

Adapting labour markets and products and improving the entrepreneurial environment and public administration will help expand the productive base, increase productivity and reinforce the competitiveness and extroversion of the economy in the country's Regions. In particular, the development of the entrepreneurial activity as regards products and services competing within the international market or presenting well-founded future prospects contributes to strengthening growth of each Region, with multiplying impact on products, income and employment.

Regional development strategy focuses on developing **broader and more competitive spatial entities** by implementing an adapted **development strategy** and creating within, a **small number of competitive growth poles**.

The country's development strategy by including spatial dimensions and examining specific elements that arise from the geographical/physical dimension of the territory. Balanced and sustainable spatial development aspires to meet objectives closely intertwined with economy, society and the environment.

In addition, spatial development aims at enriching the issues raised by the regional and thematic approach with additional elements that will help set and grade priorities, as well as identify actions that will support specific policies, thus rendering them more effective. Moreover, through a targeted examination of the spatial dimension, particularly useful conclusions can be drawn in order to address problems encountered by specific spatial entities in an integrated manner.

Three objectives are pointed out, **directly linked to the territory** which define the content of spatial development: the development of a balanced and polycentric urban system with focus on urban – rural interface, the guarantee of equal access to infrastructure and knowledge, and the sustainable development and rational management and protection of the natural and cultural heritage.

Thus, the three territorial priorities brought forward are as follows:

- Sustainable urban development
- Rural development
- Cross-border, transnational and interregional cooperation

4.2 Thematic priorities of the development strategy

4.2.1 Investment in the productive sector of the economy

General objective 1: Enhance extroversion and Foreign Direct Investment inflow

The general objective focuses on:

- Attracting investors in a targeted manner
- Improving the outward-looking attitude of the Greek productive system
- Exploring the country's advantage as a Gateway to the broader region of South-East Europe
- Consolidating the country's position as an international business and financial centre.

"Attracting investors in a targeted manner" focuses on improving the institutional framework and supporting structures, mechanisms and tools in order to develop entrepreneurship, assure interconnection with international integrated production systems and establish permanent cooperation schemes between Greek and foreign businesses. Moreover, the objective aims at developing and attracting activities of a higher added value, as well as activities in high technology sectors with increased demands in terms of scientific staff.

"Improving the outward-looking attitude of the Greek productive system" focuses on supporting productive investments to reduce import penetration and enhance the presence of Greek businesses in the domestic as well as in international markets.

"Exploring the country's advantage as a Gateway to the broader region of South-East Europe" in the field of entrepreneurship focuses on enhancing the role of trade, tourism and other accompanying services in relation to the productive system, so as to bring out Greek businesses and products in international markets..

"Consolidating the country's position as an international business and financial centre" focuses on developing a system that will target the promotion of investment opportunities through international communication channels in order to reach potential foreign investors and therefore attract foreign investments.

These interventions will (indirectly) support IGGJ 12 "Extend and deepen the Internal Market".[8]

General objective 2: Develop entrepreneurship and increase productivity

This general objective is further specified as follows:

- boosting the trend for entrepreneurship

[8] For the codification of the Community Strategic Guidelines on Cohesion (CSGC) and the Integrated Guidelines for Growth and Jobs (IGGJ), see chapter 5 of the NSRF. Reference to the IGGJs is according to the Micro-economic (7-16) and Employment Guidelines (17-24). It is noted that reference to the relevant IGGJs and CSGCs in this chapter is made on the basis of the significant and direct synergy - contribution of the NSRF general objectives to them. No special reference is made in cases where the contribution of the NSRF may be identified in isolated - special points of the IGGJs - CSGCs, or where the contribution to them is indirect.

- moving from necessity-based entrepreneurship to high-potential, corporate entrepreneurship
- supporting innovative entrepreneurship in sectors presenting a competitive advantage
- promoting the entrepreneurial dimension in environmental protection and management

The first 3 objectives focus on providing support to clusters of businesses at regional level and broadening support for investment activities, from intangible investments to investments on human resources. In addition, they focus on developing a rational system of structures to strengthen entrepreneurship, on upgrading and simplifying the business environment, on lifting obstacles that impede the development of small businesses, and on creating a "friendly" administrative - regulatory setting. Moreover, through these special objectives, state subsidies are re-oriented towards quality and high specialization-entrepreneurship, while communication campaigns and education in the field of entrepreneurship are both developed.

Finally, they rely on measures to reinforce coastal lines mainly for social reasons, promote sustainable and safe mobility, and improve services provided at Greek ports so that they can attract activities and investments.

"Promoting the entrepreneurial dimension in environmental protection and management" focuses on reinforcing the environmental performance of businesses, developing entrepreneurship for environmental products and services, promoting innovation to develop environmentally-friendly technologies, and enhancing environmental protection in industrial agglomerations.

These interventions shall support CSGs 1.2.2 "Facilitate innovation and promote entrepreneurship", and 1.2.4 "Improve access to finance" as well as IGGJs 8, 10, 13, 14 and 15.

General objective 3: Diversify the country's tourist product.

This general objective is further specified as follows:

- enriching, and
- promoting the country's tourist product

"Enriching the tourist product" focuses on exploring the natural and cultural reserves in order to prolong the tourist period. This will be achieved through a dynamic development of special and alternative forms of tourism, through integrated and innovative interventions to modernize the tourist sector, as well as through interventions that will supplement and upgrade infrastructure for developing traditional, special and alternative forms of tourism.

"Promoting the country's tourist product" will be attained by making the most of the achievements and tools of knowledge society and modern information and communication technologies.

These interventions shall support CSG 1.2.2 "Facilitate innovation and promote entrepreneurship", as well as IGGJ 15.

4.2.2 Knowledge Society and Innovation

General objective 4: Improve the quality and the intensity of investments in human resources to upgrade the Greek educational system.

This general objective is further specified as follows:

- Investing in the future, promoting reforms in the educational system and improving the accessibility and level of basic skills for all. Within the framework of the special objective, there will be actions to reform curricula, accelerate the rate of integration of new technologies in education and find a systematic way of measuring the progress made by a) developing an evaluation system in primary, secondary education and in

initial vocational training, and b) developing a national system of evaluation, quality assurance and documentation for Higher Education Institutions. In addition, provision is made to improve conditions and the level of education for disabled persons , as well as to strengthen decentralization in the administrative organization and operation of the educational system.

- Enhancing lifelong learning. Actions promoted will include the broadening of lifelong learning by developing a system to provide appropriate incentives (especially to low-skilled people or to people of an advanced age, and to people who have left the formal educational system at an early stage).
- Tackling early school-leaving by combating school failure and drop-out rates and developing cross-cultural education and in-school tutorial teaching.
- Improving the quality and attractiveness of professional education and training, by reviewing the way specializations and curricula in the area of initial professional training are defined and structured, by determining professional rights and by establishing a system for recognizing the formal certification of learning, at the level of a European framework of professional qualifications. Emphasis will also be put on more effective links between the educational system and the labour market.

It is pointed out that within the framework of the above General Objective, ICT learning is incorporated at all stages of the educational system, in line with the demands of information society. For the first time in Greece, lifelong learning is systematized/standardized in a comprehensive way, i.e. at both institutional and essential level. The linking of initial and continuous vocational education to training is achieved by creating a single, integrated system for providing professional qualifications. Finally, the evaluation of both teachers and trainees at all levels and sectors is a decisive factor for bringing out the quality features of our country's educational system; it is the constant recording of these features that will allow effective corrective actions.

Special emphasis will be laid on incorporating actions in favour of gender equality and against stereotypes in the educational systems and in the lifelong learning strategy.

These interventions shall support CSG 1.3.3 "Increase investment in human capital through better education and skills", as well as IGGJs 7, 20, 23, and 24.

General objective 5: Reinforce Research and Technology and promote Innovation in all sectors as a key-factor for the restructuring of the Greek economy and transition to the Knowledge Economy.

This general objective is further specified as follows:

- generate new knowledge in priority sectors of interest to the country's productive sector and serve the implementation of policies in various sectors
- turn knowledge into innovative products, processes and services, and assisting the transfer of technology and know-how to businesses, especially SMEs
- promote extroversion through European and international cooperation in the field of Research and Technological Development
- implement a horizontal action on human resources in the fields of research, technology and innovation

"Generate new knowledge in priority sectors of interest to the country's productive fabric and serve the implementation of policies in various sectors" such as health, energy policy, agricultural policy, etc. focuses on improving the competitiveness and extroversion of businesses, as well as on restructuring the Greek economy through orientation in high-tech and added value products and services. This will be pursued through cooperation between businesses and/ or businesses and Research and Technological Development agencies from both Greece and abroad, through the creation of national sectoral poles of Research and Technological Development in fields of high-priority to the national economy, as well

as through the creation of either physical or network centres of excellence and their connection to corresponding centres abroad.

"Turn knowledge into innovative products, procedures and services, and assisting the transfer of technology and know-how to businesses, especially SMEs " focuses especially on innovation programmes, on integrated strategy actions for innovation at regional level, on support for intermediary bodies of the public and private sector, on the creation of spin-offs, on support for new innovative and/or high-tech businesses, and support for SMEs and clusters of SMEs.

"Promote extroversion through European and international cooperation in the field of Research and Technological Development" focuses on supporting the Greek participation in respective Community Programmes and programmes of intergovernmental agencies, supporting complementary actions and synergies with the 7th Framework Programme on Research and Technological Development and with the Competitiveness and Innovation Programme, and supporting joint actions and actions of coordination of Research and Technological Development activities, programmes and infrastructure with both European and other countries in the framework of European Programmes with third countries, groups of countries such as the Western Balkans, the Black Sea, etc., and with European intergovernmental agencies in the framework of establishing a European Research Area open to the world.

In the framework of the objective concerning a "horizontal action on human resources in the fields of research, technology and innovation", the reinforcement of human resources at all levels and bodies is promoted, including the mobility between Research and Technological Development and production bodies at both national and international level, and encouraging businesses to take on high-level staff. In addition, provision is made to undertake research actions and activities in order to develop human resources involved with research and support basic research in the context of reviewing and unifying the institutional framework governing the organization and carrying-out of Post-Graduate Studies and Research.

For the implementation of these objectives, a modern institutional framework is promoted for Research and Technological Development.

These interventions shall support CSGs 1.2.1 "Increase and better target investment in RTD", as well as IGGJs 7 "Increase and improve investment in R & D, with a view to establishing the European Knowledge Area".

General objective 6: Achive the country's digital convergence through the integration and use of Information and Communication Technologies (ICTs) in social and economic activity fields.

This general objective is further specified as follows:

- improving productivity through ICT.
- Improving the quality of life through the use of ICT.

"Improving productivity through ICTs" focuses on using ICT and providing digital services to businesses, reinforcing the contribution of the ICT sector to the Greek economy, promoting entrepreneurship in areas that use new technologies, further promoting a modern electronic and broadband environment in order to considerably improve the "network readiness" of Greece, as well as on promoting institutional interventions which will speed-up transition to digital broadband transmission systems.

"Improving the quality of life through the use of ICTs" focuses on making the most of new information technologies and electronic communications technologies in areas that improve citizens' everyday life, while also reinforcing equal access to the new technologies. In addition, it focuses on developing digital services for the citizens and promoting access to broadband and innovative services.

Greece has planned an integrated and coherent "Digital Strategy" for the period up to 2013, dealing with interventions regarding information technology and electronic communications in an integrated way in all aspects of economy and society. The new strategy aims at making a "digital Leap in Productivity, a digital Leap in quality of life" and

is compatible with the EU action plan for "Jobs & Growth" and with the new European policy for new technologies "i2010". (http://www.infosoc.gr/infosoc/el-GR/sthnellada/committee/default1/).

Moving towards a "Digital Greece" relies to a large extent on the ability of Public Administration to improve the level of services as regards businesses and citizens, by making the most of new technological means, along with making the necessary structural changes. The development of a friendly environment for the private sector and the cost reduction for the public sector depend on the efficiency of Public Administration, to be achieved through a restructuring and computerization of all its procedures. The improvement of citizens' everyday life and the effective use of public funds are immediately linked to the restructuring of Public Administration procedures.

These interventions shall support CSGC 1.2.3 "Promote Information Society for all", as well as IGGJ 9 (and in a complementary manner in IGGJs 16, 23 and 24).

4.2.3 Employment and social cohesion

General objective 7: Reinforce the adaptability of workers and enterprises.

This objective focuses on a gradual increase in participation in education and training activities, passing from currently low levels to EU average levels, so that individuals can acquire the necessary skills and abilities for responding to the constantly changing circumstances of the labour market, while also improving quality and productivity at work. This general objective is specified in the following special goals:

- Implementing the National System for Linking Education and Training to Employment (including interventions at systemic level, as well as interventions concerning the most important sectors, such as the National Accreditation Centre for Continuing Vocational Training (EKEPIS) and lifelong learning Institutes). There will be actions seeking to identify in advance the needs of the labour market and respective changes therein, develop an Integrated asystem for analyzing Labour Market conditions, establish a common system for the certification of initial and continuous vocational training offered, set standards validating the prior learning of individuals, as well as actions to complete and implement the institutional framework for the provision of continuous training programmes.

  Furthermore, other priorities consist in reforming the training system for employees - with a gradual shift from supply and availability of resources towards demand and initiatives of the employers- and developing a system that will provide appropriate incentives for individuals participating in lifelong learning activities, laying emphasis on the unemployed and the long-term unemployed, non-specialized workers and workers at risk of becoming unemployed. Finally, this objective includes the development of lifelong counseling services and vocational guidance, and actions to reinforce the participation of the self-employed in skill-upgrading programmes.

- Improving quality and productivity at work. It promotes the introduction of new and innovative methods and forms of employment, laying emphasis on policies that seek flexibility combined with safe employment conditions for employees. Special attention will be focused on reinforcing the role of the social partners, promoting a safeand hygiene working environment , encouraging active ageing of the workforce and dealing with group lay-offs.

- Reinforcing the adaptability of enterprises (especially SMEs). It includes incentives for investments towards improvement of employee skills and for the development of a learning culture, training of employees and promotion of modern techniques for lifelong learning in enterprises (including training and dissemination of Information and Communication Technologies, continuing training addressed to employees with low skills and employees of high/technical specialization, training addressed to female and older members of the labour force and enhancement of relative initiatives of the social partners). Furthermore, the special objective includes the development and dissemination of Corporate Social Responsibility in enterprises, the promotion and rewarding of new structures / methods of enterprise and work organization with respect to the integration of innovation and individualized actions for lifelong learning programmes for the self-employed.

It is pointed out that, in order to reinforce entrepreneurship and adaptability[9] in enterprises, the approach required is two-fold: one dimension is closely linked to the issues of reinforcing employment, facilitating self-employment and the small business start-ups. The second dimension has to do with business support, and it will favour the development and growth of SMEs.

Within the framework of the aforementioned General objective, actions planned at the level of Sectoral OPs shall be combined with actions to strengthen businesses and entrepreneurship in the Regions implemented via the ROPs, whereas the development of targeted interventions will also be promoted, according to the identified needs in every region.

Finally, at local level, there will be initiatives reinforced with the participation of local stakeholders, where human resources form the basis of the development process, creating partnerships that contribute to the shaping of local competitive advantages.

These interventions shall support CSG 1.3.1 "Attract and retain more people in the labour market and modernize social protection systems" and 1.3.2 "Improve the adaptability of the workers and enterprises and the flexibility of the labour market», as well as IGGJs 17, 20, 23 and 24.

General objective 8: Enhance access to employment.

It focuses on the creation of more and better jobs that will be accessible to all. This general objective is further specified as follows:

- Broadening, reforming and improving the effectiveness of the active labour market policies, as well as increasing the financing effort until 2013, considering the country's relatively low rate of expenditure with respect to active employment policies as a % of GDPcompared to the EU average.
- Reinforcing female employment and promoting their equal access and advancement in the labour market, by continuing investments that target the unhindered availability of women in terms of employment and seek to reconcile professional and family obligations, taking measures to further reduce gender-based pay gaps, accumulation and segregation of the labour market in various professions, and developing measures that will support single-parent families.
- Reinforcing the employment of young people, (and based on the European Council decisions of March 2006), by providing an opportunity for work, apprenticeship, additional training, acquisition of work experience or employment to every young unemployed person having left school. Reducing the transition period from the educational system to anactive professional life.
- Activating at least 25% of the long-term unemployed and reducing long-term unemployment inflows, by providing opportunities to participate in active employment policies, before having been unemployed for 12 months.
- Increasing the number of sustainable enterprises established by the self-employed, especially young unemployed persons.
- Modernizing and upgrading the structures and systems of the labour market to serve citizens (including interventions of systemic character), by constantly improving, upgrading and converting Employment Promotion Centres (KPA) of the Hellenic Manpower Employment Organization (OAED) into one-stop-shops that provide tailor-made services and integrate three key-functions: information, vocational guidance, job

[9] It is pointed out that the priority of ESF Regulation *"increase the adaptability of employees, businesses and businessmen"* will be primarily served by the Sectoral OP for HR Development (which will be cofinanced by ESF and will cover all 13 Regions, for details see chapter 6 below). In addition, this priority may be served by OP Competitiveness and Entrepreneurship (in the 8 regions under Objective 1) and the 5 ROPs (in the 5 regions ot transitional support). The categories of actions selected within the framework of OP Competitiveness and Entrepreneurship of all 5 ROPs will be determined at operational level.

placement, through coordination of network actions by the Ministry of Employment and Social Protection.

Emphasis will be placed on the development of a framework that will link labour supply to demand, with the participation of public and private sector bodies, self-administration, tertiary education and social partners, as well as on the development of an integrated network that will provide employment services by means of certified structures of the public and private sector. Another priority consists in redefining the training system for the unemployed, highlighting certification and quality assurance, improving its performance and appeal and shifting attention towards establishing links to employment and the real needs of the unemployed.

The special goal also incorporates the redefinition and upgrading of the role and function of the Employment Observatory S.A. (including interventions of systemic character), focusing on preparing the elaboration of the "Employment" Part of the National Reform Programme, monitoring the implementation of employment policies, regularly exchange data in the framework of the NRP and the NSRF, as well as on providing support to ministries and agencies with respect to issues of employment policy coordination. Within this framework, the institutional status regulating the agency will be reassessed.

- Tackling undeclared work and unregistered unemployment, by upgrading the surveillance mechanisms of the labour market, raising awareness among employers at a local scale, reinforcing the interventions of the Labour Inspection Agency, implementing the provisions in force regarding undeclared work and regulating the new (future) waves of immigration.
- Implementing an integrated policy on the active ageing of the workforce, by increasing employment and training opportunities for older members of the workforce, combating discriminatory treatment due to age, improving demand forecasts with respect to the labour market, and lifting incentives for exiting active working life at an early stage.
- Systematic recording and forecasting of changes in local labour markets due to the productive restructuring of the economic activity, by upgrading the potential of existing structures (i.e. the Federation of Hellenic Information Technology and Communication Enterprises [SEPE], the Hellenic Manpower Employment Organization [OAED], the Employment Observatory [PAEP], and the National Accreditation Centre for Continuing Vocational Training [EKEPIS]) to detect problems in a timely manner, and by developing the ability to rapidly react to changes.
- Incorporating the principles of Community Initiative EQUAL into the development policy (including interventions of systemic character), both at programming and implementation level, as this forms a compulsory horizontal planning priority steming from the new regulations of the Structural Funds.

These interventions shall support CSGs 1.3.1 "Attract and retain more people in the labour market and modernize social protection systems", as well as IGGJs 17, 18, 19, 20, 21 and 22.

General objective 9: Promote Social Inclusion.

The objective is to ensure equal access to the labour market for all and prevent marginalization and exclusion.

The **national strategy** to modernize the system of social protection and enhance social cohesion is based on strategic guidelines that govern the policies in all three sectors (social inclusion, social security system, health and long-term care). Within this framework, the **National Plan for Social Inclusion 2006-2008**, aims at integrating horizontally actions to combat poverty and social exclusion into the country's development planning, by setting four priorities:

A) Enhancing employment, particularly as regards women, young persons, the long-term unemployed and vulnerable population groups.

B) Dealing with drawbacks as regards education and training of individuals and groups.

C) Supporting families and the elderly.
D) Social inclusion for the disabled, immigrants and persons with cultural / religious particularities.

The part of social inclusion policies co-financed by EU funds (especially by the ESF) **supports all four priorities set out above** and included in the National Plan for Social Inclusion, and will focus on the emerging aspects – threats of social exclusion, which lead either to the appearance of new vulnerable population groups (at least new for Greece) threatened with or experience social exclusion or to further burdens on population groups traditionally threatened with social exclusion (e.g. elderly persons in poor health, families with more than one unemployed members). Emphasis will also be placed on the development of systemic interventions, preventive actions, effective treatment and enhancement of measures to boost labour supply for vulnerable groups. In this context, and taking into account the main conclusions of the socio-economic analysis (chapter 2.5.3) that actually determine the rationale behind the objectives set, the **special objectives of the NSRF on social inclusion** are developed as follows:

- Preventing and dealing with social exclusion affecting Vulnerable Population Groups (e.g. disabled persons, repatriated Greeks, refugees/asylum-seekers, victims of trafficking, groups with cultural and/or religious particularities, substance users and former substance users, homeless persons, prisoners / persons released from prison, single-parents or families with many children) by means of targeted and comprehensive interventions for the integration of these groups in the labour market. Emphasis will be put on supporting businesses to combat discrimination in the area of employment for persons that belong to vulnerable population groups.

- Facilitating the access and incorporation of vulnerable population groups in the educational system, in synergy with the strategy of General Objective 5 set out above.

- Promoting integrated interventions on social and vocational inclusion at local level, with the participation of local communities, businesses, NGOs, social and economic agencies. Enhancing the existing network supporting Vulnerable Population Groups and promoting decentralization with respect to the social services provided.

- Development of Social Economy and business activity of vulnerable population groups, by setting up a favourable (institutional, regulatory, fiscal, administrative) framework to develop the social economy sector, and by planning and implementing integrated plans at local level (especially with respect to quality of life, environment and culture) in order to create new jobs. Emphasis will be put on modern financing instruments for social enterprises, networking with the public/private sector and with the Local Authorities, as well as on the support, active role and participation of Non-Governmental Organizations.

- Targeted interventions to support persons requiring assistance (e.g. elderly persons, aged over 65 years with or without the capacity to live in an autonomus way, disabled persons requiring constant commitment by members of the family) through social – psychological support by primary social care services so as to prevent social exclusion at local level.

- Reinforcing mechanisms to coordinate, monitor, evaluate social inclusion and social protection policies and to assure complementarity with purely national policies, through the National Council on Social Protection and by promoting social dialogue.

- Improving the effectiveness of social transfers and their links to employment, by orienting them towards undertaking work or business activity.

- Horizontal application of Social Inclusion and equal opportunities (Social Inclusion Mainstreaming) to all aspects of the development policy, through the active participation of public bodies, social partners and NGOs.

Targeting individual social groups and considering the principles of non-discrimination on the basis of race or ethnic origin, religion or convictions, disability and age, attention will focus on the following:

A) Promoting the smooth integration of immigrants in the labour market and in society, by means of specialized reception and information services / accompanying measures, and

through the establishment of programmes for learning the Greek language, training and certification in basic skills.

B) De -institutionalization and development of policies to re-integrate disabled Persons. There will be measures to promote the social inclusion of the disabled who are in a protected environment and to prepare integration into the labour market; this will be achieved by implementing programmes of autonomous living, developing services to prevent institutionalization and evaluate the operability of the disabled, establishing a disability card, upgrading the quality of services and mechanisms to implement social solidarity policies.

This objective includes the enhancement of alternative forms of employment, information and support towards the families of disabled persons in order to combat unfairness and discrimination, facilitated access to vocational training for the disabled, upgrading of the National Observatory for the disabled, enhancement of Public Employment Services for the vocational integration of the disabled and development of a network of specialized counselors for social-vocational inclusion.

C) Supporting persons with religious and cultural particularities, through education and training interventions, promotion of employment and self-employment, as well as through counseling.

D) Combating discrimination and prejudice experienced by the long-term unemployed in the social and labour field, with actions of pre-training, counseling and support to direct beneficiaries and their families.

These interventions shall support CSG 1.3.1 "Attract and retain more people in the labour market and modernize the systems of social protection" and 2.1 "The contribution of the cities to growth and jobs", as well as IGGJs 17, 18, 19 and 21.

General objective 10: Establish an efficient and economically sustainable health system, that will provide quality and tailor-made services to the citizens and will focus on the constant improvement of prevention and healthcare services.

Within the framework of the National Strategy on Health[10], the **special objectives of NSRF on the health sector** are developed as follows:

- Developing the network of Primary Health Care and Public Health.

Interventions in Primary Health Care will focus on the development of city health centres in big urban complexes (in synergy with the implementation of the family medical doctor institution), as well as on the improvement of equipment and conditions of care prevailing in rural health centres. They also include the development of a network of mobile units, especially in the islands, and the education of human resources in new technologies and conditions. To implement the reform in the Primary Health Care sector, a specific operational plan is being developed, while a concrete legislative framework is also being drawn up.

The restructuring of the primary health care will be based on strengthening the relation between the public/private sector and the role of self-administration, reviewing the role of

[10] The **National Strategy on Health** is analyzed in ten basic objectives:
- Economic reform of the National Health System (ESY) and consolidation of sustainability though administrative restructuring and new framework of procurement (supported by the relevant draft law).
- Development of the primary health care network, promotion of preventive medicine and public health.
- Improvement of services in secondary health care.
- Development and application of digital technology tools and e-health services.
- New policies on human resources management.
- Evaluation and consolidation of the mental health reform.
- Strengthening of Education. Promotion of research and innovation.
- Development and promotion of volunteerism and corporate social responsibility.
- Partnerships with the private sector (PPP).
- Promotion of Greece in the international health market.

insurance funds, evaluating and redefining the role of out- patients care units in public hospitals, establishing the institution of family medical doctors and electronic cards for monitoring the medical records of the population, with a pilot implementation of reforms at prefectural or regional level.

A public health network is developed within the framework of public health by activating existing structures [staffing of Regional Public Health Laboratories (PEDY), prompt operation of the coordinating central laboratory (Central Public Health Laboratory – KEDY), activation of the National Public Health Council (ESYDY), development of the National Centre for Health Operations (EKEPY)], activation of the National Blood Donation Centre (EKEA), as well as by training professionals of the public health sector. This includes the development of a system to monitor key health factors (Health monitoring), the development of special services to control points of entry and promote health and safety of employees. Part of the planning consists in the development of a coordinating centre on Volunteerism to empower the synergy of the Public and Voluntary sector with targeted training and communication actions within the framework of the National Health System – ESY (prevention and promotion/support, provision of services etc.).

- Improving the responsiveness of Secondary health care and the quality of services provided.

This includes targeted interventions as to the hospitalization conditions in units, introduction of high technology equipment, management of infectious/hazardous waste, energy management, continuous training and education, targeted coverage of health needs at tourist areas, development of a system/mechanism to incorporate research and innovation, development of a quality management system. In addition, there are plans for the construction-support of hospital infrastructure to lift regional disparities and develop special services. Particular emphasis is put on the development of a new system of procurement, requiring targeted actions in order to introduce new technology (for administration and infrastructure), while the drafting of a legislative framework is in the immediate plans.

Adequate human resources of health professionals and private investments in the tourism sector are explored, and there are plans for actions to enhance and support medical tourism and develop health tourism centres.

Special attention is focused on evaluating the current hospital infrastructure of the country according to the population and the epidemiologic profile at the level of prefectures/regions in order to implement the necessary reforms (e.g. development of hospitals in strictly selected areas of high priority, development of new departments and modernization of existing ones, transformation of redundant old departments etc). Within this framework, various programmes are put forth, such as programmes for the certification and quality assurance of services provided, the strategic and operational management (planning, implementation, monitoring, evaluation), saving energy at hospitals and the development of systems to produce energy using mild energy sources, as well as programmes for the environment (measures on liquid and solid waste management and protection from air pollutants). Another special objective consists in training, specialization and further training of human resources engaged in the health sector.

- Promotion of Information Technology and e-health and social solidarity services – Integration of policy on the introduction of digital technology.

Measures include the introduction of e-health services, as well as the shaping of the necessary work culture in order to adopt them (home treatment, smart electronic cards, e-learning, e-procurement, infrastructures, high-tech devices, tele-medicine etc.), links between integrated information systems and the central networking (mechanism and infrastructures), application of health cards for citizens and especially students (initially with a pilot implementation), with a health registration number as a prerequisite.

- Mental health reform and development of re-integration policies.

The target is to cover the country with community-based services that will promote prevention and de-institutionalization, through the development of mental health services, medical-pedagogic centres, daily-centres and mobile units at Primary level, psychiatric departments (for children, adolescents, adults) at secondary level, as well as staff training. Supporting the entrepreneurial activity of social cooperatives formed by former chronic patients is also included.

The strategic planning in this sector includes full enforcement of the Law on mental health (Law 2716/99), proper use and complete operation of all structures created during other programming periods, continuity in the operation of structures to be implemented within the framework of programming period 2007-2013, structures seeking to guarantee constant care and all measure that will finally lead to the abolition of Psychiatric Hospitals and will cover needs for care by means of community services.

Another special objective is the closing down of all Psychiatric Hospitals by the year 2015 and the enactment of related legal provisions to abolish their legal status, keeping the personnel within the framework of the Mental Reform, consolidating the rights of patients who remain in psychiatric hospitals or who are gradually deinstitutionalized, enhancing information/public awareness policies and increasing investments in tangible and intangible resources.

The aforementioned objectives are implemented in synergy with the priorities set out in the National Strategy Report on Health and Long-term Care (National Strategy Report on Social Protection and Social Inclusion 2006-2008). Stress is put on the need to assure synergies between interventions supported by the European Social Fund on the one hand and other interventions co-financed by the European Regional Development Fund on the other. In this context, actions of systemic character will be put forth and specialized within the framework of Operational Programmes.

The interventions shall support CSG 1.3.5 "Help maintain a healthy labour force", as well as IGGJs 7 (indirect contribution) and 18.

General objective 11: Enhance the economic, social and development aspects of gender equality issues, by linking them directly to national political priorities (growth – employment - social cohesion).

The policy on equality within the framework of the NSRF 2007-2013 is based on a "two-fold" approach:[11]

A) Promotion of **specialized – targeted measures to support women ("positive actions")** and

B) More effective adjustment of the gender dimension to sectoral and regional policies of all priorities set out in the NSRF (**gender mainstreaming**).

A central priority of the NSRF and the National Reform Programme consists in **boosting women's employment and promoting equal access and advancement in the labour market**, through interventions made in the educational system, elimination of stereotypes as to the role of gender and professional segregation, promotion of a family-friendly work environment to reconcile professional and private life, facilitation of access to baby-sitting and care services for dependent persons, encouragement of participation in business initiatives of social economy.

Another crucial aspect is the integration of targeted interventions for women's needs, which will help them develop their skills and be re-integrated in the labour market after a long period of absence.

Within the framework of thematic priority "Investment in the production sector of the Economy", as set out above, emphasis is put on boosting women's employment, by simplifying the business environment and providing specialized counseling support to women investors, assuring access to financing and to the development of business networks, and encouraging corporate social responsibility initiatives on gender equality. Women's initiatives will also be strengthened at local level, especially in the sectors of

[11] The implementation of this approach will be promoted within the framework of an integrated policy on equality and the appropriate financing, in relation to the pertinent policies included in the National Reform Programme for Growth and Jobs 2005-2008, the National Action Plan on Social Inclusion, the Action Proggramme of the General Secretatiat for Gender Equality "National Policy Priorities and Axes for Action on Gender Equality (2004-2008)" and in synergy with the actions set out in the National Strategic Plan for Rural Development (ESSAA).

tourism and production of cultural goods and services, and equal opportunities will be promoted to explore women human resources in R&TD.

In synergy with General Objective 9 set out above, there is a targeted approach to support women's employability and ensure accessible care units for children and dependent persons. Accompanying actions will be undertaken in order to provide information and raise public awareness, thus eliminating stereotypes as to the role of the gender within the family setting, making the most of the best practices put forth by Community Imitative EQUAL, strengthening plans for the implementation of new flexible forms of work to help employees with care duties with respect to dependent persons, and establishing related incentives for businesses.

In the context of policies on social inclusion, emphasis is put on combating multiple discriminations, especially against female immigrants, persons with disability, women belonging to cultural, religious or national minorities, as well as women victims of trafficking. At the sane time, health and social welfare services must be modernized so as to improve their accessibility, quality and response to the new and concrete needs of women. The special objectives of equality policies set out in the NSRF include provisions for dealing with violence against women, by means of upgrading the General Secretariat for Gender Equality structures for preventing violence and support female victims of violence and trafficking, and by developing networks, reception and information centres for female immigrants, refugees and special vulnerable female groups, especially at regional level.

These interventions shall support CSGs 1.3.1 "Attract and retain more people in the labour market and modernize the systems of social protection", and 1.3.2 "Improving the adaptability of workers and enterprises and the flexibility of the labour market", as well as IGs 17, 18, 19 and 21.

It is pointed out that the General Objectives of the NSRF as regards thematic priorities 4.2.2 and 4.2.3, that is:

- *Reinforcing the adaptability of workers and enterprises,*
- *Facilitating access to employment,*
- *Promoting Social inclusion,*
- *Improving the quality and intensity of investments in human resources,*

which will be promoted ***mainly via co-financing by the ESF, have been formulated in correspondence with the first four priorities of the new ESF Regulation*** *(increasing adaptability of workers, enterprises and entrepreneurs, enhancing access to employment, reinforcing the social inclusion of disadvantaged people, expanding and improving investment in human capital).*

Furthermore, in correspondence with the 5th priority of the ESF Regulation, partnerships, agreements and initiatives are to be promoted at national, regional, local and transnational level through networking between pertinent interested bodies, such as social partners and NGOs. Special attention will be given to enhance the role of social partners, reinforce capabilities and joint actions (in accordance with Article 5.3 of the ESF Regulation) so that they can contribute to the sectors within their scope, especially as regards the management of change and adaptability (positive management of change), hence solving problems identified within regional or local markets in an effective manner.

Integrated action plans on employment, adapted to local labour markets

The intervention aims at supporting the planning and implementation of local action plans on employment and entrepreneurship, as well as at creating local and regional networks-partnerships between local Employment Promotion Centres (KPA) – Public Employment Services (DYA), socio-economic bodies, educational bodies etc., the target being to create new jobs based on the local needs of the labour market or conditions for full-time employment (multiple employment, supplementary employment etc.), especially in areas with shrinking sectors, facing restructuring problems.

Upgrading the skills and capabilities of the unemployed in the regional and local labour markets will be promoted through appropriately tailor-made programmes for professions or regions that are threatened due to changes taking place in the labour market.

On these grounds, there will be provisions and positive management of future impact brought about by the productive restructuring to easily adjust to new requirements (Guideline 21). In particular, within the framework of the intervention, the following actions will be undertaken:

- Support for the planning and implementation of local action plans on employment and entrepreneurship (local employment initiatives and local employment agreements).
- Regional Employment Networks and exploitation of integrated interventions within the framework of a single implementation system.
- Actions to acquire work experience, provide subsidies to businesses for hiring unemployed persons in specific sectors, ICT and new specialties (at regional-local level), as provided for in the ESF Regulation.
- Implementation and evaluation of factors involved in lifelong learning, in an integrated-focused manner within the regional and local labour markets.
- Promotion of special groups into the labour market at local level, as set out in general objective 9.

*Implementation of the aforementioned General Objectives will rely on **basic principles and horizontal policies** such as the incorporation of gender mainstreaming and equal opportunities for all, the principles of accessibility for disabled persons and non-discrimination, the decentralization and delegation of responsibility, as well as the strengthening of partnerships with social partners, local government agencies, NGOs and private sector bodies for planning, implementing and evaluating interventions. Care will also be placed in developing a systematic evaluation of both new and current interventions in order to improve their effectiveness, increase their extroversion (experimentation and transfer of good practices) and promote solutions in the area of non-technological (social) innovation.*

4.2.4 Institutional framework

General objective 12: Improve the quality and effective implementation of national policies to upgrade citizens' quality of life and facilitate entrepreneurial action.

This general objective is further specified as follows:

- improving the quality of national policies and reinforcing open administration
- modernizing the institutional framework for regulating public action, structures and procedures of public administration services
- developing the Human Resources of Public Administration, and
- Creating mechanisms to support the implementation.

"Improving the quality of national policies and reinforcing open administration" focuses on:

- improving the quality and mechanisms for planning and implementing public policies, giving priority to policies that cover specific sectors of public action, especially horizontal policies, in conjunction with modernizing the structures and operation procedures of public services in respective sectors, and with emphasis on personnel training.
- Enhancing transparency and accountability as regards action of public authorities, promoting active participation of citizens and social consensus, and assuring that citizens and businesses are treated in a fair and equal way.

"Modernising the institutional framework for regulating public action, structures and procedures of public administration services" focuses on improving the quality of legislative and regulatory provisions, adjusting the institutional framework and procedures for its

implementation according to the needs of the citizens and businesses, and improving the quality of services by public services. Some of the main goals include the following:

- Enhancing entrepreneurship by lifting the administrative barriers , minimizing the administrative cost of business compliance with regulations in force, modernizing public procurement procedures,
- Enhancing the affordability and efficiency of Public Administration and improving the quality of delivered work and services in specific sectors of public action, of crucial importance,
- Orienting the organization of work and practices of public services towards the needs of their users, and developing simple and flexible structures of public action,
- Integrating responsibilities and functions now scattered among numerous services or agencies, decentralizing responsibilities and functions towards public and private law agencies in conjunction with reinforcing the executive and regulatory role of Central Administration,
- Using new technologies that will help attain the strategic goals of pubic bodies, within the framework of an operational restructuring. To this end, special mechanisms will be set up (Inter-ministerial Committee, coordination system and procedures of OPs "Reinforcement of Public Administration Efficiency" and "Digital Convergence"), so that there can be a timeframe for respective actions and synergy among interventions that complement one another, hence guaranteeing a successful integration of ICT in public services.

"Developing the human resources of Public Administration" focuses on:

- Modernizing the institutional framework for staff management, highlighting its rational exploitation, through mobility, development of modern administration structures of personnel in public administration bodies, strengthening skills and know-how, in conjunction with incentives provided so that they can participate in education and certification schemes,
- Reinforcing a responsible attitude among the staff of Public Administration, cultivating an attitude and behaviour towards an efficient, effective, open, and fair Public Administration, and improving the quality of the staff's work life.

"Creating mechanisms to support the implementation" focuses on assuring the necessary policy and technical assistance in order for actions to be implemented successfully and to have systematic documentation, analysis and assessment of the situation in Greece, along with making the most of the European and international experience.

Within the framework of objective "Improving the quality of national policies and reinforcing Open Administration" and "Modernizing the institutional framework for regulating public actions, structures and procedures of public administration services", interventions will focus on selected sectors of public policies (e.g. supporting entrepreneurship, enhancing employment etc.), of crucial importance for the development process, serving citizens and enterprises, while also strengthening structures for their implementation at regional and local level. In order to assure the successful implementation of the OP and attain specific operational results, from the early stages of the 2007-2013 programming period, specific nodal interventions will be implemented, based on the respective Road Map for the Implementation of the OP.

These interventions are expected to turn into substantial innovations for public administration and, along with complementary actions to be implemented by OP "Technical Assistance for the Implementation" (such as supporting implementation bodies in order to upgrade their managerial ability to plan and implement projects etc.), they will largely contribute to an effective management of the Funds' resources.

An important horizontal goal lies with the effective integration of the national policy on Equality throughout the whole spectrum of public action (central administration and self-administration), the enhancement of the effective implementation of policies on equality with targeted interventions to tackle inequalities in public life and the exclusion of vulnerable population groups. In addition, it will further the modernization of structures and mechanisms that produce and implement policies and measures on equality, as well as

the systematic and substantial participation of women in decision-making centres and the continuous consultation with women's organizations and with civil society as a whole.

These interventions shall support CSGCs 1.3.4 "Administrative capacity" and 1.2.3 "Promote the information society for all", as well as IGGJs 9, 12, 13, 14, and 21.

4.2.5 Attractiveness of Greece and the Regions as an area to invest, work and live in.

General objective 13: Develop and modernize physical infrastructure and the relevant services of the country's transport system.

This general objective is further specified as follows:

- tackling inconsistencies in the trans-European networks
- developing combined transport and reinforcing the intermodality of the transport system
- connecting the various regions of Greece with the trans-European transport networks
- developing and expanding urban transport
- upgrading infrastructure
- promoting institutional and organizational interventions

"Tackling inconsistencies in the trans-European networks" focuses on completing the road and rail network of Greece. Priority will be given to the completion of the Trans-European Road Network of Greece, with emphasis on the network of highways and main connections to neighbouring countries and on the completion of the main railway axis of Greece (PATHE/P).

"Developing combined transport and reinforcing the intermodality of the transport system" focuses on interconnecting the infrastructure to the trans-European transport networks.

"Connecting the various regions of Greece to the trans-European transport networks" focuses on connecting the urban centres, the production areas and the main greek tourist destinations to the trans-European transport networks.

"Developing and expanding urban transport" focuses on reinforcing public urban transport infrastructure to deal with traffic problems.

"Upgrading infrastructure" focuses on the modernization of road and railway infrastructure, ports and airports to improve the level of safety and services for users.

"Promoting institutional and organizational interventions" focuses on improving the efficiency and effectiveness of project and services production system.

General Objective 13 is linked to the EU policy in the area of Transport, as the main needs of the EU in terms of transport, the way they are set out in the White Paper, are summed up in four policy axes:

- Deregulating transport markets
- Balancing development among the various means of transport
- Dealing with traffic congestions in road, urban and air transport
- Dealing with the environmental impact of transport

Private capitals, combined with the available national and EU funds, will be used to develop networks and transport services and their operation. Within this framework, transport infrastructure projects will be implemented through concession agreements, as major transport projects have already been implemented and valuable experience has already been gained in this field.

As regards the sector of road transport in the 2007-2013 programming period, completion of major road axes is foreseen through concession agreements, as the relevant procedures were initiated and promoted in 2000-2006 period.

These interventions shall support CSGs 1.1.1 "Expand and improve transport infrastructures" and 2.3-2.6 "Cross-border, Transnational, Inter-regional cooperation", as well as IGGJ 16 "Expand, improve and link up European infrastructure and complete priority cross-border projects".

General objective 14: Supply the country with energy in a safe way, based on sustainability

This general objective is further specified as follows:

- Integrating and modernizing the country's electricity network
- Reducing the oil dependence of Greece in an environmentally-friendly manner

"Integrating the country's energy system" focuses on interconnecting Greece internationally, taking into account the priorities of the Trans-European Energy Networks (TEN-E); it also focuses on enhancing and modernizing the national interconnected system for the transfer of solar energy, including links between the islands and the mainland. . Thus, on the one hand it guarantees that their needs will be met, while on the other hand it helps increase possibilities to establish units of Renewable Energy Sources units.

"Reducing the oil dependence of Greece in an environmentally-friendly manner" focuses on promoting the penetration of renewable energy sources and natural gas in the energy balance of Greece, improving its energy efficiency, research and development of innovative energy technologies and the rational management of Fossil Fuels.

General Objective 14 reflects strategic sectors of crucial importance for the European Union in terms of its energy policy, which are as follows:

- Dealing with climate change
- Dealing with EU's external dependence on natural gas and oil imports
- Promoting development and employment

The deregulation of the market by means of the necessary interventions on systems and accompanying investments, will form an attractive environment for the further enhancement of private investments and better quality services.

These interventions shall support CSGCs 1.1.3 "Address Europe's intensive use of traditional energy sources" and 2.3 - 2.6 «Cross-border, Transnational, Interregional cooperation», as well as IGGJs 11 and 16.

General objective 15: Manage environment in a sustainable way

This general objective is further specified as follows:

- Rational management of the soil systems
- Water Resources management and protection of the maritime environment
- Quality assurance and preservation of the atmospheric and acoustic environment
- Handling of the climate change
- Risk management
- Sustainable management of the natural environment.

The "rational management of the soil systems" focuses on an integrated management of solid and hazardous waste, and on the protection of soil systems from erosion, degradation, desertification and pollution. A key issue is to complete the implementation of infrastructure projects as regards the management of solid and hazardous waste in order to achieve the objectives of the National and Community Legislation.

"Water Resources management and protection of the maritime environment" focuses on achieving and preserving the good status of all aquatic systems, on stopping the degradation of surface, underground and sea water systems and on the sustainable management of water resources. This will be accomplished by managing urban waste water, the priority being to cover the needs according to the categorization of the objectives set in Directive 91/271 and the obligations of Greece for compliance with the Greek and EU legislation, by securing sufficient quantities of good-quality potable water, and by keeping and restoring the good quality of swimming waters. Furthermore, priority will be given to the implementation of Directive 2000/60 in order to achieve good quality for surface & underground waters, cross-border cooperation for the joint management of cross-border catchment basins and to the implementation of international agreement provisions, with respect to the protection of the maritime environment.

"Quality assurance and preservation of the atmospheric and acoustic environment" concentrates on achieving and maintaining air quality levels. This will be accomplished through a strategic reduction of gas and particle emissions from the industries, a reduction of noise levels in urban centres and in areas that are prone to noise or in special-use areas, as well as through the management of radiation emission sources.

"Handling of the climate change" focuses on achieving the objective of the Kyoto protocol, reducing gas emissions that contribute to the greenhouse effect and protecting the ozone layer. This will be achieved by improving energy efficiency, the emissions trading system and spatial planning for renewable energy sources.

"Risk management" focuses on the creation of an integrated national network of civil protection. This will be achieved through a coordinated organizational and operational upgrading of all Civil Protection Services in order to deal with natural and technological disasters, as well as through the coordination of rehabilitation actions, civil protection infrastructure, development and modernization of mechanisms, tools and equipment, while also making the most of synergies established at transnational and cross - border level.

"Sustainable management of the natural environment" focuses on the creation of a coherent, organized and functional network of protected areas. This will be accomplished by protecting biodiversity, improving the condition of habitats, populations at risk and endangered species, preserving areas of ecological interest, protecting and promoting natural landscapes of high aesthetic value, pursuing integrated development and environmental planning in protected areas, and incorporating participative procedures in the planning and management of protected areas.

General objective 16: Implement effective environmental policy

This general objective is further specified as follows:

- improving the planning and implementation of environmental policy
- activating the civil society on issues of environmental protection

"Improving the planning and implementation of environmental policy" concentrates on creating mechanisms and means, as well as on supporting bodies and institutions that are responsible for the control and administration of environmental policy, by developing financial instruments, promoting financial means to implement the environmental policy, providing reliable information on the environment and assessing the impact of programmes and projects.

"Activating the civil society on issues of environmental protection" focuses on raising awareness among citizens, establishing democratic and participative forms of public consultation between the State and the Civil Society, planning environmental policies and programmes, developing skills for all working groups involved in the environmental protection and management, and promoting environmental education.

These interventions shall support CSGs 1.1.2 "Strengthen the synergies between environmental protection and growth", 1.1.3 "Address Europe's intensive use of traditional energy sources" 2.3 – 2.6 "Cross-border, Transnational, Interregional cooperation", as well as IGGJs 11 and 14.

General objective 17: Promote Culture as a vital factor of the country's economic growth.

This general objective is further specified as follows:

- reinforcing the cultural infrastructure of Greece and
- boosting demand in the field of Culture

"Reinforcing the cultural infrastructures" concerns all periods, including the development of Modern Civilization infrastructures, in both urban centres and rural areas. The objective also focuses on developing cultural infrastructure and services in the islands, in mountainous areas and along major road axes and waterways.

"Boosting demand in the field of Culture" focuses on developing quality services and cultural institutions of a European and international range.

The achievement of these objectives relies on the mobilization of private investments to promote sponsorships, enhance modern civilization and cooperation between the public and the private sector in actions such as e-services, production and trading of genuine copies, etc.

Finally, the objectives will be also promoted through cooperation at cross-border, transnational and interregional level.

These interventions shall support CSGs 2.3 – 2.6 "Cross-border, Transnational, Interregional cooperation".

Annex III features structural indicators as well as quantified objectives for each one of the thematic priorities set out above.

The Table below presents an indicative allocation of resources, in terms of community contribution to be provided through the OPs under Objectives 1 & 2 in order to serve the thematic priorities analyzed previously. Given that there is an extended link between the Operational Programmes of the NSRF 2007–2013 and the thematic priorities of the development strategy and that the thematic priorities and individual objectives are closely intertwined with one another, it is obvious that the data of the table givean estimate.

TABLE 2 - Indicative allocation of community contribution per thematic priority.

COMMUNITY CONTRIBUTION ALLOCATION Objectives 1 & 2 Ops (in million €)	FINANCIAL BURDEN	THEMATIC PRIORITY	GENERAL OBJECTIVES
1,432	7%	Investment in the productive sector	1,2,3
4,488	22%	Knowledge society & innovation	4,5,6
2,975	15%	Employment & social cohesion	7,8,9,10,11
505	3%	Institutional framework	12
9,844	49%	Attractiveness of Greece and the Regions as places to invest, work and live in.	13,14,15,16,17
806	4%	Horizontal priorities	
20,050	100%	GRAND TOTAL	

4.3 The regional dimension of the thematic priorities

4.3.1 The outline of five spatial entities over the new period 2007-2013

The outline of five spatial entities in terms of programming/development, as described in chapter 4.1 above, complies with development criteria, is directly linked to a series of factors summarizing the experience of the last 20 years with regard to drafting and exerting regional policy, and is expected to contribute promptly to the enhancement of Greece's regional competitiveness.

A. A more functional organization

The results of the regional policy exerted so far raise questions as to whether the Regions today, given their size, are suitable for applying an efficient regional policy. As a matter of fact, it can be argued that, despite the steady convergence process of the Greek regions, which has been achieved so far, the same structure of disparities is still reproduced at regional level as in the beginning of the period, within a framework of more developed infrastructure, and with significant improvements not only in terms of macroeconomic indicators, but also in terms of quality of life for the entire country.

The concentration of the country's regional interventions in the five spatial entities is expected to **contribute significantly to the enhancement of the economic performance** of each one of them and stimulate their extroversion. The fact that their size is larger responds better to the new development circumstances in Greece, but also to the international role Greece aspires to.

B. Critical data on population, economics and physical planning.

The outline of the spatial entities is directly linked to tackling a number of issues specific to each Region, thus ensuring the effectiveness of the regional policy:

- *The size of the population.* With the new structure, the average population increases. As a whole, the distribution of the population is still marked by disparities, with the greatest part accumulated in AttikiAttiki; yet, except for this spatial entity, **the rest of the population seems to be balanced among other spatial entities**.

- *The relationship between spatial entities and the country's development axes.* According to the new approach, **the relationship between spatial entities and the county's development axes (existing axes, as well as emerging ones) seems to be more balanced**. The historic development axis of the country, i.e. "PATHE" (Patras – Athens – Thessaloniki - Evzonoi), reflects the duality established as to the development of Eastern and Dytiki Ellada, shaping a specific pattern. The new approach favours the strengthening of the axis in question and contributes to a gradual balancing-out of Greece's development model, with the emergence of new axes and the expansion of the existing one.

- *Geographical data.* The main element that has to be addressed is to overcome the barriers formed by the Greek massif that runs through the country from North to South, defining Greece's Northern borders and extending inland to the East, dividing the historic geographic entities into different parts. The second element, of equal importance, is the large and medium-sized islands, as well as complexes of islands. Despite being different size-wise, the islands face common problems, such as tourism-based activities and property development, while other productive activities, with few exceptions, lose ground, mainly activities of the primary sector. Other problems include the marked seasonality of activities, the fragility of the environment, and the issue of connections with the mainland and with one another. **By shaping broader operational entities, the new approach lays the foundations for limiting problems** caused by the relief and the geographical structure of Greece.

- *Urbanization and grading of urban centres*. By shaping the new spatial entities, the aspired polycentric urban development of major urban centres acquires closer links to the mainland and thus, the right conditions are created to **strengthen the** emerging **networking**, in the framework of a graded (hierarchical) urban system of Greece. **This way, better conditions are being shaped in order to form a polycentric urban**

system structured at three levels, with Athens and Thessaloniki being its core, at the highest level. The main urban centres of each spatial entity can act as development poles, while the development dynamics may gradually include other urban centres, as well as surrounding rural areas, contributing to the shaping of a dynamic development pattern that will be able to respond to the challenges of the market.

C. Better tackling of challenges in the medium term

The new structure **aims at disseminating the positive results of the most dynamic Regions to the neighbouring ones**, whose development lags behind, avoiding thus the creation of multi-speed regions, without the structuring that leads to development differences being consolidated yet. Moreover, **the new spatial entities are given the opportunity of applying a flexible policy**, which can support and strengthen the development process in the dynamic areas, and will also help speed-up the development of those that are lagging behind and require constant and intensive efforts. Hence, interregional problems and disparities, as well as **intraregional disparities** will be dealt with efficiently.

The broader spatial entities will be in a position to face problems of regional development in a more effective manner, thereby **boosting extroversion and becoming capable of responding to the medium-term challenges of competition,** as well as to cooperation with neighbouring areas and countries, most of which are on a European path.

4.3.2 The development objectives of the five spatial entities over the new programming period.

The development objectives derive from the totality of interventions to be implemented within the framework of all Operational Programmes of NSRF (Sectoral and Regional OPs).

Spatial entity of Macedonia-Thrace (Regions of Kendriki Makedonia, Eastern Macedonia – Thrace, Dytiki Makedonia)

The development vision for Makedonia-Thraki over the 2007-2013 period is summarized in the creation of a sustainable and competitive regional economy, characterized by an intense extrovert orientation and internal economic, social, spatial and administrative cohesion.

This orientation focuses on bringing out the role of the spatial unit as an energy and transport hub of international appeal, on reinforcing its polycentric urban system with emerging networking schemes among specific urban centres and on upgrading the role of the metropolitan centre of Thessaloniki, so that it can turn into a centre of services and innovation.

The objective is multifunctional and puts emphasis on:

- **Exploiting the location of the spatial entity** in the region of South-Eastern Europe and particularly in the Balkans, as well as its proximity to the emerging markets of the Black Sea and Eastern Mediterranean.
- Supporting **innovative entrepreneurship**, so as to develop competitive businesses and give a significant boost to a rise in employment. Within this framework there will be a development and utilisation of human resources, while the regional labour market will be structured according to the needs of an integrated strategy for upgrading the knowledge and skills of workers and labour productivity.
- **Achieving a balanced and sustainable economic and social development** in order to reduce disparities and achieve greater participation of all in the results of development. Easing off intraregional disparities will enhance cohesion in the area of Northern Greece, form a regional consciousness, increase the effectiveness of regional policies and actions, create functional networking, and will help to establish a solid spatial entity.

The main development choice for **Kendriki Makedonia,** both in terms of facing challenges and exploring opportunities within the framework of knowledge economy, is to develop a regional strategy on innovation and competitiveness, aiming at transforming it into an region of innovation, of balanced and sustainable development. At the same time, the region's natural features provide a particularly favourable environment for the development of Kendriki Makedonia and Thessaloniki, so that it can turn into a metropolitan centre for the Balkans, as well as into a pole of transnational cooperation and European integration in the broader area of SE Europe.

Important prerequisites for attaining this objective include the **development of integrated modes of transport** and the improvement of the Region's accessibility at the level of the metropolitan area of Thessaloniki (with interventions targeting the improvement of transport infrastructure within the metropolitan area), as well as in the broader region. Along with this, the Region's role in SE Europe, especially in the Balkans, is expected to expand through the completion of integration into the trans-European networks, increasing cross-boarder facilities and developing combined transport.

The enhancement of an extrovert business activity in the Region of Kendriki Makedonia will be accomplished by boosting the competitiveness of secondary and tertiary sector enterprises which contribute to regional competitiveness, by **providing support services to enterprises -**the target being to upgrade the value added produced, especially in sectors affected by international competition- by **consolidating the regional sector of research, business and innovative structures** (Innovation Zone of Eastern Thessaloniki, Innovation Pole of Kendriki Makedonia, Incubation system, company spin-off, clusters of technological companies), promoting the use of ICT and providing digital services to companies in the Region, and finally by promoting local entrepreneurship in sectors that explore ICTs.

Finally, a key role in the strategy is attributed to actions for protecting and highlighting the natural – built-up environment, integrating the management of protected areas and significant natural ecosystems, and actions for improving and managing environmental infrastructure in a rational manner.

In **Dytiki Makedonia** emphasis will be placed on increasing the added value of the energy sector, improving thus its interconnection with the local production system, while it is of crucial importance to set up a permanent structure that will act as a Regional Pole of Innovation for Energy. Moreover, the strategy will focus on diversifying and enriching the productive structure by adopting innovation and improving the competitiveness of business activities. In this context, attention will be drawn on the planning and implementation of a Regional Research and Innovation Plan, laying emphasis on formulating and implementing integrated interventions in selected clusters within the Region.

Finally, there will be actions for an integrated waste management, adoption of innovative technologies for its exploitation and recycling, management of solid and hazardous waste and restoration of the quality of the air and acoustic environment.

In **Anatoliki Makedonia-Thraki,** which presents a greater development deficit, the strategy will focus on choices that will guarantee a high GDP growth rate in order to achieve convergence. Thus, one of the priorities will be to integrate transport infrastructure, including vertical road axes and multi-modal transport (border stations), and to adjust the planning for sections of the Egnatia motorway, linking it with areas of economic activities. In addition, the measures will seek to attract new investments, targeting new neighbouring markets so as to improve the business environment and enterprise extroversion. At the same time, there will be actions for developing e-transactions and e-services for the citizens in order to boost entrepreneurship. Other actions to be pursued include the integration of urban broadband infrastructures, the setting up of broadband or wireless networks at tourist poles and their integration into the Regional economy. Finally, emphasis will be put on sustainable management of the environment (e.g. protecting the quality of surface and underground waters) and on the rational management of energy resources, utilizing geothermal reserves (alternative forms of energy).

Spatial entity of Dytiki Ellada, Peloponnisos, and Ionia Nissia

Exploring the development potential of the spatial entity, accelerating the rate of economic growth and social development and increasing productivity to attain real convergence and improve the quality of life for citizens living in the entity.

The strategic targeting of the spatial entity consists of three development priorities: 1) Attractiveness of the spatial entity as an area where to invest, work and live in, 2) Investment in the productive sector of economy within the spatial entity, and 3) Alleviating intra-regional and interregional disparities. Hence:

The **Region of Dytiki Ellada** will focus on the development and acceleration of infrastructureand services (e.g. completion of big projects of transport infrastructures) and especially on the creation and operation of the Western Axis of PATHE (Korinthos - Patras), which will help improve the level of transport and act as a development tool for the economic restructuring and modernization of the entire spatial entity. A key role is also attributed to interventions within the framework of combined transport (development of cargo terminals).

Emphasis will also be put on increasing investments in knowledge intensity sectors and re-orienting productive resources towards services and products of high added value. More specifically, measures will be taken to promote and enhance cooperation among Higher Education Institutes (AEI), Technical Educational Institutes (TEI), research institutes and businesses, to establish new and modernize existing enterprises, highlighting innovation and new technologies, and to create innovative products by making the most of the Region's educational institutes.

Given the comparative advantages presented with regard to the climate, geographic location, natural and archaeological – cultural resources, an important aspect of the strategy will consist in an integrated tourist development, puting emphasis on special – alternative forms of tourism. Finally, there will interventions to protect and improve the urban and built-up environment (e.g. development of environmental infrastructures to process, manage and utilize solid and liquid waste), as well as to explore alternative energy sources.

The **Region of Peloponnisos** will aim at improving its attractiveness by completing infrastructure in order to establish operational links between inland areas, as well as between these parts and the urban and semi-urban centres of the Region, where significant regional and local-scale services are located in. To be more specific, emphasis will be put on the integration of the main road axes, and there will be complementary interventions for secondary links (e.g. semi-urban or mountainous areas).

Special attention will also be placed on the integration of new technologies, on the productive process and the implementation of innovation. In this context, cooperation between bodies and research centres will be sought to develop innovative methods of production e.g. in the agricultural sector. In addition, emphasis will also be put on developing and promoting the use of ICT by public services to assist the citizens (especially in remote areas), but also within the context of commercial transactions (e.g. e-commerce). Finally, there will be measures to explore the remarkable natural and archaeological / cultural sites by restoring and promoting historic sites and monuments, as well as by developing alternative forms of tourism.

The **Region of Ionia Nissia** will focus on upgrading the quality and diversification of the tourist product through new and alternative potential adapted to the local character, combined with a diversification and reorientation of rural space economy and a widening of the secondary sector production base.

Emphasis will be put on improving cooperation schemes between public research bodies (making the most of the Ionian University) with businesses and production bodies in order to enhance applied research and technology, establish links with entrepreneurship and innovation, and orient local traditional sectors and new businesses towards sectors of higher added value. Furthermore, the development of electronic services will be put forth in areas that present special characteristics e.g. in urban, isolated, disadvantageous, coastal areas, aiming at contributing to the attainment of spatial cohesion.

Considering the islands' special character, emphasis will be placed both on linking the islands among one another (maritime links and port infrastructures) and on linking them to

the mainland part of the spatial entity. Finally, attention will be drawn on enriching and improving irrigating waters, completing and modernizing networks to pump and distribute potable water, with priority given to areas that face increased problems. Special care will be taken to implement waste management plans combined with the regions' environmental restoration.

Spatial entity of Thessalia, Sterea Ellada, Ipeiros

Reinforce the competitiveness, attractiveness and extroversion of the economy by improving spatial and social cohesion and by adopting sustainable methods for developing production activities and managing the natural and built-up environment.

This objective will be achieved through the dynamic use of the comparative advantages presented by the spatial entity in a new environment where the main role lies with investments in knowledge, quality, innovation and networks. The urban centres constitute the dynamic points upon which the entire development effort will be based.

The strategy focuses on the completion of the transport structure and on the functional interconnection of transport infrastructure, which will contribute to the reduction of intra-regional disparities, encourage interregional cooperation and help strengthen the regional poles of development. Another common factor is the emphasis on investments in knowledge and innovation, so as to boost the competitiveness and extroversion of the spatial entity. Thus:

The **Region of Thessalia** will focus on formulating an innovative environment that will enhance competitiveness and entrepreneurship in the Region, by promoting cooperation between educational institutions and production bodies. Emphasis will also be put on improving the competitiveness of the local products of certified quality and services and by enhancing collective forms of action by enterprises.

Along with the above, the Region's sustainable tourist development will be brought forward by organizing the tourist development , making sure that the natural and built-up environment will be preserved. There will be actions to protect the maritime environment from tourist activity, agricultural pollution and over-fishing, combined with actions for the rational management of waters.

The **Region of Sterea Ellada** will promote the restructuring of its production structure towards areas, sectors and services of higher added value which integrate the latest developments in technological progress and innovation in a way that assures a high level of synergy among the three sectors of production: the primary sector in plain areas, and the mild and alternative forms of tourism in mountainous inland areas, as well as in Evia. Furthermore, the strategy will focus on strengthening local research resources and attracting researchers from abroad, as well as on promoting the participation of research bodies and enterprises in joint actions with other EU countries.

An important goal is to integrate the Trans-European Network as well as its secondary axes and links to the main gateways to the country. Special attention will focus on assuring that the natural environment will be protected and restored from arbitrary housing activities, on protecting the maritime environment and developing sustainable methods of fishing and fish-breeding. Finally, emphasis will be put on a more effective and environmentally upgraded exploration of energy resources within the country, as well as on the promotion of Renewable Energy Sources.

In the **Region of Ipeiros** there will be measures to complete transport infrastructure (Egnatia motorway and development of links) as well as intermodal trade infrastructure, which will play a significant role in accomplishing the objective set for Ipeiros, so that it can become the Country's Western Gateway to the EU and the Balkans. These actions will help boost regional competitiveness, improve business activity and facilate citizens' access to services that define quality of life. At the same time, emphasis will be placed on strengthening telecommunications with simultaneous access to broadband lines and on developing wireless networks and digital services in enterprises, especially in remote areas.

Moreover, innovative capacity and business competitiveness will be furthered by enhancing research to create new products and by further exploiting higher education institutions. Thus, the creation – development of regional innovation poles will be promoted in sectors

which constitute a priority for Ipeiros and there will be development of networks to transfer know-how and explore technological prospects in selected sectors. Seeking to improve the business environment, organized areas of business activities will be created and mechanisms or centres providing integrated services to support SMEs will be strengthened.

Given the fact that Ipeiros' natural environment constitutes one of its most important advantages for development, such as biologic farming and cattle-breeding and mild forms of tourism, combined with the dominant tourist model in coastal areas, the Region will pursue the development of alternative forms of tourism. There will also be actions to promote and preserve the cultural heritage of rural areas. Finally, emphasis will be placed on training and implementing plans for an integrated management of protected areas and ecosystems - NATURA 2000 sites.

Spatial entity of Kriti and the Aegean Islands (Regions of Kriti, N.Aigaio, Voreio Aigaio)

Reinforce the competitiveness and reveal the attractiveness of the spatial entity of Kriti and the Aegean Islands, in conditions of sustainable growth.

This objective will be achieved by puting emphasis on the operational intraregional and interregional interconnection between areas of the spatial entity and by developing transport infrastructure and using ICT. Innovative entrepreneurship is also to be reinforced, by strengtheningextrovert cooperation, using tourist and cultural resources as a comparative advantage, and attracting investments of high added value. Finally, the objective of assuring the inhabitants' quality of life will be pursued in conjunction with utilizing and protecting the natural environment.

In the **Region of Kriti**, to upgrade its role in the wider area of South-Eastern Mediterranean, based on the competitiveness of its economy, Heraklion will be promoted as a trade centre in the broader region, given that there are other major and already developed ports both in the Eastern as well as in the Central part of the Mediterranean. Through the use of its comparative advantages, i.e. its location and existing technological support and experience, Heraklion could develop into a telecommunications centre, connecting the European Union to the South-Eastern Mediterranean, whereas the significant concentration of academic, research and technological institution all form a positive background for promoting Crete to a centre for telematic Applications and Services.

Other aspects of crucial importance include the integration and upgrading of the Regions' road network and ports, at regional and local level, the final target being an essential improvement of accessibility, which is a fundamental parameter for improving the Region's appeal and hence for upgrading its competitiveness as a whole.

By attracting investments in renewable energy sources, in conjunction with actions to save energy, in cooperation with the private sector as well, it will serve as a pilot Region - centre for the exchange of experience and transfer of technology and know-how on renewable energy sources applications in both Europe and the Mediterranean. Apart from this, actions will seek to enhance Research Institutions infrastructure aiming at generating new knowledge and the subsequent turning into innovative products, in sectors that will be of interest to the productive sector of Crete and the entire country in general. Within this framework, there will be actions to support companies in order to produce services and products of high added value and technology. Finally, broader dissemination and exploration of ICT is considered of utmost importance to improve the quality of life for persons residing in the Region.

Finally, emphasis will be placed on redefining the tourist product and linking it to cultural heritage.

The **Region of N.Aigaio** will focus on improving the accessibility and interconnection of the Region's islands to other Aegean islands, as well as to mainland. Thus, an aspect which will be highlighted is the development of ports and the improvement of sea links.

At the same time, research, technology and innovation will be pursued, puting emphasis on their integration into the country's productive sector, as this will further development and competitiveness. In this context there will be measures to pursue participation in

programmes and actions of Research, Technology and Innovation put forth by the other Regions. This choice, being a development priority in the course of the new programming period, will trigger interregional and transnational cooperation in a direct way**.**

Other aspects of importance include the improvement of services and applications for citizens (e-governance, administrative cover by means of innovative applications), especially in remote areas, and the promotion of Information and Communication Technologies (ICT) used by companies which are located in the Region.

Finally, the Region will focus on interventions for a qualitative upgrading of the tourist and cultural product and on establishing links with the cultural heritage and local products, while there will also be actions to protect the maritime environment from fauna extinction and pollution, along with actions for waste water treatment (urban waste waters).

The **Region of Voreio Aigaio** will focus on improving links between the islands and mainland, as well as on the functional and spatial interconnection of the islands between one another, while also enhancing accessibility ofinternal insular zones with their administrative, economic / productive centres and with the Region's points of entry / exit (airports, ports).

Emphasis will be put on reinforcing sustainable entrepreneurship in activities complementary to tourism and the agricultural sector, while efforts will be made to install and use new information and communication technologies (e.g. broadband networks) aiming at improving citizens' everyday life, especially in remote areas.

At the same time, an important part of the strategy lies in improving the protection of the environment, as the natural environment is considered the Region's dominant source of wealth. Thus, there will be interventions such as effective waste management, rational and effective management and distribution of potable water in order to reduce losses and meet respective needs, covering to the greatest extent the need to extend and replace sewage networks and installations ofliquid waste management.

Spatial entity of Attiki

Strengthen the international role of the Region of Attiki, as a European metropolis in the area of South-Eastern Europe and the Mediterranean.

Achieving the vision will focus on an effort to establish the Region as an International Business Centre, improve the extroversion of the local production system and facilitate the attraction of foreign investments by encouraging innovation, entrepreneurship, research and technology, and by spreading and utilizing new technologies.

Improving the attractiveness of Attiki is directly linked to the quality of its infrastructure. Thus, there will be interventions of crucial importance to the Region of Attiki, such as upgrading-extending the sector of urban transport and improving transport infrastructure, resulting to better services supplied. In addition, by reinforcing public transport means, the social and economic trends already visible will be enhanced, allowing the Region to reach the average European levels. Furthermore, other aspects of crucial importance, to enhance Attiki's role at the level of the European Union as a centre for intermodal trade and a basic gateway to the EU, include the completion of the system of combined transport, hence providing better interconnection with ports and big road inter-regional axes (e.g. coordinated development of Trade Centres in the Region of Eastern Attiki: Lavrio – Menidi).

To boost the competitiveness of the Region's economy and reveal Metropolitan Attiki as a pole of competitiveness, business opportunities and innovation, the strategy will focus on promoting integrated R&D interventions, targeting sectors of high priority, which will help restructure productive sectors towards sectors, new products and services of higher added value, more environmentally friendly. Priority will also be given to the implementation of actions that will contribute to turning knowledge into innovative products, procedures and services of existing or new businesses (spin-offs), leading to the creation of new innovative enterprises (start-ups), assisting the transfer of technology and know-how towards companies and reinforcing soft infrastructure that promote regional competitiveness in a direct way, such as promoting the creation of technological parks and respective networking through clustering methods with Universities and other research bodies, the

creation of "demo" networks to strengthen the adaptability of SMEs, networks for innovation, knowledge management, adaptability etc.

Attention will focus on liquid and solid waste management infrastructure , on harmonization with respective EU directives and on reducing the risk entailed by natural disasters, a sector of particular importance for the Region of Attiki (fires, floods).

In addition, emphasis will be placed on reducing disparities among the various geographic parts of the Region, through interventions that will promote social inclusion and equal opportunities, especially in enclaves presenting a degraded quality of life and city operation, lagging behind in terms of economic development, as there is significant concentration of sensitive population groups, at risk of social exclusion, such as ethnic minorities, immigrants, young people and women.

Finally, stress will be placed on interventions targeting the transformation of the urban landscape, by revitalizing specific areas, implementing extensive recreation projects and highlighting and exploring the cultural heritage, e.g. interventions of a broad range, concerning the utilization of metropolitan parks or the exploitation of zones with homogeneous characteristics and significant prospects for attracting activities of a high added value (industry, trade, logistics, research and development-dissemination of technology, services, recreation, tourism-culture, shipping etc.). For instance, there may be a pilot exploitation of certain areas, laying emphasis on the combined revitalization of downgraded areas (e.g. Votanikos) by de-congesting and transferring activities from other saturated areas (e.g. Alexandras Avenue), the utilisation of a section of Attiki's coastline areas and Olympic venues, and the revealing of facilities and functions of metropolitan character.

4.3.3 Regional strategy for the development of human resources

The purpose of the Regional Strategy is to tackle the problems which fall within the competence of the European Social Fund, in each region.

The socioeconomic analysis has already revealed that despite variations in growth performance in each Region, and subsequently the differentiation in their eligibility status in the next programming period, achievements to date are exposed to capital and product markets pressure, due to both domestic and international competition, while the structural weaknesses of the country make developments in the labour market particularly sensitive.

Equally sensitive are the areas of poverty and social policy, taking into account the evolving changes to which the Greek economy and society are subject today.

Thus, alongside diversified growth performance in the various Regions significant differences are also recorded with respect to trends in the labour market, unemployment, poverty and in the areas covered by social policy..

Comparison of the two areas leads to the conclusion that these two trends, i.e. the rates of growth and the factors associated with the field of action of the ESF, are **not evolving in analogous fashion**The main element in this differentiation is to be found in the particular sensitivity of issues associated with the successful linking of demand to labour supply , the rate of change in the labour force (due to the existence of more women and young people, or immigrants, in employment), trends in unemployment, poverty and social policy as well as the unequal impact in terms of space (administrative and geographical) and among different social groups –exposed in different ways to exerted pressures– in relation to the particular conditions prevailing in each Region.

Thus the specific strategy at regional level – always within the context of the statutory framework in force – must be developed at two levels, one broad-ranging, covering the whole range of the country's Regions, seeking to correct structural problems, and one specially tailored to each Region, seeking to tackle the problems which are particularly acute in specific Regions and linked to the attainment of the objectives of the specific policy. **The strategy will be implemented through the OP «Development of human resources** ».

Vocational training and lifelong learning, improved access to the labour market for groups facing severe problems (women, young people, special population groups) through more effective linking of supply to demand, and the promotion of 'flexibility with security' (flexicurity) in the labour market –are the main axes of the strategy through which the various measures will focus on reducing the number of unemployed and the risks of exposure to poverty.

Moreover, emphasis will be put on policies of sustainable urban development, as well as policies which will take into account the special character of the Region, i.e. whether it is a mountainous region, an island, or a disadvantaged region.

A. Spatial entity of Anatoliki Makedonia and Thraki, Kendriki and Dytiki Makedonia

The three regions form the spatial entity of Anatoliki Makedonia and Thraki, Kendriki and Dytiki Makedonia.

The strategy consists of one common component and a number of differentiated interventions, in terms of their intensity. Moreover, the differentiation in ranking of the three Regions is associated with the special character of the Region of Dytiki Makedonia, which has the most problematic regional labour market in the country, despite its relatively high growth performance.

As regards problems of social inclusion, there is no doubt that the most urgent need for intervention is in the Region of Anatoliki Makedonia Anatoliki Makedonia and ThrakiThraki. The situation becomes even more acute when individual problems of poverty, employment, labour market and social inclusion are combined. In these terms the Region of Anatoliki Makedonia Anatoliki Makedonia and ThrakiThraki is the most problematic.

Region of Anatoliki Makedonia and Thraki

When using as criteria all labour market and unemployment data , the Region is ranked in an intermediate position among all the country's Regions. In terms of unemployment the Region falls into the category facing the most serious problems, whereas in terms of employment it is among those Regions with relatively limited problems. Finally, in terms of exposure to risk of poverty, the Region is – after Ipeiros – the part of the country facing the most serious threat. This state of affairs is linked to its remote character (a factor which, with the enlargement of the EU, might turn nto a strength), the great significance of the primary sector, both in generating GDP and in creating employment, the de-industrialization of recent years and the slow rate of adjustmentof the Region's productive and employment pattern to market requirements..

The policy of increasing the number of new jobs and replacing lost ones, especially in the primary sector, must focus on strengthening the **adaptive ability of the employment** pattern to that of a modern economy, through the improvement of of business competitiveness and sectors afflicted (effects of de-industrialization), the attractiveness of sustainable businesses into the Region and the mobilisation of endogenous entrepreneurship

Region of Kendriki Makedonia

This Region forms the geographical axis of northern Greece, but is also a border Region with problems of re-structuring of the productive base equivalent to those experienced by the Region of Anatoliki Makedonia and Thraki, although less acute in nature because of its increasingly urban character. However, despite the fact that there are significant urban centres in the Region, employment in the primary sector remains high. The Region has significant problems in unemployment and employment, evidently due to the relocation of

businesses beyond the Greek borders and the difficulty of attracting investments. However, the risk of exposure to poverty is relatively limited, owing to the large urban concentrations.

Labour market actions will need to focus on **reinforcing activities associated with primary production** in the western areas of the Region, while **modernizing the productive pattern** in others and supporting traditional high-added-value products. Because of the significant urban centre of Thessaloniki, interventions in the manufacturing sector will need to deal with de-industrialization, while boosting its competitiveness. The service and tourism sectors may represent another dynamic factor for growth, in combination with the development of urban services and activities associated with the sea (holiday homes, diversified tourist activity).

Moreover, the administration of the urban centres of the Region within the daily commuting system of Thessaloniki, may assist in tackling the problems of the labour market through the development of complementary activities and adjustments.

Region of Dytiki Makedonia

If regional unemployment and employment indicators are quantified, Dytiki Makedonia is the Region with the most acute problems in the labour marketamong all Regions. Specifically, the Region has the most severe unemployment problems andas regards employment, only the Region of the Northern Aegean is in a worse position. The same is not true, however, with respect to poverty, since Dytiki Makedonia is ranked fourth among the thirteen Regions of Greece on this specific criterion.

The reasons for this phenomenon lie in the difficulty of transforming the productive pattern of the Region from a traditional to a modern one, the narrowing of the primary sector, especially in the mountain areas, the de-industrialization owing to dropping competitiveness of traditional activities (e.g. the fur industry) and the decisive significance of the energy production sector in the Region, all factors which contribute to reducing the number of persons employed and increasing the number of jobless. It should be noted that the energy production sector is likely to make the risk of exposure to poverty less acute.

Priority issues are to diversify the dependence on energy production and to **link the productive pattern to activities associated with energy** and their use, tackle the problems faced by the Region's traditional sectors, modernise the primary sector with the manufacture of high-added-value products and to develop services (education, mountain/cultural tourism etc.). A decisive role in this area can be played by the Region's urban centres, the new links between Kozani and Ptolemaida around the Egnatia Motorway, as well as the links between Kozani-Ptolemaida to the north, i.e. Florina and FYROM, and with Albania.

B. Spatial entity of Thessalia, Ipeiros and Sterea Ellada

These three Regions form one spatial entity characterised by a central massif with ranges running eastwards and a productive pattern with significant common characteristics, as well as the role and the dynamics of the urban centres within the specific spatial entity.

Thessalia is ranked inan intermediate position, as regards employment, labour market and poverty criteria, while the other two Regions are ranked lower, Ipeiros because of the slow rate of modernisation of the productive pattern, with the major infrastructure projects only now reaching completion, Sterea Ellada presenting the duality rural economy- industrial development, a consequence of its proximity to Athens and Attiki. Finally, all three Regions exhibit evidence of new tourism, growing at different rates and in different ways in various areas (Pelion, Olympus, Sporades, mountain tourism).

This variation is also observed with respect to risk of poverty indicator. Ipeiros is the Region with the most problems; Sterea Ellada is ranked fourth from bottom and Thessalia towards the middle.

Region of Thessalia

With respect to employment, labour market, poverty and social inclusion indicators Thessalia occupies an intermediate rankingranked sixth, seventh and eighth respectively among all 13 Regions. This is partly due to the great significance of the primary sector in generating local income and employment, and also to the relatively limited consequences

of de-industrialization (with the exception of Volos and certain industrial sectors across the Region linked to the manufacturing of agricultural products) and the increasing importance of services.

The main objective of the ESF strategy is to **transform the employment profile into a more modern one**, gradually disconnected from the traditional methods of organizing production, orienting to competitive markets and to the dynamism and networking of its urban centres.

ESF strategy will seek to facilitate employment and increase the employability of the labour force, to strengthen female entrepreneurship, lifelong learning, with emphasis on promotion of rural reform and employment in other sectors of the local economy, to exploit training programmes for farmers in the management of modern rural businesses and to tackle long-term unemployment, to promote self-employment through special incentives, to draw up local employment pacts in areas and enclaves of unemployment, and to provide training and social inclusion for immigrants and special population groups.

Region of Ipeiros

The Region of Ipeiros, together with its neighbour, Dytiki Makedonia, is the region facing the most severe problems in terms of employment, unemployment and poverty. This is due to its remote, border location, far from the country's main development axes and large concentrations of population, its rural character and traditional, slowly changing, productive pattern, and its non-existent – until recently – relations with the other side of the country's external borders.

Specifically, the Region is characterized by a twofold duality: between the urban and rural areas on the one hand, and between the coast and the interior on the other. This element, combined with the traditional character of the primary sector in the Region, shapes both the employment pattern and the labour marketproblems.

With respect to employment figures Ipeiros is ranked fourth from bottom, its rural character and the age distribution of the population explaining its low ranking and second to last – with respect to unemployment figures; it is also the poorest of all the country's Regions.

The chief objective of the strategy is to **establish a productive pattern based on the dynamism of the urban centres, particularly Ioannina**, the modernization of the primary sector and support for livestock breeding, the manufacture of quality products and the exploitation and strengthening of tourist services – the various forms of which will represent a dynamic growth potential in the Region.

Finally, the Region's economy will gradually adjust to the new environment shaped by relations with the other side of the border and the Ionian Sea, and by the dynamics generated by increased accessibility of the Region to the country's major population concentrations.

Region of Sterea Ellada

In terms of development pattern and employment, Sterea Ellada is a particular region. This peculiarity is due to its close links with Athens and the Attiki region, and the establishment of important manufacture units, as well as its geographical profile and the development of tourism activities in its mountain areas, the fact that most of its urban centres are integrated into the Athens daily commuting system, the low levels of habitation in the mountain areas, the dynamic rural area of Boeotia, however still –– oriented to traditional forms of production, and the island areas of northern and southern Evoia.

These factors form a Region fairly prosperous in terms of income but facing serious problems of unemployment and employment. The Region is third from bottom of the country's 13 Regions, while in terms of employment it is ranked in an intermediate position.

The risk of exposure to poverty is thus particularly high, ranking the Region near the top, with only three Regions in a worse position.

The strategy seeks fuller integration into Attiki's daily commuting system, the development of complementarity among its urban centres, the **gradual modernization and restructuring of manufacture** on a competitive basis, and of the various activities in the inland massif and the islands of the Region (Evoia)

C. Spatial entity of Dytiki Ellada, Peloponnisos, Ionian Islands.

Despite its geographical duality, this spatial entity presents a series of common problems associated with the persistence of the traditional model in the rural sector, the impact of de-industrialization in the urban centres, and also the dynamic sector of tourism and residential development, which, ,– as expected, however, differs from area to area. In general terms, the Region of Dytiki Ellada is afflicted by problems of particular seriousness.

Region of Dytiki Ellada

With respect to employment and unemployment criteria, Dytiki Ellada falls within the lower third. The same is true as regards exposure to the risk of poverty.

The reasons are linked to the slow rate of restructuring of the productive pattern, where the primary sector is still dominant, and to problems of de-industrialization experienced by the Region's urban centres. A key factor in the situation is the relative distance of the Region from the existing axis of development, combined with the fact that beginning of work on the major projects in the Region was delayed. However, it should be noted that significant projects are planned in the Region, giving grounds to assert that it will soon form the central part of the country's emerging western development axis.

Emphasis will be put on the **restructuring of the productive sector of the urban centres of the Region, the modernisation of the primary sector** with new, more competitive cropsthe vertical integration of primary sector products and the development of tourism in the coastal areas and in areas of the inland massif.

Region of Peloponnisos

The administrative Region of Peloponnisos, presents a duality owing to its proximity to Athens-Attiki. Two of five prefectures, Corinth and Argolida, are more or less integrated into the daily commuting system of the capital; the prefecture of Arcadia is almost integrated, as the road axis is reaching completion, while the other prefectures remain remote because of their location and characteristics.

This relationship with Athens – Attiki, combined with the special features of the prefectures, and its demographic trends form a framework in which employment and unemployment trends cannot be considered adverse. Using the relevant criteria, Peloponnisos is ranked in the top third of the country's Regions. However, in terms of exposure to the risk of poverty, the Region reaches the threshold of the most problematic Regions, owing to lack of stability in its productive model.

The strategy will focus on the fuller integration of the Region into the Athens-Attiki system, on the dissemination of the effects of integration across the Region, on **modernization of the primary sector and vertical integration of production** and on the development of services (education, health, tourism, leisure, culture).

Region of Ionia Nissia

The Region is formed by a number of islands, characterised by common features in terms of their productive and cultural pattern, while their overall economy is directly dependent on links and communication with the mainland. At the same time, because of its geographical location, the Region is a bridge to the other side of the Ionian and Adriatic.

The productive pattern, traditionally based on the growing of rural produce (olives, oil, and grapes) and their manufacture, has now been enriched by new tourism and residential development. This is imprinted in the relevant indicators of employment and unemployment not revealing any special problems. Thus with respect to employmentthe Region is ranked within the top category of Regions, while as regards unemployment, the Region falls between the first and intermediate categories.

With respect to exposure to risk of poverty, the Ionian Islands Region is ranked in the intermediate category, like N.Aigaio, but lower than the other island Regions of Kriti and V.Aigaio.

The strategy will focus on the **modernisation of the primary sector adding new competitive products, the vertical integration of production and the development of tourist, educational and cultural services**, as well as the improvement of the links between the islands and the mainland.

D. The spatial entity of Attiki

In terms of population the Region of Attiki is by far the largest. About 40% of the Greek population and workforce are concentrated in Attiki andand a large proportion of its businesses and administration as well. Even more important, models shaping developments across the country are developed therein. .

Because of the huge population and labour force, the urban character of the Region and its decisive role in the country's economy, it is only natural that the indicators relating to employment and unemployment are low in value. Thus Attiki is ranked in the top third of all regions by all indicators. The same is true for exposure to risk of poverty, where the Region occupies the first place.

The indicator values hide, however, the various disparities within the Region and the extreme phenomena likely to be found in such a large concentration, which are significant, in terms of absolute numbers of individuals involved, and entail substantial disparities not only within different areas of Attiki as a whole, but even within the Lekanopedio..

Since all critical problems of the labour market and employment (due to the size of population and workforce and the number of businesses) are reproduced at different levels of intensity in the various areas, even though the overall effects may be limited, emphasis will be put on the possibility of reintegrating the unemployed into the labour market, and on increasing levels of employment towards competitive and innovative sectors of manufacture and services. **Diversification among sectors must be responded to by focusing on their individual strengths**. Special attention must be paid to diversification among spatial entities within the Region, in order to tackle the serious problems faced by different areas.

E. The spatial entity of Kriti, Voreio Aigaio and N.Aigaio.

This specific spatial entity is made up of three Regions. Despite certain differences in size, position and productive pattern, all three share the usual characteristics of island areas.

With respect to the specific indicators, Kriti exhibits the fewest problems of employment, unemployment and poverty. The N.Aigaio has limited problems of unemployment, more important problems of employment and poverty, while the Voreio Aigaio has acute problems of unemployment, but only limited problems of poverty.

Region of Kriti

Kriti is the largest single island Region of the country, and is one of the largest islands in the Mediterranean, with stark duality in terms of economy and population dynamics. The productive model combines traditional activities, currently undergoing modernization, with modern activities like tourism, services, research and technology, as well as residential development.

The relevant indicators rank Kriti in the first place as to employment and unemployment, while with respect to the risk of exposure to poverty the Region enjoys a favourable position, just below the Region of Attiki.

Emphasis will be put on **support for productive activities forming the modernizing element in the island economy** (differentiated tourism, research, education, culture and health services, differentiation and vertical integration of rural production) in combination with the promotion of quality and competitive products in order to strengthen the dynamic sectors of the island as well as the traditional sectors which make a special contribution to preserving its environment.

Region of Voreio Aigaio

This Region comprises islands of large and medium size, by Greek standards, whose productive pattern in the primary sector has developed in the past along traditional lines, with a relatively diversified pattern for the manufacturing of agricultural produce.

In historical terms the Region has certain important similarities with Ionia Nissia, especially in terms of links and communication with the neighbouring mainland. Future development for a Region on the external frontier of the EU is directly linked to relations with the other side of the border. Thus, in recent years the Region has suffered the consequences of poor relations between Greece and Turkey, seen in its productive pattern, while the Region has

enjoyed the positive effects of growing tourism and more cordial relations with the other side of the borders relatively recently.

In terms of employment the Voreio Aigaio is ranked last among all the country's Regions, while with respect to unemployment it falls in the intermediate category. However, in terms of the exposure to risk of poverty the Region occupies a favourable position.

The strategy will focus on **modernization of the primary sector with an enriched range of products, vertical integration in the manufacture of competitive, high-quality products**, on the development of education, cultural and tourism services in close relations with the other islands and the mainland, as well as the other side of the border.

Region of Notio Aigaio

The Region of N.Aigaio consists of the island complex of the Cyclades and Dodecanese and extends from the coast of Attiki to the shore of Minor Asia. Its most salient characteristic is the large variety of islands, in terms of size, and the fact that it includes smaller complex of islands which share even more specific common features. A key factor in the productive pattern of the Region, apart from the primary sector which is now in decline, is the relationship with the sea and with tourism and residential development. However, these activities are not growing at a uniform pace across the islands. Some islands have moved onto production of a single crop, while others are growing at a relatively slow pace, resulting in significant intra-regional disparities (from island to island).

With respect to employment and unemployment indicators, the N. Aigaio is ranked in an intermediate and a favourable position respectively. It also falls within the intermediate category with respect to exposure to the risk of poverty.

The Region is characterized by the ever-growing importance of tourism to its economy, by pressures of urban and residential development associated with the location of the islands in relation to the metropolitan complex of Athens-Attiki and the intraregional tourist shipping as well as a tendency to link primary sector activities to tourism through the production of high quality local produce. The objective of the policy is to upgrade the skills of the labour force within a productive pattern which combines multi-employment and multi-functionality (in sectors and time) with the creation of the right conditions for sustainable businesses and improvement of services.

4.4 Territorial Priorities of the development strategy

The elements drawn from the spatial approach, combined with the fact that, in Greece, an urban model of behaviour has actually been generalized as concerns housing, recreation, culture, as well as production processes, bring forth the spatial dimension -the way this is summed up as an objective of spatial cohesion- showing that it is of particularly crucial importance for our country. Not only because it allows us to enrich, supplement and specialize thematic policies in specific spatial entities, but also because it leads to dealing with problems that characterize Greece as a whole.

The components of the spatial dimension of the development planning concern specific spatial entities: cities, mountainous areas, insular areas as well as rural areas and areas relying on fishing. For each spatial entity, there will follow a description of the development priorities, based on the assessment of the analysis already presented.

These interventions shall support the three CSGs with respect to the Regional Dimension of the Cohesion Policy: 2.1. "The contribution of cities to growth and jobs", 2.2. "Support the economic diversification of rural areas, fisheries areas and areas with natural handicapsandicaps", and 2.3 – 2.6. "Cross-border, Interregional, Transnational cooperation".

4.4.1 Sustainable urban development

General considerations

Sustainable urban development refers to the totality of the country's urban centres and settlements with urban functions such as prefecture capitals or the urban centres of rural areas. Sustainability of the afore mentioned centres refers to both their functionality, in terms of remedying deficiencies in infrastructure for many of them, and to their economic viability, in the sense of a competitive productive model combined with an efficient administration system.

Spatial cohesion and sustainable social and economic development that does not deprive the future generations of their right to choose, is the long term developmental objective for Greek cities: cities that can, at the same time, accommodate economic activities and their civil societies.

Access to employment, education, services and leisure activities, an upgraded natural and cultural environment, a dynamic and competitive economic growth, innovative entrepreneurial activities and a modern public administration system providing social services are the **characteristics of the urban policy in the New Programming Period.**

The urban centre development strategy emerges as a combination of the following elements:

- Polycentricity
- Enhanced networking between urban centres
- Improvement and development of infrastructures and restriction of urban sprawl
- Sustainable city development (increased green and communal spaces, integrated infrastructures for urban facilities, urban remodeling, networks of pedestrian precincts and bicycle lanes, reduction of household waste)
- Effective handling of social problems in urban centres
- Better monitoring of developments in urban centres (observatories)

Therefore, urban development extends to all urban centres of the country, as the places where general issues relative to urban centre function and expansion are dealt with, as well as the more specific and increased intensity problems encountered in certain areas within the urban centres (depressed areas, areas of land use changes and deindustrialization, areas with acute social problems), utilizing previously acquired experience (Urban Community Initiative, good practices). At the same time, a special emphasis will be placed upon enhancing the momentum of specific urban centres which could, thereby, become poles of development for the country as a whole.

Sustainable urban development therefore, is centred around specific urban centres of a metropolitan or regional range. Development of these centres, along with emerging networks, will initiate development of areas immediately influenced by them, ie the surrounding rural zones, and of smaller urban centres in their catchment area.

Development poles of the country

The development poles of the country are the key element for the development policy of the Programming Period 2007-2013. These are specific urban centres or areas with important development dynamic and urban sprawl. The intention is to reinforce these poles in order to improve their functionality, to deal with internal depressed areas and to plan in a right way and timely the areas "receiving the pressure" of urban development.

In this framework, the new **European Community Initiative "Regions for Economic Change" will be promoted**. Thus, emphasis will be put on making the necessary arrangements to welcome into the **mainstream programming process** innovative operations related to the results of the networks in which the regions are involved.

The purpose of this undertaking is to attract investments, i.e. to create the right conditions for these areas to become business establishment models, to improve the operating conditions in urban areas, to improve the population's quality of life and to tackle problems linked to the quality of the environment and to the pressures on it, resulting from urban functions and development in these areas.

The development poles emerge from an **assessment of the scaled urban system** of the country, thanks to a series of criteria that will be developed further on.

Development poles are divided in **three categories of urban centres.**

The first category is composed of the **metropolitan centres** of Athens – Attiki and Thessaloniki, with large population concentrations. These areas must be considered from a day systems perspective, such as they exist in the urban centres here examined and which tend to expand considerably as large infrastructure projects are being completed (road axes, railways). Thus, the Athens – Attiki day system can be seen as extending to Chalkis, Livadia and Thiva in the region of Sterea Ellada (Sterea Ellada) and even to Korinth, Kiato, Argos and Nafplio in the Peloponnisos region and as far as the Argosaronicos islands (they belong to the Attiki region), but also up to the northernmost islands of the Cyclades.

The urban centres under the second category are either secondary centres of an interregional importance or parts of an emerging networking with neighbouring urban centres or they result from urban centres which concentrate specific uses that are deemed important for the overall development process (ex. gates[12] of entry, nodes, etc).

The third category is comprised of the **large Cretan urban centres and of the urban centres on the Aegean and Ionian islands',** which, irrespective of their size, have always constituted a "single urban space" and shared common features. These centres reflect the specificity of urban development in the insular regions of the country.[1]

The selection of development poles suggested later on is done on the basis of the three urban centre categories mentioned above, with **the help of specific criteria,** distinguishing them from the overall number of the country's urban centres and those prefecture capitals that don't fall into the specific category.

They are :

- population size of urban centres (or urban complexes(UC),
- population dynamics,
- Location of cities in relation to existing or emerging development axis,
- administrative features,
- availability of higher education and health infrastructure
- structure and dynamics of production pattern,

[12] Ministry of Culture, *the Aegean: a diffuse city,* 10th Architecture Biennale, Venice, Greek participation, Athens 2006.

- networking elements with respect to neighbouring urban centres.

Assessment of the country's urban centres using the specific set of criteria points out 26 of them as potential development poles (see table below). Some of these centres are however excluded as coming under the day systems of the metropolitan centres of Athens – Attiki and Thessaloniki.

The development poles are determined on the basis of the scaled articulation of the country's urban system **with the help of a specific set of criteria** which will be described below.

The development poles result from the rigorous application of the criteria, which have been selected as applicable for these urban centres and constitute distinct elements of the development policy. This however doesn't preclude changes in the classification, which may be caused by the **development momentum** itself (a dynamic process), by the activities of urban development agencies or by market operations during the implementation period.

TABLE 3 -Selection Criteria for urban development centers

Criteria for the selection of urban centers as development poles											
No	NAME	POPLULATION OF (NEW) MUNICIPALITY OR AONURBATION 2001	Average Annual Rate of Population Change	Production model 2001	Production model transformation trends 1981-2001	Administrative data	Higher Education and health infrastructure	Relevance with development axes	Relevance with emerging development axes	Networking data	Special features of insular space
1	**ATHENS (CONURBATION)**	xxxxxxxxx	KM	KMM	unchanged	xxxx	xxx	K	K	Athens central daily commuting system	
2	**THESSALONIKI (CONURBATION)**	xxxxx	AM	KMM	xx	xxxx	xxx	K	K	Athens central daily commuting system	
3	**PATRA (CONURBATION)**	xxx	AM	KMM	x	xx	xx	K	K	Patras - Aigio	
4	**HERAKLIO (CONURBATION)**	xxx	AM	AKM	x	xx	xx	K		Creta Northern Road Axe	xx
5	**LARISSA**	xxx	AM	AMM	unchanged	xx	xx	K		Volos - Thessaloniki	
6	**VOLOS (CONURBATION)**	xxx	KM	AMM	x	x	x	K		Larissa - Thessaloniki	
7	**CHANIA (CONURBATION)**	xx	AM	AMM	xx	x	x	E		Creta Northern Road Axis	xx
8	ACHARNAI	xx	—	—	—	—	—	—	—	—	—
9	**IOANNINA (CONURBATION)**	xx	KM	MKM	x	xx	xx	K	K		
10	CHALKIDA (CONURBATION)	xx	—	—	—	—	—	—	—	Athens daily commuting system	xx
11	**KAVALA**	xx	AM	MMM	x	x		E		Kavala-Drama-Xanthi	
12	AGRINIO (CONURBATION)	xx	KM	AMM	x	x		E	E		
13	EKATERINI (CONURBATION)	xx	—	—	—	—	—	E	E	Thessaloniki daily commuting system	—
14	SERRES	xx	—	—	—	—	—	Γ	—	Thessaloniki daily commuting system	—
15	RHODES	xx	AM	KKM	x	x					x
16	TRIKALA	xx	—	—	—	—	—	—	E	Thessaloniki	—
17	**KALAMATA (CONURBATION)**	xx	AM	AMM	unchanged	x		E	E		
18	LAMIA	x	AM	AMM	unchanged	xx		K	E		
19	**ALEXANDROUPOLI**	x	AAM	AMM	x	x	x	K	E	Alexandroupoli - Kavala	
20	**XANTHI**	x	AAM	AMM	unchanged	x	x	Γ	E	Kavala-Drama-Xanthi	
21	**KOMOTINI**	x	AM	AMM	x	xx	—	Γ	E	Alexandroupoli - Kavala	—
22	VERIA	x	—	—	—	x	—	E	—	Thessaloniki daily commuting system	—
23	**DRAMA**	x	AAM	AMM	x	x		E		Kavala-Drama-Xanthi	
24	CORFU (CONURBATION)	x	Reduction	KKM	x	xx					x
25	**KOZANI**	x	AM	KAM	x	xx	x	K	K	Thessaloniki daily commuting system	
26	SALAMINA (CONURBATION)	x		—						Athens daily commuting system	

Selection criteria for urban centres – development poles

The country's urban centres that are defined as development poles are selected out of the entire number of the country's urban centres in accordance with the data of the National Statistics Office - ESYE, (population of major settlement over 10.000 inhabitants) with the addition of smaller urban centres which are prefecture capitals.

Crit. 1 Population size:

The following categories are taken into consideration:

- *Above 1.000.000 inhabitants*
- *100.000 – 200.000 inhabitants*
- *50.000 – 99.999 inhabitants*
- *35.000 – 49.999 inhabitants*

***Crit. 2 Population dynamics**:*

Population dynamics is determined based on the criterion of average rate of population change in urban centres.

The following categories have been determined:

- *significant increase above average: AAM*
- *increase above average: AM*
- *increase below average rate: KM*
- *decrease*

Crit. 3 State of the Production Model

The criterion used to determine the production model is the composition of employment in the primary, secondary and tertiary sectors, expressed in percentages and compared with the average of the territorial entity in question, for the year 2001.

Three categories emerge:

- *above average: A*
- *around average: M*
- *below average: K*

Their order in the indicator corresponds to the three sectors, i.e. primary, secondary and tertiary respectively.

***Crit.4 Change in Production Model**:*

The change is determined by comparing values of the same indicator between years 1981, 1991 and 2001. Three categories are taken up: unchanged (αμετ), limited change (χ), significant change (χχ).

***Crit. 5 Administrative features**:*

The criterion used in this case is the seat of the Regional Authorities or of other administration levels.

***Crit. 6 Higher Education and Public health infrastructure**:*

This criterion is a function of the presence of universities and university hospitals.

Crit. 7 Location of the urban centre in relation to existing development axes:

Centrally located or nodal (K), within the axis (E), in a neighbouring location (Γ)

***Crit. 8 Location of the urban centre in relation to emerging development axes**:*

Centrally located or nodal (K), within the axis (E), in a neighbouring location (Γ)

***Crit. 9 Special features of the Insular space**:*

Insularity as the principal feature

***Crit. 10 Networking elements**:*

Existing networking (day systems of metropolitan centres),

Emerging networking (Networking referring to geometric patterns is the main focus of interest)

The following development poles emerge in accordance with the above urban centre assessment method:

- **Athens (urban complex) – Attiki**
- **Thessaloniki (urban complex)[13]**
- **Patras**
- **Heraklion – Chania**
- **Larissa – Volos**
- **Ioannina[14]**
- **Kavala – Drama – Xanthi**
- **Kalamata**
- **Alexandroupoli – Komotini**
- **Rhodes**
- **Kozani – Ptolemaida**

1. **Athens – Attiki.** It is the country's largest conurbation and a place where businesses from all sectors and branches are set up. It is an urban complex of international renown and one of the most important centres of the Mediterranean. Developments in this urban complex, concerning habitat and production models have a decisive impact on the country as a whole.

   Athens tends to expand over the whole of Attiki and the neighbouring islands as well. Because of the urban centres it includes, it constitutes the core of an important day system, which includes parts of the regions of Sterea Ellada (Sterea Ellada), Peloponnisos and S.Aegean (Cyclades).

   Undoubtedly, Athens is, for most of the Aegean islands, the central connection point with the main trunk of the country and at the same time the principal point of entry of persons and merchandizes into the country. All indicators show maximum (quantity and quality) values when it comes to Athens.

   Finally, Athens - Attiki is a key node on the existing development axis of the country; developments overall and in its economy in particular will have a decisive impact not only on the existing axis of the country, but on the emerging ones as well.

2. **Thessaloniki (urban complex and day system).** The conurbation's profile is similar to that of Athens – Attiki, although smaller. Thessaloniki is also at the heart of a day system which comprises all the important urban centres of the region of Kendriki Makedonia. Thessaloniki holds a nodal position on the existing development axis of the country and a key position on the emerging East – West axis, around the Egnatia Highway. All the values of the relevant indicators corroborate the selection of Thesaloniki as a development pole. The choice of Thessaloniki also corresponds to its future dynamic presence in relation to the positive developments anticipated in the neighbouring Albania and FYROM, as well as in the EU member states Bulgaria and Romania. Therefore, the territorial continuity of the Thessaloniki inland area with the Balkan countries is yet another reason for its selection.

3. **Patras.** Patras is the country's third largest city, with a population on the increase, while its production model corresponds to that of Athens and Thessaloniki conurbations, with its primary sector on a downward trend. Patras, on the other hand is the seat of a Regional Authority, of a large university and the most

[13] This town participates in the Community Initiative "Regions for Economic Transformation"

[14] This town participates in the Community Initiative "Regions for Economic Transformation"

important gate of entry in the west of the country, gradually networking with the town of Aegion in Peloponnisos and that of Nafpactos on the other extremity of the Corinthian gulf. Patras is the corner stone on the country's existing development axis, as well as a central point on the emerging western development axis of the country (Ioannina, Arta, Preveza, Agrinio – Messologgi, Patras, Pyrgos – small urban centres in western Peloponnisos, Kalamata).

4. **Larissa –Volos** The pole in question consists of two urban centres of considerable population, at a short distance from each other. They present growing networking features and complementary infrastructures (port, airport, railway network). Both these centres are situated at the heart of the continental trunk of the country and constitute decisive elements of the urban system of Thessalia; the latter also includes the urban centres of western Thessalia and some smaller ones and it expands around the pole in question. Both urban centres have a considerable population size for Greek standards and in the period 1991 – 2001 their population grew at a rate higher than the country's average in the case of Larissa and lower than average in the case of Volos.

   Their production models are quite close and they both present a modernization trend. Larissa is a centre for the agro-alimentary sector and for processing industrial crops, while Volos has traditionally been associated to metallurgy and the cement industry. In the case of Larissa the production model appears to be stable, whereas the Volos model presents minor changes, mainly in that the manufacturing / processing sector is shrinking. Larissa is the seat of the Regional Government, while faculties of university operate in both cities, Larissa boasting the school of medicine and the university hospital. Both cities are key elements of the main development axis of the country and they may also be considered part of the emerging development axis Volos – Larissa – Tyrnavos – Kozani – Egnatia – Ptolemaida – Florina – borders with Fyrom. Moreover, this development pole is directly connected to the E65 road axis Lamia – Grevena (Egnatia Highway), which is currently in the planning phase and will be deployed further to the West. Finally, both urban centres are centres of day systems, which tend to integrate (networking trend) in the east of Larissa and west of Volos. This pole can become the central (from a geographic point of view) development pole of the country, exercising its influence in a radial manner, over Dytiki Makedonia, Ipeiros, Dytiki Ellada and Sterea Ellada and thus balancing the influence of Athens – Attiki and Thessaloniki.

5. **Ioannina**. Ioannina is the main urban centre of Dytiki Ellada after Patras. It is the traditional, very dynamic centre of Ipeiros and a city of international appeal. The size of its population places it among cities of medium size and its urban functions encompass all municipalities of the plateau where it belongs. The population increases at a rate below the country's average. The city's production model follows approximately average rates in the primary and secondary sectors, while it lags behind in the secondary sector, despite its long tradition in mainly artistic processing of precious metals. This production model presents a stabilizing image. Ioannina is the seat of the Regional and Prefectural Government, its university comprises all faculties and a university hospital renowned not only in Greece, but in the neighbouring Balkan countries as well. The city of Ioannina is a key element in the emerging north development axis of the country, around the Egnatia Highway. It is also the most important node on the emerging north – south development axis, along the Ionian Highway (western road axis).

6. **Kavala - Xanthi- Drama**. This pole consists of three urban centres of the region, which are average size towns and have a total population of around 170.000 people.
   Day systems develop around these three centres encompassing neighbouring municipalities while considerable networking trends are also developing. These trends are further enhanced by the short distances separating them and by improved travel time thanks to developing and improved infrastructure projects.

   The population of Kavala is growing at a rate above the country's average, while population of the other two centres is growing at a rate much higher than the national average. The production model of Kavala seems to be around the country's average in all three sectors of the economy, whereas in the other two urban centres employment in the primary sector is above national average and at

approximately the national average in the other two sectors. This production model remains stable in Xanthi, whilst it presents a minor shift in Kavala (increase of the primary sector relevance) and in Drama (drop in the secondary sector relevance in the 1991 – 2001 period).

All three towns are prefecture seats, while Technical Education Institutes (TEI) operate in Kavala and Drama. Part of the Technical Democritus University of Thrace operates in Xanthi. All three towns belong to the traditional development axis of the country and, since Kavala is considered to lie at the easternmost extremity of this axis, the other two towns could be thought of as extensions of the axis. Furthermore, the Thesaloniki – Kavala section of this axis is included in the emerging northern development axis (Egnatia Highway) tending to expand towards Komotini and Alexandroupolis and also beyond the borders north and east (axes vertical to the Egnatia Road).

7. **Kalamata.** Kalamata is a dynamic urban centre in south-eastern Peloponnisos, in the centre of a developing day system which, occupies, besides the whole of the catchment area of the Pamissos river, parts of the western and central peninsula of Peloponnisos. It has a medium size population, which is growing at a rate higher than the country's average. The employment model remains unchanged with the primary sector above average and the other two sectors at around average values. Kalamata is home to a Technical Education Institute (TEI) as well as departments of the relatively recently established University of Peloponnisos. In relation to the development axes and provided that the Athens – Corinth – Tripoli – Kalamata axis is completed, the town could be included in the outer ring of the Athens – Attiki day system. Same can be said about the town in relation to the emerging western axis of the country whose completion is connected to the Ionian Highway axis. The selection of this town as a development pole contributes to the strengthening of the region of Peloponnisos and of the southern part of the country.

8. **Alexandroupolis - Komotini.** Two medium-sized urban centres which are envisaged as a single development pole, on account of their border location and on account of the anticipated changes due to the recent EU enlargement to the East. The two towns are medium-sized urban centres with growing populations, Alexandroupolis in particular.
Their production model in the processing and services sectors lies at approximately average values and above average in the primary sector, with some transformation trends. The town of Komotini is the seat of the Regional and prefectural authorities and it is home to some university faculties as well. The university hospital is located in Alexandroupolis. Both towns are situated in the emerging part of the northern development axis of the country. They are in a process of rapprochement attributed to the development of connections between them (Egnatia Highway), while Alexandroupolis, in accordance with broader plans is becoming an energy hub of international significance.

9. **Kozani -Ptolemaida.** Kozani and Ptolemaida are the energy centre of the country and are in a process of transformation and differentiation of their production model. In the energy sector, namely, they are moving towards a differentiation of production sources, while in regards to the overall production model of urban centres, they are developing innovation and the branches related to the energy economy. The factor favouring the selection of these two centres as development poles is the emergence of a development axis on the east side of the mountainous range from Grevena to Kozani – Ptolemaida, and to the north towards Amyndaio and Florina, tending to expand beyond the borders, to the north and west. This axis will be reinforced by the E-65 construction (Lamia – Grevena). At the same time, thanks to the completion of the Egnatia Highway and the reduction of travel time, Kozani will be closely linked with Ioannina to the west and mainly with Thessaloniki and its day system to the East. Kozani, finally, disposes of important higher education infrastructures.

10. **Heraklio –Hania**. These two centres, despite the considerable distance between them, are considered as a single pole because of the insular character of Crete. Their selection as development poles is a function of Crete's insular nature, the development status of the island's prefectures and, above all, the urban quality and urban concentration of each prefecture. Thus the prefectures of Heraklio and Chania have the regional medium-sized urban centres Heraklio and Chania

respectively, while the two other prefectures of Rethimno and Lassithi have Rethimno and a system of urban centres in the Lassithi prefecture. Chania and Heraklio are at the western extremity and the centre, respectively, of the northern axis of Crete. Both centres present a population increase, at a rate above the national average and a production model lying above average in the primary sector and at around average national values in the tertiary sector. They diverge in the secondary sector, however, where Heraklio is under average and Chania at approximately average values. The production model of both urban centres is undergoing a transformation. This transformation is of rather limited scale in Heraklio, as the secondary sector is the one affected, whereas in Chania there is an extensive transformation, with both the primary and secondary sectors increasing in significance over the entire period under consideration.

Heraklio is the seat of the regional and prefectural authorities, while Chania is the seat of a prefecture and it hosts important functions in the fields of justice and defence. A department of the University of Crete and the university hospital operate in Heraklio, whereas Chania is home to the technical university of Crete

11. **Rhodes.** Rhodes is the largest insular complex of the country, apart from Heraklio and Chania on Crete. It is the capital of the prefecture of the Dodecanese and one of the major urban centres (the town, the island and some of the prefecture's islands). It is one of the most important tourist destinations of Greece and an important centre for culture and education. The size of its population places it in the middle category of urban centres, a position which is reinforced because of its insular nature. The population of the island is increasing at a rate above the national average values. Its production model presents values under the national mean values in the primary and secondary sectors, while in the tertiary sector its values exceed the national average. This reflects the significance of tourism and services (education, commerce, management, culture) for employment on the island. This model presented limited-range transformation tendencies, especially in the period 1981 – 1991, in that there was a reduction in the share of services in employment, suggesting a balancing trend which has been maintained since. Rhodes is an administrative centre at prefecture level and represents a dynamic medium-sized asset at the south-eastern borders of the country. As such it can have an impact outside the EU and become a link with the other side of the border. Although the town of Rhodes is on an island, it is an urban centre presenting intense expansion phenomena, with the result that many of its neighbouring municipalities have acquired an urban character, e.g. Ialyssos. This dynamic trend applies to a considerable part of the northern and eastern parts of the island.

Emerging development poles. This category of urban centres includes towns that can become dynamic development poles **in the immediate future**, i.e. during the 2007 – 2013 programming period, acting complementary to the poles mentioned before. **Mytilini** belongs to this category, being an emerging pole due to its border position and insular nature.

For documentation of the table above, see tables 47, 57, 58, 59, 60, 61 and 62, in Annex II.

These interventions will contribute to the Community Strategic Guideline 2.1 Contribution of cities to development and employment.

4.4.2 Rural development

4.4.2.1 Development of mountainous areas

With respect to the development of mountainous areas, there will not be a differentiated policy adopted at the level of Regions, but a horizontal policy covering the entire country, along with a series of interventions through Structural Funds especially ERDF and in certain cases the Cohesion Fund and by EAFRD.

The development strategy for mountainous areas has to be identical throughout Greece, given that the problems encountered therein are common to all Regions, despite their

different eligibility status. Besides, it is in mountainous areas that the intraregional disparities of most Regions are formed, with very few local exceptions.

The strategic development of the mountainous space aims at restructuring the production and housing activities, which exhibit significant seasonality and decline, and-as a result many mountainous areas are scarcely populated and their economic and environmental viability is at stake, and at dealing with pressures, which appear in certain mountainous areas due to the tourist and housing development.

The development of mountainous areas will be pursued in a prudent manner, so as not to put its broader ecological and cultural importance at risk, by combining traditional and modern business activities within limits compatible with the environment and the landscape, as well as with the rules of the market. In this context, developing tourism and small-scale tourism in particular, maintaining agriculture and cattle-breeding, highlighting the ecologic and social importance of forests and creating/preserving small industry are distinct areas of intervention.

This restructuring may be developed by supporting the production of labeled products (products of Protected Designation of Origin, Products of Geographical Indication, biological products) in the long-run, in conjunction with mild tourist development, which may flourish over long periods of the calendar year, and housing development controlled through planning. Therefore, the elaboration of a **multifunctional development model** is considered desirable.

This perspective, along with the current situation and pressure exerted on mountainous areas, points out the need for a policy which shall limit the impact of:

- the economic and production activities for which there is no long-term planning and which end up having a negative impact on the natural and cultural resources
- the pressure exerted by tourist development in certain areas of the mountainous space where such activities have been established (winter tourism areas, areas which are well-known as destinations falling into the country's dominant tourist pattern, emerging tourist areas, areas in which there are important natural and cultural monuments)
- the major infrastructure and energy projects of strategic importance for the development of Greece, such as the completion of the Egnatia highway and the vertical axes leading to the Greek borders, energy networks and energy production centres of Greece, as well as respective infrastructures of regional and urban importance
- Housing development pressures put on the entire massif, yet appearing with particular intensity in certain areas in close connection with their accessibility by large population concentrations of Greece.

An important element as to the development of mountainous areas is the establishment of functional links with neighbouring urban centres in terms of daily commuting transport. These centres can become integrated points that will support the development activity in mountainous areas.

As far as the **mountainous areas of the insular space** are concerned, it must be pointed out that, as they face the same problems with mainland mountainous areas but with greater intensity due to their insular caracter, it is necessary to opt for more intensified and effective efforts so that this strategy can expand to the mountainous areas of Greece's larger islands, suitably adjusted to cover their needs.

4.4.2.2 Development of insular areas

The development strategy for insular areas is a problem hard to solve, as the territory in question is characterized by many similarities, but also by significant differences.

As in mountainous areas, in insular areas as well, it is necessary to have a unified strategy as to its main principles, although there have to be certain variations taking into account the particular features of every island or category of islands.

The main elements of this strategy are the restructuring of a sustainable and differentiated production pattern, relying on private business initiative, the tackling of accessibility and infrastructure issues and the protection of their natural and cultural environment. It is

necessary to take measures for the economic diversification of the islands, which continue to have a big fishing fleet and present high rates of activity in the fisheries sector. Reducing fishing, as this derives from the priorities of the Common Fisheries Policy (CFP) must not create problems to the social and economic cohesion of specific insular areas. To this end, the potential provided by the CFP on aquaculture, diversification of the local economy of areas that rely on fisheries etc. will be explored.

More specifically, the interventions in the framework of the strategy in question shall mainly address the following:

- Reducing intra- and inter-regional disparities stemming from the insular character: completion of accessibility infrastructure (transport networks, services and energy). This issue is of particular importance for smaller islands. Cohesion is two-fold: internal cohesion, i.e. connections within the limits of the Region, and external, through the connection with urban and administrative centres. The objective of the actions will be the retention and prosperity of the population.
- Developing business activities and bringing out the particularities and the comparative advantages of the insular space: trade organisation, promotion of local products, creation of infrastructure to support entrepreneurship and diversification of economic activity. By activating local resources, development will obtain an endogenous character.
- Using the natural conditions of the islands, as places for establishing energy production units from renewable energy sources, without this conflicting with other activities developed on the islands.
- Caring for the environment, preserving and bringing out both the natural and built-up environment. Environmental infrastructure is a prerequisite for the islands' smooth development, and include sewage and waste management plants, as well as structures for the protection and sound management of water, coasts and natural resources.
- Reinforcing administration and assuring health infrastructure, by attracting human resources, as well as specialized actions such as the development and use of telemedicine.
- Exploring the fact that, as a whole, the insular territory is the main place for the development of information society, with applications in many sectors, such as tourism, transport, education, administration, and health.
- Bringing out and protecting the historical and cultural wealth, as a prerequisite for wider tourist and entrepreneurial activity.
- Seeking the necessary interregional and cross-border cooperation to jointly tackle problems beyond the framework of national and regional planning.
- Strengthening links between the urban centres of the islands, both with inland areas and with one another and with the coasts of the mainland.
- Considering the fact that all four insular Regions are border regions, Hence, there are security and border guarding issues, and difficulties are obviously greater compared to mainland regions. There is also a need for cooperation with third countries, in various sectors of economic activity apart from policing.

4.4.2.3 Development of rural areas and areas relying on fisheries (with the exception of mountainous and insular areas).

The new programming period coincides with the beginning of the implementation of the revised Common Agricultural Policy (CAP), which marks extensive changes in rural areas creating both significant opportunities and dangers.

The development strategy for rural areas at national level focuses on the reinforcement of all three pillars of sustainable development, that is, the economic, the social and the environmental one.

Reducing the pressures brought about to the country's rural areas as a result of the new CFP, especially in product-producing areas, which would enjoy a high degree of support from the first pillar (such as cotton, tobacco etc.), will be primarily dealt with by improving the accessibility of these areas, through an upgrading of transport infrastructure, particularly big road axes. The Ionian road, the vertical road axis of Sterea Ellada (E-65), the completion of the road axis of Tripoli-Kalamata-Sparti and the Egnatia Motorway pass through dominantly rural areas, and their completion will allow further development and reduction of the areas' dependence on the primary sector.

At the same time, through the Rural Development Programme 2007-2013 and OP Fisheries 2007–2013, emphasis is put on improving the competitiveness of the primary sector, with a significant contribution by the European Social Fund with respect to issues related to human resources, especially aiming at covering the needs of persons employed in the primary sector and people residing in rural areas.

As concerns the need to improve the quality of life for the inhabitants of rural areas and to differentiate the economic base, there will be interventions implemented both by the Structural Funds and by EAFRD/ EFF.

The planning is based on a mixed "top down" approach, with broad participation -during the training phase- of social and economic partners at the level of Sectoral Programmes, ROPs, Rural Development Programme and OP Fisheries 2007-2013.

Along with this, there is a "bottom-up" approach being adopted on the basis of integrated strategies for mountainous and disadvantageous areas (micro-regions included in the programming), which form distinct geographical units for the implementation of Axis 3, namely "Quality of Life in Rural Areas and Diversification of Rural Economy" of the Rural Development Programme. According to the LEADER approach, there will be actions going beyond the aforementioned areas, covering also plain areas (RDP), as well as coastal and insular areas (OP Fisheries).

Through ERDF and ESF, mobilizing the endogenous local development resources and promoting Standard Innovative Development Plans, there will be interventions to strengthen cooperation between urban and rural areas.

The strategy on the development of rural areas (mountainous, insular and other rural areas, as well as areas relying on fisheries), through the assistance of the Structural Funds and EAFRD and EFF, targets the following aspects:

- Assuring, in the short term, access to services of general economic interest, and improving the quality of life of those residing in rural areas (ERDF - Cohesion Fund).
- Safeguarding the broader ecological and cultural importance of rural areas, as well as their sustainable economic growth, combining traditional and contemporary business activities within limits that respect the environment and the landscape (ERDF – EAFRD – EDF).
- Improving the competitiveness of the primary sector through its organization in modern business models, by further strengthening its extroversion, using the comparative advantages in a series of products and methods of production (EAFRD – EDF).
- Creating infrastructure related to the fisheries activities (ERDF).
- Bringing out the multifunctional nature of agriculture and its role as an important "manager" of natural resources, as well as preserving the rural, natural and anthropogenic landscape (ERDF – EAFRD).
- Improving the environment by reducing pressures and protecting the soil of surface and underground waters, protecting biodiversity and attaining the country's objectives in relation to the Kyoto protocol (ERDF – EAFRD).
- Diversifying the economies of rural areas, through further reinforcement of alternative forms of tourism and their contribution to the differentiation and enrichment of the tourist product (ERDF – EAFRD).
- Disseminating the use of ICTs in businesses as well as improving the services supplied to the citizens (ERDF).

- Upgrading the educational level of the inhabitants of rural areas (ERDF – ESF).
- Increasing the areas' attractiveness as places to live and engage in business activity, especially in the tourism sector (ERDF – EAFRD – EDF).
- Establishing networks with urban centres and particularly with the selected semi-urban and urban centres that will become the poles of development of the wider geographical entities embodied in the national space planning (ERDF – ESF).
- Sustainably developing selected fishing areas, through the creation of a model of multi-employment and linking the various sectors with one another (e.g. tourism – primary sector, tourism - culture, etc.), combined with quality improvement and entrepreneurship.
- Maintaining the social and economic welfare of the selected fishing areas, maintaining and creating jobs, by supporting the diversification or the economic and social restructuring of those areas, and preserving and promoting the quality of the coastal environment.

The following will jointly contribute to the achievement of these objectives:

- The institutional reforms for the reinforcement of the local government of 1st and 2nd degree and the further decentralization of resources and responsibilities in the Region, as foreseen in the National Reform Programme.
- The resources of the Structural Funds, Cohesion Fund, EAFRD and EDF.
- The national resources which will be allocated by the reformed (in terms of planning and management) Public Investment Programme (PIP).
- Modern funding instruments.

The development of synergies between the Operational Programmes, in order to bring about multiplying results and maximize added value, will be accomplished by distinctive "sectors and fields of intervention" per Fund, and by separate targeting in terms of operational objectives, taking for granted that strategic objectives are similar.

The basic principles of differentiation are presented in unit 6.3.

These interventions shall support CSG 2.2. "Support the economic diversification of rural areas, fisheries areas and areas with natural handicaps."

4.4.3 Cross-border, transnational and interregional cooperation (Objective 3)

Polycentricity, access to knowledge, preserving and bringing forward the environment, improving competitiveness and promoting the business environment are all key aspects for the objective of the European Territorial Cooperation, especially in view of the expanded land and sea borders of the EU and its territory.

For the planning of the individual programmes of Objective 3, the following are taken into account:

- The nature of the cooperation (interregional, transnational or cross-border). In the framework of the cross-border and transnational cooperation, targeted aspects will be the better use of the inherent potential of areas in question, achievement of cohesion and space continuity and synergy with other Programmes of the NSRF. In the context of interregional cooperation, actions of a more intangible nature will be pursued, such as exchanging experience and best practices.
- The need to make the best possible use of resources, in view of the fact that they have decreased in comparison to the 2000-2006 period, placing particular emphasis on feasibility as opposed to the nature of each programme, the degree of promotion of territorial cooperation so far and the need to obtain tangible results at the end of the programming period.

- The new, more coherent geographical approach of the programming areas of South-Eastern Europe and the Mediterranean, as actions of the new period will have to be adapted to their needs.
- The degree of success and the need to continue or complement actions of the 2000-2006 programming period.

The priority sectors, depending upon the category of spatial cooperation, are as follows:

Cross-border cooperation

Due to the geographical location of Greece, particular importance is put on cross-border cooperation; this includes bilateral cooperation, i.e. between its internal and external borders, and multilateral cooperation. Within the framework of **bilateral** cooperation, Greece develops cooperation schemes with old and new EU member-states such as Italy, Cyprus, as well as Bulgaria (member state as of 01.01.2007), with candidate EU member-states such as Turkey, and with possible candidate countries such as Albania and FYROM. In the framework of **multilateral** cooperation, Greece will have the ability to cooperate with countries of the Mediterranean Basin, the Black Sea and the Adriatic Sea.

More specifically, the priorities set in terms of cross-border cooperation are as follows:

- entrepreneurship, tourism and culture,
- protection and joint management of the environment, water-, sewage- and energy-management systems
- promotion of Research, development of information and communication networks,
- joint use of health - education infrastructures, and cooperation in the fields of human resources and administrative and judicial cooperation,
- accessibility of services via the cooperation in control issues, both on land and on sea borders.

Individual priorities are ranked according to the particular features of each area, the degree of promotion of the cooperation, and the degree of success and effectiveness of actions over the 2000-2006 period. For example, in the cooperation with Italy, the priority is to reinforce competitiveness and employment, while with Bulgaria the priority lies with the environment and joint management of water resources, and with Cyprus actions promoted are in the sectors of tourism and culture.

On the external borders (Greece, Albania, FYROM, Turkey) there is going to be a more selective implementation of priorities, putting greater emphasis on actions of economic and social inclusion than on actions to reinforce competitiveness, combined with the identification of common issues that need to be tackled, and, wherever required, on the reinforcement of consensus and cooperation structures.

The multilateral cross-border programmes are partly different, but they also complete the bilateral ones, focusing on the particular needs of the Mediterranean, of the Black Sea and of the Adriatic Sea, through the development of a joint strategy to achieve added value as opposed to other programmes implemented in the said regions.

Transnational cooperation (South-Eastern Europe Space and Mediterranean zone)

The aspect pursued will be to select projects of strategic importance with a view to bringing out the common development prospects of these two spatial entities. The thematic priorities set at transnational cooperation level are the following:

- to combine environmental protection with the strengthening of the development of the coastal areas and the islands of the Mediterranean
- to improve accessibility and interfunctionality through the transport systems and advanced information and communication technologies,

- water management and protection from danger (prevention of environmental and technological danger),
- research and technological development and technology transfer.

Finally, particular interest will be shown in both areas on issues of cultural heritage management, on the spatial aspects of migration, social participation and mobility.

Interregional cooperation and Networks

Interregional cooperation, which in the new programming period and according to the preparation so far is dealt with as a Single Programme covering the entire EU, aims at improving the effectiveness of the policies and means for regional development, as well as at easing off regional disparities, using the experience gained by the interregional programme of the previous period.

The priorities set by the EU Strategic Guidelines, at interregional cooperation level, are innovation, Knowledge Society, issues on protecting and bringing out the environment, and risk prevention.

The above priorities can be promoted through the exchange of experience and the dissemination of best practices, while, over their implementation stage, they can be linked to the Regional Operational Programmes, especially to the objective of "Convergence". For example, it is possible that the exchange of experience among the so-called "disadvantaged" EU areas (due to their geographical isolation or their sparse population), can influence in a positive way the more effective implementation and management of specific interventions on the islands, on the coastal or mountainous areas of Greece.

The ESPON, URBACT and INTERACT **networks**, programmes promoting equal access to the Knowledge Society, the observation and analysis of the development trends of the EU, but also promoting cooperation among European cities, will also continue over the next programming period with the funding they get from Objective 3. Greece, after its satisfactory participation over the 2000-2006 period, supports their continuation and reinforcement, and seeks possible synergies with them.

The priorities mentioned above for each type of cooperation, are being specified and ranked by multi-member transnational working groups brought together to draw up the individual programming documents. It is also within the competence of these groups to plan and describe the management and control systems which will be drawn within each programme.

These interventions shall support CSG 2.3 – 2.6. "Cross-border, Transnational, Interregional cooperation", as well as IGGJ 16 "Expand, improve and link up European infrastructure and complete priority cross-border projects".

5. CONSISTENCY OF THE NSRF STRATEGY WITH COHESION POLICY AND THE LISBON AGENDA

5.1 Consistency of the NSRF strategy with the Strategic Guidelines on Cohesion Policy 2007-2013

The Community Strategic Guidelines on Cohesion 2007-2013 (CSGs) provide the member states and the regions with indicative EU priorities, stress the need to reinforce the synergies between the Cohesion Policy, the national and regional priorities, and the Lisbon strategy, and promote the ownership of the cohesion policy by the regional and local authorities, the social partners and other parties involved.

They are structured around three major objectives: I - To make Europe an attractive place to invest and work, II - Improving knowledge and innovation for growth, III – Creating more and better jobs. The guidelines also pay particular attention to territorial cohesion and cooperation. They acknowledge the contribution of the cities to growth and employment, they support the economic diversification of rural areas, and promote cross-border, transnational and interregional cooperation.

The consistency of the CSGs is examined both in relation to the thematic priorities of the NSRF and against the architecture of the OPs, which is described and analyzed in Chapter 6.

The consistency analysis of the CSGs with the priorities of the NSRF (for reasons of document brevity) **has been incorporated in the description of the individual thematic and territorial priorities** (see chapters 4.2 and 4.4 above), **whereby the correspondence with** the relevant CSGs and the Integrated guidelines for growth and jobs (IGs) **is indicated in a relevant text box**. A more extensive analysis is provided in all the Operational Programmes as well.

The **consistency of the CSGs with the OPs** is shown in the Table below:

Support of the Community Strategic Guidelines on Cohesion 2007-2013 by the OPs of the NSRF	**OPs 2007-2013**								
	ROP	**OP Competitiveness & Entrepreneurship**	**OP Reinforcement of Accessibility**	**OP Digital convergence**	**OP Environment / Sustainable Development**	**OP Development of Human Resources**	**OP Education and Lifelong Learning**	**OP Improvement of Administrative Capacity in Public Administration**	**OP Objective 3**
	ERDF	**ERDF**	**ERDF/ COHESION FUND**	**ERDF**	**ERDF/ COHESION FUND**	**ESF**	**ESF**	**ESF**	**ERDF**
GUIDELINE: Making Europe and its regions more attractive places to invest and work									
1.1.1 Expand and improve transport infrastructures	●		●						●
1.1.2 Strengthen the synergies between environmental protection and growth	●	●	(●)		●				●
1.1.3 Address Europe's intensive use of traditional energy sources	●	●			●				
GUIDELINE: Improving knowledge and innovation for growth									
1.2.1 Increase and better target investment in RTD	●	●					●		
1.2.2 Facilitate innovation and promote entrepreneurship	●	●		(●)		(●)	●		
1.2.3. Promote the Information Society for all	●			●				●	
1.2.4. Improve access to finance		●						●	
GUIDELINE : More and better jobs									
1.3.1 Attract and retain more people on the labour market and modernize social protection systems						●			

Support of the Community Strategic Guidelines on Cohesion 2007-2013 by the OPs of the NSRF	OPs 2007-2013								
	ROP	OP Competitiveness & Entrepreneurship	OP Reinforcement of Accessibility	OP Digital convergence	OP Environment / Sustainable Development	OP Development of Human Resources	OP Education and Lifelong Learning	OP Improvement of Administrative Capacity in Public Administration	OP Objective 3
	ERDF	ERDF	ERDF/ COHESION FUND	ERDF	ERDF/ COHESION FUND	ESF	ESF	ESF	ERDF
1.3.2. Improve the adaptability of workers and enterprises and the flexibility of the labour market		(•)				•			
1.3.3. Increase investments in human capital through better education and skills	(•)					•	•	(•)	
1.3.4. Administrative capacity						(•)		•	
1.3.5. Help maintain a healthy labour force	•				(•)	•			
THE SPATIAL DIMENSION OF THE COHESION POLICY									
2.1. The contribution of cities to growth and jobas	•					•			
2.2. Support the economic diversification of rural areas, fisheries areas and areas with natural handicaps	•	(•)							
2.3 – 2.6. Cross-border, Transnational, Inter-regional cooperation	(•)		(•)						•

- • : Estimated direct and significant contribution - synergy
- (•) : Estimated indirect contribution

This analysis, as well as chapters 4.2 and 4.3 above, demonstrate that **the development strategy of the NSRF is fully consistent with the CSGs, all of which are supported through its thematic and territorial priorities and specified in the individual OPs.**

5.2 Consistency of NSRF priorities with the objectives of the National Reform Programme and the EU priorities for Growth and Employment

The NRP unites in a single document reforms in the sectors of public finances, structural (microeconomic) changes and employment by setting 4 main priorities (restoring fiscal balance and ensuring the long-term viability of public finances, increasing productivity, improving the business environment, and increasing employment).

The direction that has to be taken to ensure strong synergies and complementarity between the NRP and the NSRF is described in the strategy of the two documents, through the focus on **common areas / priorities**, such as the strengthening of employment and social cohesion, education and investment in human capital, upgrading the business environment, research and development, ICT, Public Administration, and the environment. Overall, alignment and/or complementarity of NRP-NSRF targeting has been identified at the level of **Microeconomic policies and Employment policies**. It is pointed out that **differences between individual priorities in the two programming documents** can be explained chiefly as the result of:

- The emphasis placed on the **Macroeconomic level** within the framework of the NRP (restoring fiscal balance and ensuring the long-term viability of public finances are the key choice for the country through the NRP and the Stability and Growth Programme), an area that lies outside the scope of the priorities of the Cohesion Policy and of the Structural Funds.
- The **more pronounced territorial and spatial dimension of the NSRF strategy** (with target setting being analysed in spatial priorities, as required by the General

Regulation, and the differentiation-adjustment of the development strategy in 5 spatial units).

- The **bottom-up and decentralized approach** followed in the specialization of NSRF objectives into individual OPs and ROPs.
- The continuous emphasis placed in the NSRF on the **development of natural infrastructures** as a factor of attractiveness of the country and of its regions, which is not a central priority within the NRP.

In the text of the NSRF, the consistency (and the contribution) of its strategy with the priorities of the National Reform Programme for Growth and Jobs 2005-2008 (NRP) and the Lisbon Strategy is approached and depicted at **three levels**:

- **In terms of the content of policies, the priorities and the policy measures**, that is examining on the basis of **a more qualitative analysis** which priorities are suggested in the NSRF in order to support the basic axes of the agenda of the Lisbon Strategy, as these priorities are depicted in the NRP and in the IGs (also see 5.2.1, 4.2 and 4.3), and, **additionally**:
- **At the level of the provisions for the management, monitoring, evaluation and implementation of the policies**, where the objective is to bring the Lisbon Strategy forth as a main component, and to closely coordinate the procedures, structures and systems of the NSRF and the NRP (see ch. 5.2.2).
- **In terms of financial effort**, that is, examining the resources of the NSRF directed towards priorities relevant to the Lisbon agenda (**earmarking,** see ch. 5.2.3).

In detail :

5.2.1 Qualitative Analysis : Consistency of the NSRF strategy with the NRP and the Lisbon Strategy in terms of the content of policies, priorities and policy measures

National Reform Programme

The Hellenic NRP 2005-2008 covers the initial years of implementation of the 2007-2013 programming period of the Structural Funds and the NSRF. A significant number of policies, development means and interventions that have been included in the NRP are served by the CSF 2000 - 2006, and a significant part of them will be co-financed by the NSRF 2007-2013.

The interventions of the NSRF will make a direct and significant contribution to the 2nd, 3rd, and 4th priority of the NRP (increase productivity, improve the business environment, increase employment). The **1st priority of the NRP** (restore the fiscal balance and ensure the long-term sustainability of public finances) is a prerequisite in order to ensure a significant result in terms of development through the NSRF.

More specifically:

- The interventions of the NSRF to increase and improve investments on **Research & Development**, knowledge and innovation consist its 2nd thematic priority (Knowledge Society and Innovation) and they will constitute an important tool to promote the national objective of the NRP to increase expenditure on research and to promote its strategy.
- The strategy of the NRP on the **Business Environment** (ch. 3 of the NRP) is mainly supported by the 1st thematic priority of the NSRF (Investment in the production sector of the economy), with funding by the OP Competitiveness & Entrepreneurship and by the 5 ROPs,
- The targeting of the NRP for the **Knowledge Society** (chapter 4 of the NRP) is promoted with a corresponding thematic priority of the NSRF (Knowledge Society and Innovation) and with its most basic tools being OP Competitiveness & Entrepreneurship and OP Education and Lifelong Learning.

- The targeting of the NRP on **Regional and Social cohesion** (ch. 7 NRP) is served horizontally by all the territorial and thematic priorities of the NSRF, and mainly through the ROPs (ERDF) and the OPs with co-financing by the ESF.

- The priority of the NRP regarding **Public Administration** Reform (ch. 8 of the NRP) also features in the NSRF as a separate thematic priority (Institutional environment) with efforts increased funding compared to the 2000-2006 period, through the OP Improvement of Administrative Capacity in Public Administration and indirectly from OP Digital Convergence. This strategy is not limited to improving the administrative capacity in the framework of the services for the Structural Funds; it expands the targeting in order to approach the challenges for public administration at a central and regional level and to contribute to the **EU Governance agenda**.

- The priorities of the **European Employment Strategy** and the corresponding ones of the NRP (ch. 9 of the NRP) are promoted through distinct sectoral OPs of the NSRF.

  Regarding Employment and Human Resources:

  The NRP (ch. 9) specifies 3 policy priorities: a) improve the quality of work and consequently the productivity of labour, b) reinforce the adaptability of enterprises and the workforce in the changing conditions of international competition and of the technological and production developments, c) reduce social exclusion and improve social cohesion.

  The priorities adopted in the NSRF on human resources are developed in harmony with the priorities of the NRP, as they both focus on increasing productive employment, by improving human resources and adjusting to new conditions.

  The NSRF, as does the NRP, acknowledges the low rate of employment, the high and persistent unemployment, especially among women, the low rate of participation in lifelong education and training, as well as the relevantly low public expenditure on employment policiesand Education as opposed to the EU average, and thus proposes a consistent set of policies for the implementation of the priorities adopted.

  Regarding the Integrated Guidelines for Growth and Jobs, which put the major stress on fiscal balance and on reinforcing employment, by promoting institutional and structural changes reinforcing flexibility and adaptability and obtaining qualification and skills, the interventions suggested by thematic priority 'Employment and Social cohesion' of the NSRF are also in close consistency.

  The investments of the NSRF in human resources and the reinforcement of employment will contribute to achieving the **objective of the NRP to increase public expenditure on education as a percentage of the GDP**, whereas it is estimated that they will also make a significant contribution to the **objectives of the NRP to increase employment by 2010**.

- The **environmental dimension and the Gothenburgh objectives** are adequately incorporated in all the thematic priorities of the NSRF, yet as a Strategy they are depicted in OP Environment - Sustainable Development and in the ROPs, and they contribute to the promotion of the relevant objectives of the NRP as included in its 6th chapter (Environment and sustainable development).

  The approach adopted on environmental issues and the objectives selected (both horizontally and vertically) present a high degree of coherence with the wider framework regarding the environmental policies established at European level, and especially with article 6 of the EU Treaty, on the trans-sectoral dimension of the environment, with the Gothenburgh Conclusions on an EU **Strategy for Sustainable Development** and with the **Sixth Environmental Action Programme** and the thematic priorities.

  According to this approach, the environment is dealt with in the framework of an comprehensive and sustainable strategy that, on the one hand, promotes the real integration of the environmental dimension into the sectoral policies and, on the other hand, assures the further development of the necessary environmental infrastructures to the direction of a full implementation of EU law on the environment.

TABLE 4 -Consistency of the NSRF OPs 2007-2013 with the priorities of the NRP

	OPs 2007-2013								
	ROP	OP Competitiveness & Entrepreneurship	OP Reinforcement of Accessibility	OP Digital convergence	OP Environment / Sustainable Development	OP Development of Human Resources	OP Education and Lifelong Learning	OP Improvement of Administrative Capacity in Public Administration	OP Objective 3
	ERDF	ERDF	ERDF/ COHESION FUND	ERDF	ERDF / COHESION FUND	ESF	ESF	ESF	ERDF
Priorities of NRP 2005-2008									
Restore the fiscal balance and ensure the long-term sustainability of public finances.	(•)	(•)	(•)	(•)	(•)	(•)	(•)	(•)	(•)
Increase productivity, by dealing with the structural problems in the operation of the markets, investing in human capital and promoting the Knowledge-based Society.	●	●		●		●	●	●	●
Improve the business environment, enhance competition, liberalize regulated markets, external openness and benefit from the country's geopolitical position so as to turn Greece into a main business hub in South Eastern Europe.	●	●	●	●	(•)	●	(•)	(•)	(•)
To increase employment rates, reduce unemployment, and improve the effectiveness of the education and training systems with a series of targeted actions which, at the same time, limit the risk of social exclusion.	(•)	(•)				●	●		

Undoubtedly, the structural policies required in order to achieve the development vision and the strategic objectives formulated in the previous chapters with co-financing by the Structural Funds will be accompanied by reforms in the framework of the Lisbon Strategy and the NRP. Already, the efforts for greater synergies between the interventions of the Structural Funds and the European Cohesion Policy in Greece and the Lisbon Strategy, has been expressed over the elaboration of the Hellenic NRP; which was approachedas an **interactive procedure** with the drafting of the NSRF (and analyzed in a separate chapter of the NRP).

With the new strategic choices analyzed in chapter 4, it is clear that the interventions of the Structural Funds in Greece over the 2007-2013 period will contribute to the achievement the Lisbon objectives by:

- Focusing the investments on the **drivers of growth**: the human (OP Development of Human Resources), the knowledge (OP Education and lifelong learning, OP Development of Human Resources, OP Competitiveness & Entrepreneurship) and the natural capital (OP Reinforcement of Accessibility, ROPs).
- Promoting interventions that contribute to the **transition to the Knowledge Economy**, by investing in the ICTs, in RTD (OP Development of Human Resources, OP Competitiveness & Entrepreneurship, OP Digital Convergence) and in human resources (OP Development of Human Resources, OP Education and lifelong learning).
- Making investments in **sectors with competitive advantages** for Greece and **concentrating efforts in sectors that are / or can become competitive internationally** (e.g. tourism, culture, shipping, sports infrastructures).
- **Mobilizing additional resources**, private, national and from international banking institutions (European Investment Bank, European Investment Fund).

- **Improving Governance** (through OP Digital convergence, OP Improvement of Administrative Capacity in Public Administration, OP Technical Support of Implementation).
- **Reinforcing the regional and the local dimension of the Lisbon Strategy**, by promoting the participation of the Regions in all the aspects of the programming and implementation by increased financial effort towards them and by strengthening the regional and territorial dimension of the NSRF policies.
- **Attracting foreign investment and improving the attractiveness of the Regions of Greece as a place to invest and work** (a key objective of the development strategy in the National Reform Programme as well), by improving the transport, energy, and telecommunications infrastructures, as well as ICT infrastructures, simplifying the business environment, making good use of grants and the new financing tools, and upgrading the skills of human resources.
- Contributing to the **creation of more and better jobs**, both through the interventions of OP Development Human Resources (reorganizing the active labour market policies, reinforcing the adaptability of workers – employers - enterprises, linking the educational system to the labour market), and through the creation of jobs both during and after the completion of the projects in the framework of all the OPs of the NSRF.

A key objective in order to make this development strategy specific to each individual OP/ROP , to **adapt and implement it at a regional level** is to avoid a merely nominal alignment with the objectives of the Lisbon Strategy, and instead, take into account the local specificities , needs and development disparities of each region..

Integrated Guidelines for Growth and Jobs

As demonstrated in chapter 4.2 and 4.3 above as well as in the following table, in total, **both microeconomic and employment guidelines of the EU's Integrated Guidelines (IG) are supported through the thematic and territorial priorities of the NSRF,** in:

- research and innovation (IG 7-9),
- natural environment (IG 11),
- entrepreneurial environment (IG 10, 12-15),
- infrastructure (IG 16) ,
- and employment (IG 17-24).

Enterpeneurship, innovation, the development of information society, social cohesion as well as environmental sustainability require a healthy macroeconomic environment that will ensure viability and stability.

As such, **the IGs for the macroeconomic environment** (IGs 1-6) **as well as IGs 12, 13, and 22 are supported<u>mainly</u> through the NRP** and essentially **constitute a <u>precondition</u> to ensure true development results through the NSRF,** given that they contribute to alleviating the factors that constitute growth obstacles (e.g. financial deficit, shrinking productive base, technological insufficiency and low innovative performance). The continuing, determined efforts to achieve healthy public finances in particular, will further reinforce the conditions for creating employment and growth on a national and regional level.

TABLE 5 -Consistency of of the OPs 2007-2013 with the Integrated Guidelines for Growth and Jobs

	OPs 2007-2013								
	ROP	OP Competitiveness & Entrepreneurship	OP Reinforcement of Accessibility	OP Digital Convergence	OP Environment / Sustainable Development	OP Development of Human Resources	OP Education & Lifelong Learning	OP Improvement of Administrative Capacity & Public Administration	OP Objective 3
	ERDF	ERDF	ERDF/ COHESION FUND	ERDF	ERDF/ COHESION FUND	ESF	ESF	ESF	ERDF
Microeconomic guidelines									
(7) Increase and improve investment in R & D, with a view to establishing the European Knowledge Area	●	●		(●)			●		
(8) To facilitate innovation	●	●		●			(●)		
(9) Facilitate the spread and effective use of ICT and build a fully inclusive information society	●	●		●		(●)	(●)	(●)	
(10) Strengthen the competitive advantages of the European Industrial base	(●)	●							
(11) Encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth,	(●)	●			●			(●)	(●)
(12) Extend and deepen the Internal Market		(●)						●	
(13) Ensure open and competitive markets inside and outside Europe and reap the benefits of globalisation,		●						●	(●)
(14) Create a more competitive business environment and encourage private initiative through better regulation,		●						●	
(15) Promote a more entrepreneurial culture and create a supportive environment for SMEs.	(●)	●		(●)		(●)		(●)	
(16) Expand, improve and link up European infrastructure and complete priority cross-border projects	●		●						●
Employment guidelines									
(17) Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion	(●)	(●)				●			
(18) To promote a lifecycle approach to work	(●)	(●)				●			
(19) Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive		(●)				●			
(20) Improve the matching of labour market needs						●			

	OPs 2007-2013								
	ROP	OP Competitiveness & Entrepreneurship	OP Reinforcement of Accessibility	OP Digital Convergence	OP Environment / Sustainable Development	OP Development of Human Resources	OP Education & Lifelong Learning	OP Improvement of Administrative Capacity & Public Administration	OP Objective 3
	ERDF	ERDF	ERDF/ COHESION FUND	ERDF	ERDF/ COHESION FUND	ESF	ESF	ESF	ERDF
(21) Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners						●			
(22) Ensure employment-friendly labour cost developments and wage-setting mechanisms		(•)				(•)			
(23) Expand and improve investment in human capital	(•)	(•)				●	●		
(24) Adapt education and training systems in response to new competence requirements		(•)				●	●		

● : Estimated direct and significant contribution – synergy

(•) : Estimated indirect contribution

Decisions of the European Council of March 2006 for the Lisbon Strategy (LS)

The consistency of the NSRF development strategy is also confirmed in relation to the priorities of the relaunched Lisbon strategy, as recorded in the conclusions of the European Council of March 2006:

The "…greater investments in knowledge and innovation, education and training, in SMEs and reinforcement of the entrepreneurial environment, European employment strategy, energy policy, the environment, the strengthening of social cohesion, gender equality…", as demonstrated from the analysis of NSRF priorities constitute the main objectives for the period 2007 -2013.

The "…Unlocking business potential, especially of SMEs…" constitutes a strategic objective of national policy for Small and Medium Enterprises, and a main objective of both the NSRF and NRP.

Annual EU Progress Report for Growth and Jobs, 2006

A strong coherence can also be identified in relation to the **EU recommendations for Greece that are included in the Annual Progress Report for Growth and Jobs in 2006**[15]: The priorities of the NSRF take into account **the challenges** outlined in the general assessment of the Greek NRP by the EU, and in particular the sustainability of public finances, low employment, structural unemployment, education and lifelong learning, the entrepreneurial environment and competition, R&D and innovation.

In addition, **they systematically cover the recommendations** [16] of the EU (see TIME TO MOVE UP A GEAR Country chapters, PART 2, Greece / PART III: CONCLUSIONS, point 22):

[15] Communication from the Commission to the spring European Council: Time to move up a gear, Brussels, 25.1.2006, Country chapters Part II to COM (2006) 30.

[16] Areas identified as requiring particular attention: fiscal consolidation, R&D, modernization of Public Administration, reinforcement of active labour market policy measures, reforms in education and Lifelong learning.

- In the policies for increasing employment (e.g. the reinforcement of active policies in the labour market, combating undeclared work, linking education with the labour market, modernization of employment services, targeted support for the unemployed, support for employment of the young and women etc.) through the OP Development of Human Resources and the OP Education and Lifelong Learning.
- In the reforms in education and lifelong learning (through the ESF).
- In the recommendations concerning the **entrepreneurial environment and competition, R&D and innovation**, through the OP Competitiveness & Enterprise, OP Digital Convergence, OP Environment – Sustainable Development.
- **In the improvement of public administration**, with interventions that will be co-financed by the OP Improvement of Administrative Capacity in Public Administration.

It should be noted that the challenges and recommendations concerning sustainability of public finances in the above report are dealt with in the framework of the NRP.

Annual EU Commission Progress Report for Growth and Jobs ('*We are working toward economic growth and employment – A year of delivery'*) [17]

The above annual EU Commission Progress Report is based on the implementation reports submitted by Member States in the fall of 2006[18] and on the review of reforms for growth and employment at the EU level. The Commission Report includes 4 recommendations for Greece and 6 watch list issues.

The NSRF policy proposals developed in relation to the issues above are presented in the Table below with references to the General Objectives and the qualified Operational Programmes (to avoid overlappings in the NSRF text), and with a summary of the main measures taken:

[17] COMMUNICATION FROM THE COMMISSION TO THE SPRING EUROPEAN COUNCIL. IMPLEMENTING THE RENEWED LISBON STRATEGY FOR GROWTH AND JOBS "A year of delivery", Δεκέμβριος 2006.

[18] The Implementation Report of the Greek National Reform Programme for 2006 is available at: http://www.mnec.gr/downloads/2006-10-18/factsheet-08_2006.pdf

TABLE 6 - NSRF policy proposals to meet the recommendations of the Annual Progress Report for Growth and Jobs

EU Commission recommendations for Greece	Relevant NSRF policy proposals / Comments
1. *to continue budget consolidation and the reduction of debt;to draw up a timetable for the implementation of pension system reform to ensure long-term sustainability of public finances*	The recommendation is addressed chiefly within the framework of the open method of coordination and of the procedures of the National Reform Programme and of the Updated Programme for Stability and Growth (in relation to Budget consolidation), and of the National Strategy Report on Social Protection and Social Inclusion/ Part 3 (in relation to the implementation of pension system reform).
2. *to modernize the county's public administration, creating an appropriate regulatory, control and executive framework, particularly by improving relevant skills, to ensure effective utilization of structural funds*	The **interventions summarized under General Objective 12 of the NSRF** above (4.2.4) and specialised in the OP Improving the Administrative Capacity of the Public Administration 2007-2013 will contribute to the implementation of the recommendation on the modernization of Public Administration. The effective utilization of structural resources is ensured through **the special arrangements decribed in Chapter 8: NSRF "Implementation Provisions"**
3. *to modernize the protection of employment, including related legislation; to reduce the tax burden on labour; to strengthen active employment policies in order to promote flexibility and security in the labour market and to transform undeclared work into formal employment*	**Policy measures included in General Objectives 7 and 8 of the NSRF**, as qualified in the OP Development of Human Resources 2007-2013, particularly with reference to the strengthening of active employment policies, the promotion of *flexibility and security in the labour market as well as the transformation of undeclared work into formal employment (these have been identified as distinct Specific NSRF Objectives)* will contribute to the implementation of the 3rd E.C. recommendation. It is pointed out that these policies are implemented in synergy with the relevant labour market reforms provided for by the NRP (chapter 9).
4. *to increase investment in compulsory and higher education; to implement life-long learning reform; to improve the quality thereof and their capacity to respond to labour market needs; to reduce drop-out rates and to increase the participation of adults*	All the recommendations of point 4 **are taken into consideration in shaping and implementing General Objectives 4 and 7 of the NSRF**, using as a basic tool OP Education and Life-long Learning 2007-2013. Investments for education within the NSRF framework amount to **EUR 3.3 billion** of public expenditure (through the OP Education and Life-long Learning and the ROPs for the period 2007-2013). Morever, efforts will be made to secure financing through national resources so that gradually by 2013 expenditure for education as a percentage of GDP will have come close to the EU average taking into consideration the NRP and the relevant recommendations.
Watch list issues	**Relevant NSRF policy proposals / Comments**
5. *to accelerate efforts to draw up a strategy for research and innovation and to increase investments in R&D.*	It is **General Objective 5 of the NSRF**, as it is qualified at the operational level in the OPs Competitiveness and Entrepreneurship 2007-2012 and in the 5 ROPs, that chiefly responds to the recommendation to draw up a strategy for research and innovation and to increase investments in R&D. In this context, a bill on the development of Research, Technology and Innovation (General Secretariat of Research and Technology, Ministry of Development) is in the process of public consultation aiming at coordinating RTD activities at the regional and national levels. R&D expenditure from the Structural Funds within the framework of the NSRF increases to over EUR 1 billion of public expenditure.
6. *to improve transposition of directives in the field of the internal market*	Within the framework of the NSRF, the recommendation is addressed **with specific provisions in Chapter 8**. It is pointed out that within the framework of NRP reforms, the **General Secretariat of the Government** in cooperation with the Permanent Greek Representation have a coordinating role with regard to the improvement of the county's performance in order to accelerate the transposition of community directives in national legislation and to address pending complaints by the Commission with the support of an IT system and networking with all the competent ministries.
7. *to ensure the effective utilization of structural funds in order to support reform policies in Greece, including those related to the protection of the environment*	Recommendation no. 7 is a **key choice within the NSRF framework** and, as made evident in the analysis presented above in chapters 5.1 and 5.2 and in the approach on the Management and Implementation Framework for the period 2007-2013 (chapter 8 below), Structural Funds will constitute an important tool for the promotion of the objectives for Growth and Jobs, along with NRP policies. Within the framework of thematic priority "Attractiveness of Greece and of the Regions as areas for investment, work and living" **3 General Objectives have been formulated**, directly linked to the protection of the environment. They are: GO 14 "Ensuring safe energy supply for the country having sustainability in mind", GO 15 "sustainable management of the environment" and GO 16 "exercising an effective environmental policy". These General Objectives are further qualified in all Regional OPs and in sectoral OPs "OP Environment and Sustainable Development", "OP Competitiveness & Entrepreneurship" and "Improving the Administrative Capacity of Public Administration". They are also qualified in the Programmes of the Objective "Spatial Cooperation". In particular, within the framework of YPEHODE's National Strategic Development Plan in the field of the Environment and Sustainable Development for the period 2007 – 2013, emphasis will be placed on: • planning and implementation of an effective environmental policy with the creation of mechanisms

	and measures for the enforcement of environmental policy, and the strengthening of Agencies and institutions monitoring the implementation of environmental policy. • promoting solid waste management services through appropriate institutional and organizational regulations (management agencies, etc.) to achieve the objectives set out by the law. • to create a cohesive, well-organised and functional network of protected areas with the corresponding management agencies.
8. *to ensure faster attainment of policy objectives for SMEs set by the spring European Council in 2006*	It is **the target setting of General Objective 2 of the NSRF**, which will be implemented through policy measures included in OP Competitiveness and Entrepreneurship 2007-2013 and in the ROPs, that chiefly responds to the recommendation concerning the policy on SMEs on the basis of the objectives set by the Spring European Council of 2006 (with regard to '*Unleashing the entrepreneurship potential particularly of SMEs*'). Already, the acceleration in the pace of the implementation of reforms for SMEs in the direction of achieving the objectives of the Spring Council of March 2006 is specified in detail in the measures taken in the Implementation Report of the NRP for 2006 (mainly chapter 3.1.1)
9. *to implement policies that encourage the employment of women*	The content of **General Objectives 8 and 11 of the NSRF** is fully aligned to the recommendation of the Commission on the implementation of policies that encourage the employment of women, recognising that there is significant room to increase the female workforce and the latter's significant contribution to the objective for more and better jobs. Special emphasis is placed on the now targeted approach to support female employability, on the continuation of investments aiming at the unhindered availability of women for employment and on the reconciliation of professional and family obligations, on facilitating access to care services for children and dependants, on the taking of measures for the further reduction of the gap at the levels of remuneration, on the concentration and segmentation of the labour market in jobs depending on gender, on targeted interventions that will facilitate the development of skills among women and their reintegration in the labour market following a long absence.
10. *to draw up a consistent strategy for active ageing*	The implementation of an integrated active ageing policy is a parameter in the measures provided for by the NRP, by the National Strategy Report on Social Protection and Social Inclusion, and by the NSRF, in which it has been included as a **distinct Specific Objective (in the context of General Objective 8**), corresponding chiefly to interventions provided by the OP Development of Human Resources 2007-2013. Taking also into consideration the relevant conclusions of the Presidency of the European Council of March 2006, through NSRF interventions emphasis will be placed on increasing employment and training opportunities for older members of the workforce, on stepping up the participation of older employees in life-long learning actions, on combating discrimination based on age, on improving forecasts regarding demand in the labour market and on lifting incentives for early retirement from the active working life, in order to make remaining in the labour market a more attractive option for older employees.

Moreover, we will seek to maximize the contribution of NSRF interventions in **individual components of the Lisbon Strategy**, as they are presented below:

Strategic objectives for the European systems of education and training [19]

The EU benchmarks for education and training 2010:

a. Improving the quality and effectivenss of education and vocational training systems in the EU,

b. Facilitating access to these systems for all,

c. Opening up of the systems to the outside world,

as well as the 5 main European benchmarks set in Lisbon for the examination of the course of education policy will be chiefly addressed, within the framework of the NSRF, by the thematic priorities 'Knowledge Society and Innovation' and 'Employment and Social Cohesion', using as basic tools the OP Education and Life-long learning and the OP Development of Human Resources.

Open method of coordination for Social Protection and Social Inclusion

Part of the social inclusion policies in the country is co-financed by EU Funds (the ESF in particular) within the framework of the Cohesion Policy and the NSRF 2007 -2013. These policies are incorporated in the General Objective "Promotion of Social Inclusion" and the thematic priority "Employment and Social Cohesion" (See chapt. 4.2). Given that these interventions are closely linked to the policies implemented within the framework of the **EU Open Method of Coordination for social protection,** the coordinationwith the polices of

[19] Eg. "Education and Training 2010", SEC (2005)419 , SEC(2006) 639.

the **National Plan for Social Welfare** at the level of implementation shall also be pusrued (See also National Strategy Report for Social Protection and Social Inclusion 2006-2008, Ministry of Employment and Social Protection). The basic tool for this objective will be the OP Development of Human Resources (supplemented by the 5 ROPs). Within this framework the following should be pointed out:

The new policy, as described in the **National Plan for Social Inclusion 2006-2008**, **aims at horizontal integration of actions to combat poverty and social exclusion** in the development planning of the country, by setting 4 priorities:

- **Promoting employment,** particularly of women, the young, long-term unemployed and vulnerable population groups. The planning for the following period stipulates, on the one hand the maintenance and qualitative improvement of any policy measures that have yielded satisfactory results up until today, and on the other hand the re-planning of those that have not yielded the results expected, so as to improve the effectiveness of active policies in the employment of "vulnerable" population groups.
- **Measures for disadvantaged groups and persons as regards education and training**. The main goal for the following period is to develop an education and training system that will provide the skills necessary for an active participation in society, unhindered access to the labour market and reduce the number of school-leavers, particularly among the vulnerable groups.
- **Support for the family and the elderly.** The policies that concern this particular policy priority focus on actions to reconcile the family with professional life for the purpose of achieving a balanced contribution by men and women, not only in family obligations but also the labour market. In addition, these policies constitute the main method of deal with child poverty. At the same time, satisfying the growing needs of the elderly for sufficient and quality services, such as offering the conditions for a dignified life and active participation in society, are included among the main goals of the policies in the area of social inclusion.
- **Social Inclusion of the disabled, immigrants and persons with cultural / or religious specificities.**

The interventions of social inclusion within the framework of the NSRF 2007 -2013 need to focus on the increasing expressions – threats of social exclusion, which lead to the emergence of new vulnerable groups in society (at least for Greece) that are threatened or experience social exclusion, or the further burdening of population groups that are traditionally threatened with social exclusion (e.g. the aged in poor health, households with more than one unemployed member). For this reason it is necessary to ensure a long-term approach to the phenomenon of social exclusion throughinstruments and mechanisms that allow a focus, both on the development of preventive measures and effective therapy.

The total of these priorities (within the framework of both the NSRF and the National Plan for Social Inclusion) will be governed throughout by **a strategy adapted to distinct groups**, and will undertake actions aimed at **covering their special needs**. **Social Inclusion Mainstreaming** shall be pursued in all areas of development policy, with the active participation of public bodies, social partners and NGOs.

European agenda on Governance

The strategy of the NSRF concerning the European agenda on Governance, as laid out in the relevant documents (e.g. Report on European Governance, European Governance: Better lawmaking, Impact Assessment Guidelines), is included in the thematic priority "Institutional Environment". The basic tool to serve these goals will be the OP Improvement of Administrative Capacity and Public Administration, with ESF co-financing.

5.2.2 Coordination at the level of the management, monitoring, evaluation and implementation arrangements of NSRF and NRP policies

Already during the 2005-2006 period, **at the level of strategic planning**, coordination between the NSRF and the NRP was established within the framework of the two responsible isntruments, which are chaired by the Minister of Economy and Finance and include representatives of both Programmes:

- **For the NSRF** in the **Interministerial Coordination and Policy Formulation Committee for development planning 2007-2013'**, in which representatives for the NRP are included among others (the Prime Minister's Economic Office, Council of Economics Consultants/SOE of the Ministry of Economy and Finance).
- **For the NRP,** in its **Monitoring Committee** (operating as a Standing Committee), which is composed of representatives from ministries, regions, economic and social partners, and in which the representatives of the CSF MA (responsible for the CSF and NSRF) also participate. Coordination of this committee is undertaken by the Minister of Economy & Finance with the Director of the Prime Minister's Economic office as deputy, in cooperation with the Council of Economic Consultants(SOE).

At the level of operational planning, coordination was promoted within the framework of the 31 Programme Planning Groups that were set up in the Regions and Ministries with the responsibility for drawing up the new Operational Programmes, and in which (in the case of ministries and regions) simultaneous representation in the aforementioned Committee of the NRP was sought.

At the level of monitoring and implementation, coordination will be sought within the framework of the responsibilities of:

- The Interministerial Committee for Community Programmes
- The above-mentioned NRP committee, which is responsible for monitoring interventions for the Lisbon Strategy in the country.

The obligation for ensuring consistency between the priorities of the NSRF and OPs and EU guidelines on the Cohesion Policy, the National Reform Programme (NRP), Integrated Guidelines for growth and jobs and the LS is expressly laid out in the regulatory framework for EU Structural Funds, acquires a **bidirectional character** between the European and national programme documents for Lisbon and Cohesion and concerns the **planning** level as well as **strategic monitoring and evaluation**.

In particular, the **parallel processes** for implementation and monitoring of the LS and the Cohesion Policy include the elaboration of periodic reports by the member states that **will also refer to the synergies between them**[20].

Taking into account:

- the Strategic Follow up of the Cohesion Policy (article 29 of the General Regulation/ 'Cohesion Policy Reporting Framework') as well as
- the respective framework of the **Open method of coordination and the Lisbon Strategy**[21] ('Lisbon reporting framework'),

particular emphasis will be placed on the **coordination and adaptation of the NSRF monitoring and reporting systems and tools**, so as to meet the requirements of the above framework.

Lastly, it is necessary to ensure the **active participation of the Regions and economic and social partners** in the promotion of the goals of the NSFR that contribute to the NRP, to systematically inform them of the LS and the NRP at a regional level and encourage good practices and results.

In addition, the goal is to improve the relative position of the country (as periodically measured in the structural indicators or individual goals set by policy sector at an EU level) not only in nominal but in real terms. Within this framework the basic aim will be the **continuous monitoring and evaluation <u>of the contribution of NSRF interventions</u>** (at a national, sectoral and regional level) **on the national (NRP) and European Lisbon objectives** .

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[20] For example, during the elaboration of the Annual Progress Report of the NRP by every member state the formation of a separate chapter is foreseen for the contribution of the NSRF and OPs in the achievement of their goals. The first Annual Progress Report of the Greek NRP (October 2006) already includes a relevant brief account of the contributions of Structural Funds to the goals of the LS.

[21] Commission staff working paper "Working together for growth and jobs: next steps in implementing the revised Lisbon strategy", SEC (2005) 622, 2 May 2005.

The National Reform Programme includes quantitative targets in the areas of Research and Development – Innovation, Education and Employment.

It is noted that in the planning phase the **ex-ante estimation** of the **net contribution** of NSRF interventions in the national NRP quantitative targets is not possible or is very uncertain. In particular, this concerns the cases of structural indicators (such as the 14 indicators that are used to monitor the LS at an EU level), which involve figures that their progress is dependent on factors beyond NSFR interventions as well.

However, the macroeconomic analysis that was undertaken for the needs of development programming for 2007-2013 offers an **initial quantitative indication**[22] of the NSFR contribution in the NRP objectives :

- In terms of jobs, the NSRF will create more than 60,000 jobs for the period 2007-2013, thus contributing to the attainment of the respective NRP objective for an increase in the rate of employment.
- In addition, part of the NSRF investments in human resources from the sectoral and regional OPs will contribute to achieving the NRP goal of increasing public expenditure on education as a percentage of the GDP, by about 3.3 billion €[23].
- Concurrently, the NSFR will contribute to the NRP goal of increasing expenditure on Research and Development(R&D) as a percentage of the GDP, with public expenditure that is estimated[24] to amount to just over 1 billion €.

5.2.3 The NSFR contribution to EU priorities for growth and employment in terms of financial effort / Earmarking

At the initiative of the President of the European Commission and the relevant decision of the 2005 European Council the mobilization of the European Cohesion Policy is being promoted to achieve the goals of the relauched Lisbon Strategy. This option is included in the General Regulation (article 9, paragraph 3):

"…The assistance co-financed by the Funds shall target the European Union priorities of promoting competitiveness and creating jobs, including meeting the objectives of the Integrated Guidelines for Growth and Jobs (2005 to 2008) as set out by Council Decision 2005/600/EC of 12 July 2005 (1). To this end, in accordance with their respective responsibilities, the Commission and the Member States shall ensure that 60 % of expenditure for the Convergence objective and 75 % of expenditure for the Regional competitiveness and employment objective for all the Member States of the European Union".

Relevant studies[25] demonstrate that the 3rd CSF (2000-2006) is an important instrument towards achieving goals Lisbon Strategy goals in Greece. At funding level, the percentage of 3rd CSF funds allocated to interventions directly related to Lisbon Strategy was estimated at 55% by services of the European Commission[26], that is 5 percentage points above EU average. According to more recent estimates by the CSF MA (MIS Special Service, March 2006) which also take into account data from subsequent CSF reviews, this percentage stands at 52.3%. These figures also determine the country's **baseline situation** in relation to Objective 1 regions.

An equivalent baseline situation does not exist for Objective 2. However, according to the same analysis it appears that, during the 2000-2006 period, the percentage of funds allocated for actions supporting the LS in the regions of Sterea Ellada and the Notio Aigaio,

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[22] This quantitative data constitutes provisional **estimates** of the CSF MA and will be confirmed – validated with the completion of development programming and approval of the OPs.

[23] The budgetary contribution (public expenditure) of the OP Education and Lifelong Learning and of all 5 ROPs is taken into account

[24] This estimation is based on the analysis of "earmarking" and includes the contribution of sectoral OPs and ROPs.

[25] Thematic Evaluation of the Structural Funds' Contributions to the Lisbon Strategy. Danish Technological Institute, February 2005.

[26] Based on a provisional analysis to support the procedure of "earmarking", i.e. the direction of NSRF funds for interventions that contribute to the Lisbon Strategy and the calculation of baseline values.

amounted to 30% on average. Naturally, for these regions, which in 2007-2013 period fall under Objective 2, the EU-15 Member States goal (75%), is unrealistic .

The resources from EU Structural Funds within the framework of the Cohesion Policy continue to constitute a significant inflow for the Greek economy for the programming period 2007-2013. Given the importance of these transfers within the framework of the Cohesion Policy, the NSFR will constitute (as the 3rd CSF) a significant tool to promote the priorities of the Lisbon agenda in Greece.

The analysis included below, in accordance with art. 9.3 of the General Regulation requirements, reveals the country's increase in funding effort towards EU priorities for Growth and Jobs compared to 2000-2006 period.

More specifically, it is estimated that:

- 61,9 % of NSFR Community Contribution for the Convergence Objective (11,7 of a total of 19,4 billion €) and
- 67,0 % of NSFR Community Contribution to the for the Regional Competitiveness and Employment Objective (0,43 of a total of 0,63 billion €),

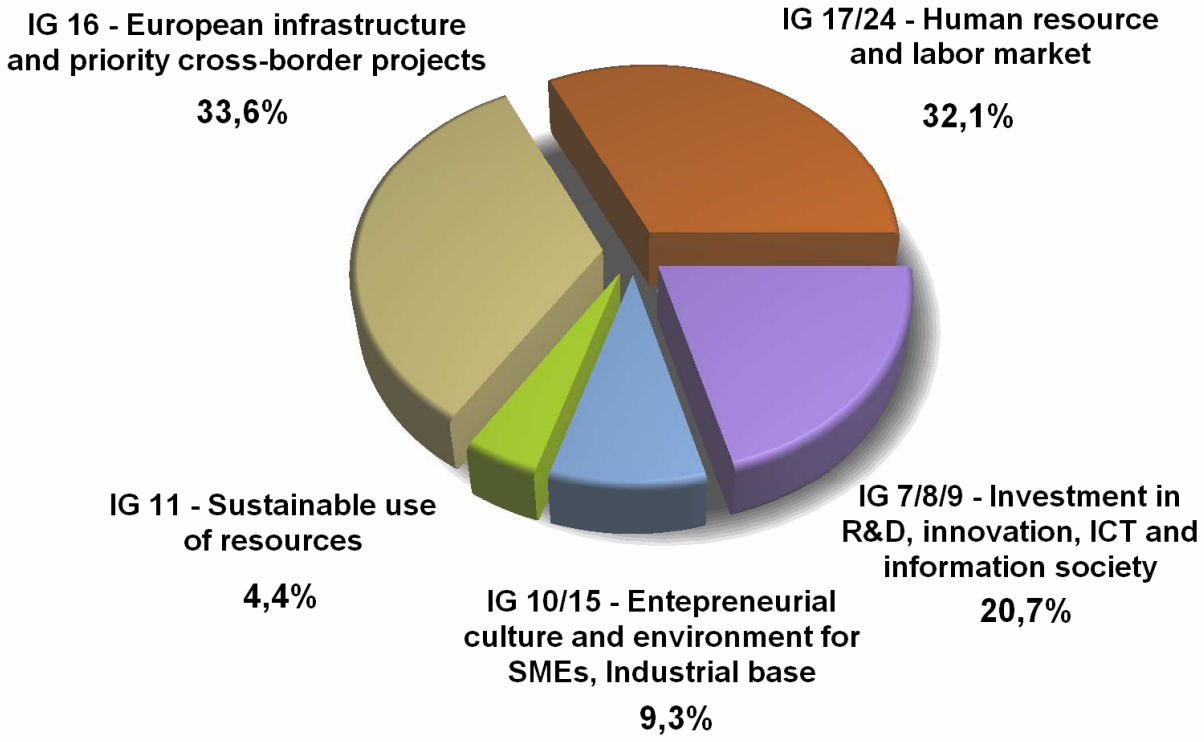
will be earmarked to promote these goals.

Table 81 of Annex V presents both an overview and an objective-specific illustration of the **estimated indicative allocation of community assistance** to the intervention categories contributing to the Lisbon Strategy, in accordance with Annex IV of Regulation 1083/2006. It should be pointed out that the Table may be modified depending on the outcome of negotiations on the Operational Programmes.

Moreover, the contribution of the NSRF in EU priorities on Growth and employment may be illustrated in the relevant funding weight resources allocated in serving Integrated Guidelines for Growth and Employment have in the NSRF, according to the chart below:

DIAGRAM 3 -Percentage allocation of NSRF Community Assistance to Integrated Guidelines for Growth and Employment

(The allocation is based on the codification of intervention categories, using the codes of Annex IV of Reg. EC 1083/2006)



) Based on article 9.3 of the General Regulation, according to which:

> *'….With a view to ensuring that specific national circumstances, including the priorities identified in the national reform programme of each Member State concerned, are taken into account, the Commission and that Member State may decide to complement in an appropriate manner the list of categories of Annex IV.",*

it is proposed that, in the categories of expenditure of Appendix IV of the General Regulation, the following is also taken into account (for Objectives 1 and 2):

Code 75 "Educational infrastructure (including buildings, laboratory-library equipment and other equipment)

It should be noted that code 75 has been taken into account for the "earmarking exercise", resulting in 62.3% and 67% for Objectives 1 and 2 respectively.

Rationale of Proposal

The development of educational infrastructure directly contributes to the achievement of Lisbon Strategy, as it **constitutes a basic precondition** for a qualitative improvement of educational systems, initial vocational training and lifelong learning and contributes to increasing their effectiveness and the establishment of an attractive environment for knowledge and skills.

The choice to cover lack in physical infrastructure of the educational system is a specific objective of Thematic Priority "Knowledge Society and Innovation" of the NSFR and an **integral part of human resources strategy**, as elaborated in OP Education and Lifelong learning.

More specifically, one of the severe problems observed in certain regions of the country is the number of pupils per class. The conditions for close cooperation between teachers and pupils, better assimilation of teaching material, the tackling of increased learning difficulties of many pupils and support of repatriated and immigrant pupils cannot be addressed in classes with many pupils, such as those seen today in many schools, mainly in urban centres. The **reduction of the maximum number of pupils per class promotes the pedagogic and educational process in schools, while it also constitutes a national priority.**

Thereby, the **specific national circumstances** associated with covering the increased needs in physical infrastructure at all levels of education, such as:

- the persistent problem of school housing (schools continue to operate in double shifts, particularly in the country's urban centres),
- the need to provide educational institutions at all levels with necessary equipment, hardware and software to incorporate **Information and Communications Technology (ICT) in the educational processes**.
- the need to expand **laboratory facilities in tertiary education,** as well as the expansion and improvement of **libraries** in Institutes of higher education,

support the above addition, as an integral part of the policies for the implementation of the Lisbon Strategy in the country.

6. OPERATIONAL PROGRAMMES

6.1 NSRF structure of Operational Programmes

The architecture of the NSRF 2007-2013 Operational Programmes was shaped in such a way as to implement in the optimum manner the country's strategic choices, as set out in the previous chapters, whilst also taking into account new data for the programming period 2007-2013 (63% of the country's population in a state of transitional support). At the same time, this choice aims at effectively dealing with planning and implementation difficulties identified in the 2000-2006 programming period.

Thus, the new scheme is characterized by a **smaller number of Operational Programmes than the previous period**: the country's strategic planning for the 2007-2013 period will be implemented through eight (8) Sectoral OPs, five (5) Regional OPs and twelve (12) Territorial Cooperation OPs. Thus, during the period 2007-2013 all accessibility infrastructure projects will be implemented through a **single OP**, while there will no longer be a distinct OP for the sectors of health and culture and the relevant actions will be carried out through the Regional and Sectoral OPs.

Furthermore, a basic feature of the new architecture is the different role of the five Regions of transitional support, and particularly the two Phasing In Regions, compared to the eight pure Objective 1 Regions. The five Regions exceeding predefined levels of development enter in a state of gradual «independence» from community funds: the assistance they receive from structural funds is gradually reduced, so that, in time, they can stand among developed European Regions. However, in order to enable Phasing In Regions to meet the higher challenges ensuing from the Lisbon Startegy, they will be supported with additional national funds (increased national participation in public expenditure).

Given the EU strict financial framework for these Regions and the requirement for their distinct monitoring in the OPs, <u>the overall development planning in these Regions will be implemented through the relevant ROPs, with the exception of the Social Fund due to the mono-fund character of the new OPs.</u> On the contrary, the needs of pure Objective 1 Regions will be covered through the Sectoral as well as Regional OPs with completely distinct appropriations.

This choice reflects the fact that the five Regions of transitional support are called upon to play the key role as to the utilization of the limited and gradually reduced funds allocated to them. At the same time, in this manner it becomes possible to individually monitor transitional appropriations, which account for approximately 43% of total regional allocations for Greece.

Thus, the new OPs take a different approach to the two categories of Regions, the Regions of transitional support and the pure Objective 1 Regions. This differentiation is reflected not only in the allocation of resources among OPs but also in the type of actions that will be implemented through the ROPs.

A brief presentation of the Operational Programmes follows.

6.1.1 Sectoral Operational Programmes

Eight (8) sectoral Operational Programmes are being planned at a national level, for the implementation of the country's development planning, during the 2007-2013 programming period.

A brief description of the OPs is presented here below. Interventions under each OP are indicative:

1. OP «Environment – Sustainable Development»

The main development objectives of the OP «Environment – Suatainable Development» are the protection, upgrade and sustainable development of the environment so that it

constitutes the background for protecting public health, for improving the quality of life of citizens as well as the competitiveness of the Economy.

Key interventions to be implemented within the framework of this OP are: the integrated solid and hazardous waste management and soil protection, the full application of Directive 2000/60 and the management of urban waste waters, the development of measurement and control systems for all sources of atmospheric pollution and the implementation of an action plan aimed at reducing air pollution.

In addition, interventions will be implemented with respect to the development of tools for the planning and implementation of spatial regulations aimed at disseminating RES, the integrated protection and management of habitats, large-scale flood prevention infrastructure, the prevention and effective management of natural and technological disasters through mechanisms and sound practices, and citizen awareness-building.

2. OP «Accessibility Improvement»

The main development objective of the OP «Accessibility Improvement» is the development and modernization of the physical infrastructure and relevant services of the country's transport system.

The OP shall focus on the implementation of interventions as follows:

In the road transport sector emphasis will be placed on the completion of the contruction and upgrading of motorways and sections pending from the previous period, the construction and/or upgrading of motorways and sections in the Trans-European, main inter-regional as well as regional road network.

In the rail transport sector emphasis will be placed on the completion & upgrading of the existing rail network infrastructure & suprastructure with priority given to the TEN-T sections, on signaling, tele-management and telecommunication interventions, as well as on the rail connection of the country's nodal ports and Industrial Zones (VI.PE.).

In the sea transport sector emphasis will be placed on promoting the completion of main ports network and port infrastructureand their interconnection with other Trans-European Networks, as well as on improving existing and creating new port infrastructure with a view to upgrading services and promoting combined transport.

In the air transport sector emphasis will be placed on the expansion, upgrading and modernizing of existing airports, on the construction of new airports, on the installation of Special Systems in airports network and on aeronautics.

In the urban transport sector emphasis will be placed on the completion of the Athens Metro and on urban road works in the Regions of Attiki and Kendriki Makedonia.

Emphasis shall also be placed on the completion and/or extension of the existing Fixed Rail Transport network, on the modernization of old bus depots / construction of new, on the procurement of rolling stock and buses and on the organization of the Public Transport system.

In the field of transport safety, emphasis shall be placed on the application of telematic systems, the improvement of road safety and electronic traffic management, as well as on navigation safety. Emphasis shall also be placed on the improvement of rail traffic management, on the improvement of safety in public transport systems and on the application of ICT systems for the restructuring and administrative modernization of the Hellenic Railways (OSE).

3. OP «Competitiveness and Entrepreneurship»

The main development objective of the OP «Competitiveness and Entrepreneurship» is the improvement of the competitiveness and extroversion of the country's enterprises and production system, with particular emphasis on innovation.

The interventions to be implemented through the OP aim at promoting the country's Research, Development & Innovation (RDI) system and connecting it with the productive sector, as well as at reinforcing the entrepreneurial basis and upgrading quality, including the development of business clusters. They also aim at strengthening entrepreneurship support structures, improving market supervision mechanisms, supporting business and

innovative actions reception facilities/structures and ensuring the country's enegy sufficiency also through the promotion of RES.

4. OP «Digital Convergence»

The OP «Digital Convergence» focuses on the strategic objective «Digital Leap in productivity, Digital Leap in quality of life».

The interventions to be implemented thought this OP aim at promoting ICT in enterprises, re-engineering Public Sector procedures, promoting entrepreneurship in sectors that use ICT, developing public administration digital services for citizens and improving daily life through ICT.

5. OP «Reinforcement of Public Administration Efficiency»

The OP «Reinforcement of Public Administration Efficiency» aims at creating an efficient, open, flexible, citizen-oriented governance serving the transition from the management of responsibilities and procedures to the administration of policies, goods and services.

The development priorities cover two basic fields of public action: 1) public policy and programmes desing and 2) their respective implementation.

Key interventions that will be implemented through this programme are: evaluation and monitoring of public policy implementation, simplification of administrative procedures, organizational and operational re-engineering and administrative regrouping, public administration training and upgrade of the quality of supplied training in practice.

6. OP «Development of Human Resources»

The OP «Development of Human Resources» sets as strategic objectives the creation of conditions for full employment, the improvement of work quality and productivity, the reinforcement of the adaptability of enterprises and workers to the changing conditions of international competition and technological and production developments. It also aims at reinforcing the employment of women, youth, older workers and vulnerable groups and at promoting equal access to the labour market, as well as at reducing social exclusion and strengthening social cohesion.

Key interventions include the implementation of the National System linking Vocational Education and Training to Employment, the modernization of the labour market structures and systems, active labour market policies, measures against undeclared work, individualized support for the unemployed and job seekers and the reinforcement of youth and female employment. The OP also funds the promotion of modern lifelong learning techniques in enterprises, measures for the active ageing of the labour force, targeted and integrated interventions for the inclusion of vulnerable groups into society and the labour market, the development of the Social Economy, the Programme *Psychargos*, de-institutionalisation and the development of re-integration policies for the Disabled.

7. OP «Education and Lifelong Learning»

The OP «Education and Lifelong Learning» focuses on three strategic objectives: investment in the future – improvement of the level of basic competencies of all, reform of the educational system so that lifelong learning become a reality for all and increase the quality and attractiveness of vocational education and training.

Indicative proposed interventions include the redrafting of Curricula, accelerating the rate of integration of new technologies, the restructuring of vocational training, the expansion of Second Opportunity Schools, Adult Education Centres and the Open University, the reinforcement of Institutes of Lifelong Learning, the teacher's training and the reinforcement of teaching for minorities.

8. OP «Technical Assistance»

The OP «Technical Assistance» aims at the implementation of activities related to the preparation, management, monitoring, evaluation, publicity-information and inspection of

the OPs, and actions to reinforce administrative capacity with respect to the implementation of the Funds' interventions.

The OP «Technical Assistance» is co-financed by the ERDF and includes categories of actions falling within the scope of the following two fields of intervention:

1st field of intervention: Support of the executive bodies in the OPs' administration and coordination system for preparation, implementation, monitoring and inspection.

2nd field of intervention: Support of executive bodies in the OPs' administration and coordination system for interventions relating to the preparation of studies and evaluations, as well as interventions relating to information and publicity.

6.1.2 Regional Operational Programmes

Five Regional Operational Programmes (ROP) are planned, at the level of the five spatial entities described in chapter 4.3, for the implementation of the country's development planning during the programming period 2007-2013:

1. ROP –Makedonia-Thraki
2. ROP Dytiki Ellada – Peloponnisos – Ionia Nisia
3. ROP Kriti and Nisia Aigaiou
4. ROP Thessalia – Sterea Ellada - Ipeiros
5. ROP Attiki

The Regional Operational Programmes will contribute to the achievement of national strategic objectives, as described in Chapter 4, in complementarity with the sectoral programmes and with emphasis on the particular characteristics and the needs of each spatial entity / Region, as qualified in the relevant section of the regional strategy (Section 4.3).

Due to the different eligibility status of the Regions covered by the 5 ROPs (pure covergence, phasing out, phasing in), there will be differentiation in the scope of interventions implemented in each group of Regions.

In **any case**, the ROPs for all Regions will cover a common body of interventions as follows:

- social infrastructure,
- health and social solidarity (hospital and social care infrastructure, special units, primary health care centers, specialized equipment, measures for the enhancement and protection of Public Health),
- culture (reinforcement of basic cultural infrastructure, protection and promotion of cultural heritage),
- accessibility and environmental projects at local level,
- policies for sustainable urban development,
- policies towards the strengthening of mountain, disadvantaged and insular areas.

6.1.3 Territorial Cooperation Programmes

Within the framework of the «European Territorial Cooperation» Objective, Greece participates in the implementation of the following 12 OPs.[27]

1. Cross-border Cooperation Programmes

1.1 External borders

[27] The content and the resources of the Ops will be finalized in framework of the consultation process with the partners of the relevant Programmes

Bilateral Cross-border Cooperation (ERDF - IPA)
1. Greece - Albania
2. Greece - FYROM
3. Greece - Turkey

Multilateral Cross-border Cooperation (ERDF - IPA)
4. Adriatic

Multilateral Cross-border Cooperation (ERDF - ENPI)
5. MEDITERRANEAN SEA BASIN
6. BLACK SEA BASIN

1.2 Internal borders
Bilateral Cross-border Cooperation (ERDF)
7. Greece - Italy
8. Greece - Cyprus
9. Greece – Bulgaria

2. Trasnational Cooperation Programmes
10. MEDITERRANEAN SEA BASIN
11. SOUTH EAST EUROPEAN SPACE

3. INTER-REGIONAL COOPERATION PROGRAMME- INTERREG IV C

In addition, through the mechanism of interregional cooperation and urban development networks, Greece will participate in the Regions for EC Initiative.[28]

6.1.4 List of OPs per Objective and Fund

The above analysis is summarized in the Table below, which provides an overview of the Operational Programmes per Objective and Fund.

Taking into account:

a) the strategic choice to form five spatial entities and consequently five Regional Operational Programmes (ROP) which include NUTS II Regions of a different Objective,

b) the strategic choice to reduce the number of OPs and the regulation's strict requirements as to the mono-fund character of the programmes, which led to the exclusive funding of the ROP by the ERDF and, by extension, to the intervention of the ESF in all the Regions,

c) the fact that ESF interventions constitute a coherent national strategy, as for example the actions to improve administrative efficiency and the reform of the educational system,

d) the fact that the potential creation of two ROPs co-financed by the ERDF and another two co-financed by the ESF for the two Objective 2 Regions would perpetuate the administrative complexity of the system,

three (3) Sectoral and two (2) Regional OPs, covering both "Convergence" Objective and "Regional Competitiveness & Employment" Objective (multi-objective programmes), were planned, drawing on the relevant articles of the General Regulation (EC) 1083/2006. In these OPs, the interventions of the "Regional Competitiveness & Employment" Objective in the Regions are set out in a distinct Priority Axis.

In any case, the basic principles of the architecture described in chapt. 6.1, as well as the Management & Control System of the period 2007-2013 ensure efficient monitoring and compliance with funding restrictions for the Regions of the "Regional Competitiveness & Employment" Objective and the sound management of the respective actions.

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[28] European Comission : "Regions for EC, Communication 675 (2006) f8/11/2006

TABLE 7 - Operational Programmes per Objective and Fund

No.	Operational Programme	Fund	Objective
1	Environment – Sustainable Development	ERDF / Cohesion Fund	Convergence
2	Accessibility Improvement	ERDF / Cohesion Fund	Convergence
3	Competitiveness & Entrepreneurship	ERDF	Convergence
4	Digital Convergence	ERDF	Convergence
5	Development of Human Resources	ESF	Convergence / Competitiveness
6	Education & Life-Long learning	ESF	Convergence / Competitiveness
7	Reinforcement of Public Administration Efficiency	ESF	Convergence / Competitiveness
8	Technical Assistance	ERDF	Convergence
9	Makedonia - Thraki	ERDF	Convergence
10	Dytiki Ellada – Peloponnisos – Ionia Nisia	ERDF	Convergence
11	Kriti and Nisia Aigaiou	ERDF	Convergence / Competitiveness
12	Thessalia – Sterea Ellada - Ipeiros	ERDF	Convergence / Competitiveness
13	Attiki	ERDF	Convergence
14–25	12 Operational Programmes	ERDF	Territorial Cooperation

Finally, Greece intends to use the **National Contingency Reserve (NCR)**. The NCR will be financed with funds corresponding to 1% of appropriations for regional convergence and will constitute a special national Programme. Its strategic objective is to deal with unforeseen local or sectoral crises of the labour market linked to the economic and social restructuring or to the consequences of trade deregulation.

A decision taken jointly with the European Commission will determine whether the final planning of the intervention will lead to a change in the community financing instrument.

6.2 Consistency between the OPs and NSRF

The consistency between the Operational Programmes of the NSRF 2007-2013 and the thematic and territorial priorities of the development strategy is extensive and the links between the OPs and the general objectives (G.O.) that qualify each priority are apparent. At first level, this consistency already arises from the brief description of the OPs in paragraph 6.1.

More specifically, the contribution - based on strategic directives and goal-setting – of each OP (exept OP "Technical Support", which has a supportive character) to the implementation of NSRF general objectives is set out, in overview, in the consistency Matrix below (Table 8).

The following summarises briefly the approach expressed above:

- OP "Competitiveness and Entrepreneurship" and all ROPs contribute mainly to the thematic priority **Investment in the productive sector of the economy** (G.O. 1-3) while the remaining OPs contribute indirectly.
- OP "Competitiveness and Entrepreneurship", "Digital Convergence", "Education and Lifelong Learning", "Reinforcement of Public Administration Efficiency" and all ROPs contribute to thematic priority **Knowledge Society and Innovation** (G.O. 4-6).
- OP "Development of Human Resources", as well as the OPs "Competitiveness and Entrepreneurship", "Reinforcement of Public Administration Efficiency", "Environment – Sustainable Development" and "Digital Convergence" contribute mainly to the thematic priority **Employment and Social Cohesion** (G.O. 7-11) while indirect contributions are made by the OP Education and OP Accessibility. The ROPs contribute primarily to

promotion of Health –a basic element of the thematic priority – and to G.O. 11, while making an indirect contribution to G.O. 7.

- OP "Reinforcement of Public Administration Efficiency" and "Digital Convergence" contribute directly to thematic priority **Institutional Framework** (G.O. 12).
- All ROPs and sectoral OPs contribute directly to thematic priority **Attractiveness of Greece and Regions as places to invest, work and live** (G.O. 13-17) with the exception of OP Education and OP Development of Human Resources.

TABLE 8 - Consistency of the NSRF general objectives with the Operational Programmes

	GENERAL OBJECTIVES OF THEMATIC PRIORITIES	ENVI-ONMENT/SUSTAINABLE DEVELOP-mENT	ACCESSIBI-LITY IMPROVE-MENT	COMPETITI-VENESS & ENTREPRE-NEURSHIP	DIGITAL CONVER-GENCE	REINFORCE-MENT OF PUBLIC ADMINISTRATION EFFICIENCY	DEVELOP-MENT OF HUMAN RESOURCES	EDUCATION & LIFELONG LEARNING	- MAKEDONIA-THRAKI	THESSALIA/ STEREA ELLADA / IPEIROS	DYTIKI ELLADA PELOPONNISOS/IONIA NISSIA	ATTIKI	KRITI & NISSIA AIGAIOY
1	Increase extroversion and FDI inflow		(●)	●	(●)	(●)	(●)		●	●	●	●	●
2	Develop entrepreneurship and increase productivity	(●)		●	(●)	●	(●)	(●)	●	●	●	●	●
3	Diversify the country's tourist product	(●)	(●)	●			(●)		●	●	●	●	●
4	Improve the quality and the intensity of investments made in human resources to upgrade the Greek educational system							●	●	●	●	●	●
5	Reinforce Research & Technology and promote Innovation in all sectors as a key factor for restructuring Greek economy and transition to the Knowledge Economy			●	(●)			●	●	●	●	●	●
6	Achieve the country's digital convergence through the integration and systematic use of Information and Communication Technology (ICT) in social and economic activity fields			(●)	●	●			●	●	●	●	●
7	Reinforce the adaptability of workers and enterprises						●		(●)	(●)		(●)	(●)
8	Enhance access to employment						●	(●)					
9	Promote Social Inclusion		(●)				●		●	●	●	●	●
10	Establish an efficient and economically sustainable Health system, that will offer quality tailor-made services to citizens and will focus on the on-going improvement of prevention and care services				●	(●)	●		●	●	●	●	●
11	Enhance the economic, social and development aspect of gender equality issues by linking them directly to the leading national political priorities (development – employment – social cohesion)			(●)		●	●		●	●	●	●	●
12	Improve the quality of national policies and their effective implementation so as to facilitate entrepreneurial action and upgrade citizen's quality of life				●	●							
13	Develop and modernize physical infrastructure and relevant services of the country's transport system		●			(●)			●	●	●	●	●
14	Supply energy of the country safely, within the framework of sustainability	●		●		(●)			●	●	●	●	●
15	Sustainably manage the environment	●		●		(●)			●	●	●	●	●
16	Implement an effective environmental policy	●				●		(●)	●	●	●	●	●
17	Promote Culture as a vital factor of the country's economic growth	●		●	●		(●)		●	●	●	●	●

● : Estimated direct and significant contribution – synergy , (●) : estimated indirect contribution

6.3 Complementarity between NSRF and "ESSAA – ESSAAL" and main demarcation principles

The National Strategic Plan for Rural Development (ESSAA) and the National Strategic Plan for Fisheries (ESSAAL) constitute the two programming documents that describe the country's strategy for the development of the agricultural sector and rural areas, as well as the fisheries sector and fisheries areas.

The chosen strategy will be implemented through two Operational Programmes: the Rural Development Programme 2007-2013 (PAA), co-financed by the European Agricultural Fund for Rural Development (EAFRD), and the OP Fisheries 2007-2013 (EPAL), co-financed by the European Fisheries Fund (EFF).

The strategy and objectives of the two programming documents and corresponding OPs are entirely coherent and complementary with the NSRF and the OPs to be financed by the Structural Funds during the 4th Programming Period.

The two Programmes (PAA and EPAL) include three common areas of intervention that aim at:

- the improvement of competitiveness in the primary sector (agriculture – fisheries)
- the protection of the environment and sustainable management of resources
- the diversification of the economies of rural areas and areas that rely on fisheries.

During the 4th Programming period, through both Structural Funds and EAFRD (mainly), attempts are made to ensure the proper conditions required for a smooth transition of rural areas to the new situation created by the revision of the Common Agricultural Policy (CAP) and the necessary fishing limitations in member states for the protection of the sea environment. If rural areas are to adapt to the new situation and reduce dependency in terms of employment and income, they cannot rely only on the resources of the two Funds (EAFRD and EFF) and significant resources will have to be allocated by Structural Funds and the Cohesion Fund.

The improvement of physical and technological accessibility structures constitutes a necessary precondition for the reduction of transport costs of agricultural products from production areas to the final markets, both domestic and abroad. Consequently, all interventions related to the upgrading and creation of transport infrastructure in rural areas will be covered by the ERDF and the Cohesion Fund.

At the same time, NSRF interventions aimed at the expansion of broadband networks over the entire country will contribute to narrowing the gap between urban and rural regions in the use of Information and Communication Technology (ICT).

Equally significant is the contribution of EAFRD interventions in achieving the priorities of national environmental policy for the soil, water and sensitive ecological regions protection, through the agro-environmental actions of Priority Axis 2 of the PAA "Improvement of the Environment and Countryside" as well as the achievement of the Kyoto objectives (forest environmental measures) within the framework of the same Priority Axis.

Interventions aimed at the creation/extension/upgrading of solid and liquid waste management and at the supply of drinking water in rural areas will be financed by the ERDF and the Cohesion Fund.

The diversification of the economies of agricultural, rural and fisheries regions as well as the improvement of the quality of life of their inhabitants will be served by all Funds. The adoption of demarcation criteria between these similar groups of actions must reflect the priorities of the distinct policies of each Fund (regional policy, rural development policy, fisheries policy), all of which however are influenced by the spatial dimension. Nevertheless, the adoption of the «spatial - geographic» criterion as the sole demarcation criterion of Funds' actions becomes prohibitive with respect the large expanse of rural areas, the length of coastlines and the multitude of islands, given that the EAFRD and EFF resources do not suffice to adequately cover the needs of regions, where said funds intervene with similar actions.

Consequently the demarcations criteria for similar actions to be supported by the various funds in rural and fisheries areas constitute a combination of spatial – geographic, economic and administrative criteria, linked in particular to:

- the scale and budget of projects
- the type of final beneficiaries for small public works
- the professional identity of potential beneficiaries (e.g. farmers and fishermen), the type of inverstment (e.g. creation or modernization), the sector of economic activity, and the region of intervention of Priority Axis 3 «Quality of life in rural areas and diversification of rural economy » and Priority Axis 4 «LEADER Approach» of thePAA (RDP), as well as Priority Axis 4 «LEADER Approach» of the O.P. Fisheries 2007 -2013, for state aid regimes.
- the nature and the specific objectives of projects. The following are indicative demarcation ares:
  - interventions for the protection and enhancement of the agricultural/fisheries cultural heritage can be exclusively supported by EAFRD or EFF respectively,
  - interventions for the improvement of infrastructure with respect to health-care and education can be exclusively supported by ERDF,
  - interventions with respect to culture, aimed at the protection and enhancement of monuments and archeological sites mainly located in rural areas can be supported by the ERDF,
  - interventions in the field of the environment with respect to Natura 2000 areas will be supported by ERDF, with the exception of income support to producers to be covered by EAFRD, according to the provisions of the DG Environment technical manual. As for water resources, any action with respect to land reclamation and irrigation (infrastructure, water management) will be financed by EAFRD, while remaining interventions will be covered by ERDF.

The above are indicative demarcation areas and will be further qualified within Operational Programmes.

The reinforcement of the decentralized network of Social Support Services in rural areas through ESF actions contributes to the reinforcement of employment and strengthening of social cohesion.

The sectoral priorities of the two Programmes for the improvement of competitiveness of the primary sector aim to serve the central strategic objective of NSRF " Greece in the new period 2007-2013 aims at becoming an outward looking country with a strong international presence: productive, competitive and with emphasis on quality and innovation" and the Thematic Priority "Investment in the productive sector of the economy", given that the primary sector accounts for a significant part of Greek exports.

The synergy, complementarity and consistency between the general objectives of the ESSAA and ESSAAL and the thematic and territorial priorities of the NSRF is set out in the table below.

TABLE 9 - Correlation between PAA (RDP) /EPAL priority axes and NSRF thematic priorities

NSRF THEMATIC PRIORITIES		INVESTMENT IN THE PRODUCTIVE SECTOR OF THE ECONOMY	INSTITUTIONAL ENVIRONMENT	KNOWLEDGE SOCIETY AND INNOVATION	EMPLOYMENT AND SOCIAL COHESION	APPEAL OF GREECE AND GREEK REGIONS AS A DESTINATION FOR INVESTING, WORKING AND LIVING	SPATIAL DIMENSION
RURAL DEVELOPMENT PRIORITY AXES	IMPROVING COMPETITIVENESS IN AGRICULTURAL AND FORESTRY	•		(•)	(•)	•	
	IMPROVING THE ENVIRONMENT AND THE COUNTRYSIDE					•	
	QUALITY OF LIFE IN RURAL AREAS AND DIFFERENTIATION OF RURAL ECONOMY	•			(•)		•
	LEADER APPROACH	•					•
FISHERIES PRIORITY AXES	MARINE FISHERIES						
	FISH FARMING - PROCESSING AND MARKETING OF FISH PRODUCTS	•				•	
	BRANCH STRUCTURE & ECONOMIC ENVIRONMENT - MEASURES OF COLLECTIVE INTEREST TO THE SECTOR						
	SUSTAINABLE DEVELOPMENT OF FISHING AREAS	•		(•)		•	•
	HUMAN RESOURCES & COMMUNITY POLICIES				(•)	•	
	SOUND MANAGEMENT OF COMMON FISHERIES POLICY					•	

According to the table, the Thematic Priority "Investment in the productive sector of the economy" has a direct and significant coherence and synergy with:

- Priority Axis 1 "Improvement of competitiveness in agriculture and the forest sector", a General Objective of the PAA, and
- Priority Axis 3 "Quality of life in rural areas and diversification of rural economy" and Axis 4 "Leader Approach", mainly due to the actions linked to the upgrade of the country's tourism product.

The Thematic Priority "Investment in the productive sector of the economy" exhibits direct coherence and synergy with Priority Axis 2 "Mariculture –manufacturing and merchandising of fisheries products" and 4 "Sustainable development of areas that rely on fisheries" through EPAL.

Thematic Priority "Knowledge Society and innovation" exhibits indirect synergy with Priority Axis 1 of the PAA "Improvement of competitiveness in agriculture and the forest sector", mainly through included measures for the introduction of innovation in agricultural production. There is also indirect synergy with Priority Axis 3 of the EPAL "Structure of the sector & economic environment – measures of collective interest" which foresees the strenghthening of innovative actions.

Indirect synergy is also identified between the Thematic Priority "Employment and social cohesion" and Priority Axis 1 "Improvement of competitiveness in agriculture and the forest sector", 3 "Quality of life in rural regions and diversification of rural economy" of the PAA and 5 "Human resources & community policies" of the EPAL, as these axis include training of farmers and fishermen.

Thematic Priority "Attractiveness of Greece and the regions as places to invest, work and live" exhibits direct synergy with Priority Axis 1 "Improvement of competitiveness in agriculture and the forest sector" και 2 "Improvement of the environment and countryside" of the PAA as well as with Priority Axes 2 "Mariculture –manufacturing and merchandising of fisheries products", 4 "Sustainable development of areas that rely on fisheries", 5 "Human resources & community policies" and 6 "Sound management of Common Fisheries Policy CFP" of the EPAL, as all actions relate to the incorporation of environmental protection in agricultural and fisheries activities.

Finally, a strong spatial dimension appears in Priority Axis 3 "Quality of life in rural regions and diversification of rural economy" and 4 «Leader Approach» of the PAA as well as in Priority Axis 4 "Sustainable development of areas that rely on fisheries" of EPAL.

6.4 Indicative annual allocation per OP (Community Contribution)

The following tables provide the indicative annual allocation from each Fund per OP for the entire NSRF and for the objectives "Convergence" and "Regional Competitivenss & Employment".

TABLE 10 -Indicative annual allocation per OP for the entire NSRF

Amounts in €, current prices

	PROGRAMME – NSRF TOTAL	FUND	2007	2008	2009	2010	2011	2012	2013	TOTAL
1	**OP Environment – Sustainable Development**	ERDF	29.592.630	30.184.482	30.788.172	31.403.936	32.032.014	32.672.655	33.326.111	220.000.000
1	**OP Environment – Sustainable Development**	CF	212.528.891	216.779.468	221.115.057	225.537.358	230.048.107	234.649.069	239.342.050	1.580.000.000
1	***OP Environment – Sustainable Development***	*TOTAL*	*242.121.521*	*246.963.950*	*251.903.229*	*256.941.294*	*262.080.121*	*267.321.724*	*272.668.161*	*1.800.000.000*
2	**OP Accessibility Improvement**	ERDF	225.609.683	230.121.881	221.534.894	222.124.385	225.363.294	228.692.588	229.553.275	1.583.000.000
2	**OP Accessibility Improvement**	CF	284.783.449	290.479.119	296.288.701	302.214.475	308.258.763	314.423.939	320.712.418	2.117.160.864
2	***OP Accessibility Improvement***	*TOTAL*	*510.393.132*	*520.601.000*	*517.823.595*	*524.338.860*	*533.622.057*	*543.116.527*	*550.265.693*	*3.700.160.864*
3	**OP Competitiveness and Entrepreneurship**	ERDF	173.654.935	177.128.034	180.670.594	184.284.008	187.969.686	191.729.080	195.563.663	1.291.000.000
4	**OP Digital Convergence**	ERDF	115.680.282	117.993.887	120.353.765	122.760.840	125.216.060	127.720.380	130.274.786	860.000.000
5	**OP Human Resources Development**	ESF	348.650.828	340.015.809	330.895.935	321.275.253	311.137.390	306.490.830	301.533.955	2.260.000.000
6	**OP Education and Life-Long Learning**	ESF	222.149.202	216.647.243	210.836.346	204.706.354	198.246.830	195.286.194	192.127.831	1.440.000.000
7	**OP Reinforcement of Public Administration Efficiency**	ESF	77.906.490	75.976.984	73.939.135	71.789.380	69.524.064	68.485.786	67.378.161	505.000.000
8	**OP Technical Assistance**	ERDF	25.826.295	26.342.821	26.869.677	27.407.075	27.955.212	28.514.317	29.084.603	192.000.000
9	**ROP Makedonia - Thraki**	ERDF	430.161.700	415.463.615	400.005.543	383.762.961	366.710.676	348.822.792	330.072.713	2.675.000.000
10	**ROP Dytiki Ellada– Peloponnisos – Ionia Nisia**	ERDF	122.943.932	125.402.806	127.910.860	130.469.081	133.078.461	135.740.029	138.454.831	914.000.000

	PROGRAMME – NSRF TOTAL	FUND	2007	2008	2009	2010	2011	2012	2013	TOTAL
11	**ROP Kriti & Nisia Aigaiou**	ERDF	146.446.064	138.022.627	129.203.671	119.976.747	110.329.064	112.535.646	114.786.359	871.300.178
12	**ROP Thessalia – Sterea Ellada -Ipeiros**	ERDF	225.137.389	199.944.406	173.653.649	146.231.279	117.642.556	119.995.406	122.395.315	1.105.000.000
13	**ROP Attiki**	ERDF	416.821.712	398.591.947	365.471.061	345.938.110	325.475.971	304.055.293	281.645.906	2.438.000.000
14	**OP TERRITORIAL COOPERATION**	ERDF	27.574.653	28.224.118	28.988.463	29.874.024	30.783.410	31.611.174	32.459.737	209.515.579
15	**NATIONAL CONTINGENCY RESERVE**	ESF	0	0	27.184.623	30.772.421	31.780.082	32.767.748	36.295.529	158.800.403
	TOTAL (BY FUND)	ERDF	1.939.449.275	1.887.420.624	1.805.450.349	1.744.232.446	1.682.556.404	1.662.089.360	1.637.617.299	12.358.815.757
		ESF	648.706.520	632.640.036	642.856.039	628.543.408	610.688.366	603.030.558	597.335.476	4.363.800.403
		CF	497.312.340	507.258.587	517.403.758	527.751.833	538.306.870	549.073.008	560.054.468	3.697.160.864
	GRAND TOTAL NSRF 2007 – 2013		**3.085.468.135**	**3.027.319.247**	**2.965.710.146**	**2.900.527.687**	**2.831.551.640**	**2.814.192.926**	**2.795.007.243**	**20.419.777.024**
	GRAND TOTAL ESSAA 2007 - 2013	EAFRD	461.376.206	463.470.078	453.393.090	452.018.509	631.768.186	626.030.398	619.247.957	3.707.304.424
	GRAND TOTAL ESSAAL 2007 - 2013	EFF	30.260.710	30.102.447	29.925.751	29.729.945	29.514.336	29.278.211	29.020.837	207.832.237

TABLE 11 -Indicative annual allocation per OP for the «Convergence» Objective

All amounts are in €, current prices

	OP – CONVERGENCE OBJECTIVE	FUND	2007	2008	2009	2010	2011	2012	2013	TOTAL
1	**OP Environment – Sustainable Development**	ERDF	29.592.630	30.184.482	30.788.172	31.403.936	32.032.014	32.672.655	33.326.111	220.000.000
1	**OP Environment – Sustainable Development**	CF	212.528.891	216.779.468	221.115.057	225.537.358	230.048.107	234.649.069	239.342.050	1.580.000.000
1	**OP Environment – Sustainable Development**	*TOTAL*	*242.121.521*	*246.963.950*	*251.903.229*	*256.941.294*	*262.080.121*	*267.321.724*	*272.668.161*	*1.800.000.000*
2	**OP Accessibility Improvement**	ERDF	225.609.683	230.121.881	221.534.894	222.124.385	225.363.294	228.692.588	229.553.275	1.583.000.000
2	**OP Accessibility Improvement**	CF	284.783.449	290.479.119	296.288.701	302.214.475	308.258.763	314.423.939	320.712.418	2.117.160.864
2	***OP Accessibility Improvement***	*TOTAL*	*510.393.132*	*520.601.000*	*517.823.595*	*524.338.860*	*533.622.057*	*543.116.527*	*550.265.693*	*3.700.160.864*
3	**OP Competitiveness & Entrepreneurship**	ERDF	173.654.935	177.128.034	180.670.594	184.284.008	187.969.686	191.729.080	195.563.663	1.291.000.000
4	**OP Digital Convergence**	ERDF	115.680.282	117.993.887	120.353.765	122.760.840	125.216.060	127.720.380	130.274.786	860.000.000
5	**OP Human Resources Development**	ESF	325.056.903	321.516.483	317.704.428	313.611.279	309.227.326	304.542.564	299.546.724	2.191.205.707
6	**OP Education and Life-Long Learning**	ESF	207.115.905	204.860.061	202.431.138	199.823.114	197.029.798	194.044.821	190.861.631	1.396.166.468
7	**OP Reinforcement of Public Administration Efficiency**	ESF	72.634.396	71.843.285	70.991.475	70.076.855	69.097.258	68.050.443	66.934.112	489.627.824
8	**OP Technical Assistance**	ERDF	25.826.295	26.342.821	26.869.677	27.407.075	27.955.212	28.514.317	29.084.603	192.000.000
9	**ROP Makedonia - Thraki**	ERDF	430.161.700	415.463.615	400.005.543	383.762.961	366.710.676	348.822.792	330.072.713	2.675.000.000
10	**ROP Dytiki Ellada– Peloponnisos – Ionia Nisia**	ERDF	122.943.932	125.402.806	127.910.860	130.469.081	133.078.461	135.740.029	138.454.831	914.000.000
11	**ROP Kriti & Nisia Aigaiou**	ERDF	98.328.239	100.294.806	102.300.703	104.346.714	106.433.648	108.562.322	110.733.568	731.000.000
12	**ROP Thessalia – Sterea Ellada - Ipeiros**	ERDF	99.269.823	101.255.221	103.280.327	105.345.930	107.452.849	109.601.906	111.793.944	738.000.000
13	**ROP Attiki**	ERDF	416.821.712	398.591.947	365.471.061	345.938.110	325.475.971	304.055.293	281.645.906	2.438.000.000

	OP – CONVERGENCE OBJECTIVE	FUND	2007	2008	2009	2010	2011	2012	2013	TOTAL
15	**NATIONAL CONTINGENCY RESERVE**	ESF	0	0	27.184.623	30.772.421	31.780.082	32.767.748	36.295.529	158.800.403
	TOTAL (BY FUND)	ERDF	1.737.889.231	1.722.779.500	1.679.185.596	1.657.843.040	1.637.687.871	1.616.111.362	1.590.503.400	11.642.000.000
		ESF	604.807.204	598.219.829	618.311.664	614.283.669	607.134.464	599.405.576	593.637.996	4.235.800.402
		CF	497.312.340	507.258.587	517.403.758	527.751.833	538.306.870	549.073.008	560.054.468	3.697.160.864
	GRAND TOTAL		**2.840.008.775**	**2.828.257.916**	**2.814.901.018**	**2.799.878.542**	**2.783.129.205**	**2.764.589.946**	**2.744.195.864**	**19.574.961.266**

TABLE 12 - Indicative annual allocation per OP for the «Regional Competitiveness & Employment» Objective

All amounts are in €, current prices

	PROGRAMME – COMPETITIVENESS OBJECTIVE	FUND	2007	2008	2009	2010	2011	2012	2013	TOTAL
5	**OP Human Resources Development**	ESF	23.593.925	18.499.326	13.191.507	7.663.974	1.910.064	1.948.266	1.987.231	68.794.293
6	**OP Education and Life-Long Learning**	ESF	15.033.297	11.787.182	8.405.208	4.883.240	1.217.032	1.241.373	1.266.200	43.833.532
7	**OP Reinforcement of Public Administration Efficiency**	ESF	5.272.094	4.133.699	2.947.660	1.712.525	426.806	435.343	444.049	15.372.176
11	**ROP Kriti & Nisia Aigaiou**	ERDF	48.117.825	37.727.821	26.902.968	15.630.033	3.895.416	3.973.324	4.052.791	140.300.178
12	**ROP Thessalia – Sterea Ellada -Ipeiros**	ERDF	125.867.566	98.689.185	70.373.322	40.885.349	10.189.707	10.393.500	10.601.371	367.000.000
	TOTAL (BY FUND)	ERDF	173.985.391	136.417.006	97.276.290	56.515.382	14.085.123	14.366.824	14.654.162	507.300.178
		ESF	43.899.316	34.420.207	24.544.375	14.259.739	3.553.902	3.624.982	3.697.480	128.000.001
		CF	0	0	0	0	0	0	0	0
	GRAND TOTAL		**217.884.707**	**170.837.213**	**121.820.665**	**70.775.121**	**17.639.025**	**17.991.806**	**18.351.642**	**635.300.179**

6.5 Structural Funds regional allocation

An important feature in the drawing up of the NSRF's OPs was the MEF's care to ensure a balanced regional distribution of Structural Funds resources, in accordance with the European Council of December 2005 decisions, officially communicated by Commissioner Huebner in her letter of August 2006.

Thus, choices made as to the structure of the NSRF in OPs (see chapt. 6.1) ensure that overall appropriations for each category of regions are respected.

Furthermore, for each transitional support region the ERDF part is guaranteed within distinct Priority Axes in the relevant ROPs, while for the ESF part there are guidelines to the three OPs as to the allocations for each of the five Regions.

Finally, there is an on-going monitoring of the OP's planning and drawing up procedure and particular care is taken so that the distribution of funds among pure objective 1 regions, which will ensue upon completion of the OPs elaboration and negotiation procedure, remains in the spirit of the indicative allocations per Region contained in the letter of Commissioner Huebner.

The table below gives an overview of the allocation per OP and Fund of the appropriations corresponding to the three distinct categories of Regions (pure Objective 1, phasing out and phasing in).

TABLE 13 - ERDF/ESF allocation in the three categories of regions

€, current prices

	PROGRAMME	FUND	TOTAL	OBEJCTIVE 1	PHASING OUT	PHASING IN
1	**OP Environment – Sustainable Development**	ERDF	220.000.000	220.000.000		
2	**OP Accessibility Improvement**	ERDF	1.583.000.000	1.583.000.000		
3	**OP Competitiveness & Entrepreneurship**	ERDF	1.291.000.000	1.291.000.000		
4	**OP Digital Convergence**	ERDF	860.000.000	860.000.000		
5	**OP Human Resources Development**	ESF	2.260.000.000	1.245.284.185	945.921.522	68.794.293
6	**OP Education and Life-Long Learning**	ESF	1.440.000.000	793.455.410	602.711.058	43.833.532
7	**OP Reinforcement of Public Administration Efficiency**	ESF	505.000.000	278.260.404	211.367.420	15.372.176
8	**OP Technical Assistance**	ERDF	192.000.000	192.000.000		
9	**ROP Makedonia – Thraki**	ERDF	2.675.000.000	480.000.000	2.195.000.000	
10	**ROP Dytiki Ellada– Peloponnisos – Ionia Nisia**	ERDF	914.000.000	914.000.000		
11	**ROP Kriti & Nisia Aigaiou**	ERDF	871.300.178	731.000.000		140.300.178
12	**ROP Thessalia – Sterea Ellada -Ipeiros**	ERDF	1.105.000.000	738.000.000		367.000.000
13	**ROP Attiki**	ERDF	2.438.000.000		2.438.000.000	
15	**NATIONAL CONTINGENCY RESERVE**	ESF	158.800.403	94.246.328	64.554.075	
	TOTAL (BY FUND)	ERDF	12.149.300.178	7.009.000.000	4.633.000.000	507.300.178
		ESF	4.363.800.403	2.411.246.327	1.824.554.075	128.000.001
		TOTAL	**16.513.100.581**	**9.420.246.327**	**6.457.554.075**	**635.300.179**
	EUROPEAN COUNCIL DECISIONS (12/2005)		**16.513.100.581**	**9.420.246.327**	**6.457.554.075**	**635.300.179**

7. ADDITIONALITY

7.1 The ex-ante estimation of additionality

The following table presents the annual average national eligible public expenditure for the period 2000-2005 in 2006 prices for all Convergence regions (Objective 1) and the corresponding average expenditures estimated to be achieved during the period 2007-2013.

The annual average eligible public expenditure for the period 2000-2005 amounts to **8.338.895.113 euros** (in 2006 prices).

The ex ante estimation of the corresponding annual average for the period 2007-2013 amounts to **8.660.610.907 Euro** (in 2006 prices). This amount covers the threshold of the Additionality Principle provided for in Regulation 1083/2006. It corresponds to a **4% increase** in relation to the average level of public expenditure for the period 2000-2005.

Both the real results of the period 2000-2006 –officially confirmed by the European Commission- and the ex-ante estimation for the period 2007-2013 were drawn with the use of the agreed methodology. Estimates are based, among others, on forecasts for an annual average rate of increase of expenditures that take fully into account the Stability and Growth Pact.

7.2 Mid-term verification of additionality

The European Commission will verify the respect of the additionality principle in 2011 in cooperation with the Member State. The additionality principle is considered verified if the annual average national eligible expenditure during the period 2007-2010 amounts to at least the ex ante level of expenditure agreed upon.

Based on the European Commission's working document on Additionality, the Greek Authorities must provide the relevant information in accordance with the following timetable:

- By 31 July 2011 at the latest: submission of total and annual tables with the final data for the years 2007-2009, as well as provisional data for the year 2010
- By 31 October 2011 at the latest: if necessary, methodological corrections based on European Commission's comments
- By 31 December 2011 at the latest: deadline for submission of any additional information.

If the level of expenditure determined is not reached or the economic situation of the interested Member State has changed, the Commission may decide after consultations with the Member State to revise the level of expenditure required to satisfy the principle of additionality. The mid-term verification constitutes an opportunity for the Greek Authorities, in consultation with the European Commission, to revise the level of expenditure that has been set for the remaining period, in case that the economic situation and forecasts make it necessary.

The Greek Authorities will inform the Annual Conference of OP Monitoring Committees Presidents concerning the results of the verification.

7.3 Verification of additionality at the end of the period

Verification at the end of the period will take place before 30th July 2016. The principle of additionality will be considered verified if the annual average national eligible expenditure during the period 2007-2013 has reached at least the ex ante or revised mid-term level of expenditure agreed upon.

The Greek Authorities must provide the relevant information in accordance with the following time schedule:

- By 31 January 2016 at the latest: submission of total and annual tables with the final data for the years 2007-2013
- By 31 March 2016 at the latest: if necessary, methodological corrections based on European Commission's comments
- By 30 July 2016 at the latest: deadline for submission of any additional information.

Should the Greek Authorities fail to adequately document the verification of additionality by 30th July 2016, it will be deemed as a non compliance with the additionality principle ensuing in financial corrections which may amount to 5% of the Structural Funds contribution for the Convergence objective.

TABLE 14 - Ex-ante estimation of Additionality

Summary Financial Table for Public or Equivalent Structural Expenditures in Convergence Regions (in EUR, 2006 values)												
	ANNUAL AVERAGE 2000-2005						ANNUAL AVERAGE ESTIMATE NSRF 2007-2013 (EX ANTE ESTIMATION)					
	TOTAL PUBLIC EXPENDITURE	PUBLIC COMPANIES %	COMMUNITY SUPPORT FRAMEWORK (CSF)/ SINGLE PROGRAMMING DOCUMENT (SPD)		NON - CSF/SPD	TOTAL	TOTAL PUBLIC EXPENDITURE	PUBLIC COMPANIES %	NATIONAL STRATEGIC FRAMEWORK (NSRF)		NON - NSRF	TOTAL
	NATIONAL AND E.U.	NATIONAL AND E.U.	E.U.	NATIONAL	NATIONAL	NATIONAL	NATIONAL AND E.U.	NATIONAL AND E.U.	E.U.	NATIONAL	NATIONAL	NATIONAL
	2=4+5+6	3	4	5	6	7=5+6=2-4	8=10+11+12	9	10	11	12	13=11+12=8-10
1.BASIC INFRASTRUCTURES	**5.171.766.216**	**1.380.113.452**	**730.826.206**	**524.644.585**	**3.916.295.425**	**4.440.940.010**	**5.648.953.320**	**1.521.876.557**	**1.146.182.819**	**579.305.644**	**3.923.464.857**	**4.502.770.501**
TRANSPORT	3.696.740.146	721.598.492	557.655.734	440.380.202	2.698.704.210	3.139.084.412	3.764.048.451	795.719.965	623.429.134	315.094.600	2.825.524.717	3.140.619.317
TELECOMMUNICATIONS (AND INFORMATION SOCIETY)	73.314.680	63.710.293	18.695.447	6.823.359	47.795.874	54.619.233	345.083.113	70.254.515	154.396.362	78.035.268	112.651.483	190.686.751
ENERGY	552.214.984	466.914.650	56.419.907	36.125.879	459.669.198	495.795.077	608.316.981	514.875.396	58.539.391	29.587.077	520.190.513	549.777.590
ENVIRONMENT AND WATER	526.182.052	48.840.758	41.280.297	18.416.592	466.485.163	484.901.755	576.757.404	53.857.605	255.891.978	129.333.353	191.532.073	320.865.426
HEALTH	323.314.354	79.049.259	56.774.821	22.898.553	243.640.980	266.539.533	354.747.371	87.169.076	53.925.954	27.255.346	273.566.071	300.821.417
2. HUMAN RESOURCES	**2.425.273.596**	**143.916.981**	**402.510.055**	**147.143.179**	**1.875.620.362**	**2.022.763.541**	**2.696.057.054**	**158.699.909**	**551.254.473**	**278.615.962**	**1.866.186.619**	**2.144.802.581**
EDUCATION	1.837.078.228	0	239.280.169	86.499.265	1.511.298.794	1.597.798.059	1.923.298.421	0	241.641.583	122.130.895	1.559.525.943	1.681.656.838
TRAINING	347.391.263	143.916.981	141.454.134	47.559.033	158.378.096	205.937.129	508.971.652	158.699.909	237.950.834	120.265.510	150.755.308	271.020.818
RESEARCH AND TECHNOLOGY	240.804.105	0	21.775.752	13.084.881	205.943.472	219.028.353	263.786.981	0	71.662.056	36.219.557	155.905.368	192.124.925
3. PRODUCTION ENVIRONMENT	**683.102.677**	**19.290.625**	**194.430.245**	**96.339.951**	**392.332.481**	**488.672.432**	**720.917.480**	**21.272.127**	**171.619.860**	**86.740.398**	**462.557.222**	**549.297.620**
INDUSTRY	384.419.666	16.397.031	75.156.166	39.898.144	269.365.356	309.263.500	353.219.515	18.081.308	91.674.121	46.334.088	215.211.306	261.545.394
SERVICES	67.838.765	2.893.594	13.262.853	7.040.849	47.535.063	54.575.912	62.332.856	3.190.819	16.177.786	8.176.604	37.978.466	46.155.070
TOURISM	230.844.246	0	106.011.226	49.400.958	75.432.062	124.833.020	305.365.109	0	63.767.953	32.229.706	209.367.450	241.597.156
4. OTHER	**1.461.992.411**	**0**	**75.473.281**	**31.365.116**	**1.355.154.014**	**1.386.519.130**	**1.601.528.193**	**0**	**137.787.988**	**69.641.036**	**1.394.099.169**	**1.463.740.205**
TOTAL	**9.742.134.900**	**1.543.321.058**	**1.403.239.787**	**799.492.831**	**7.539.402.282**	**8.338.895.113**	**10.667.456.047**	**1.701.848.593**	**2.006.845.140**	**1.014.303.040**	**7.646.307.867**	**8.660.610.907**

8. COORDINATION MECHANISMS

The NSRF, which evolves in parallel with the CSF, beyond the objective of full absorption, encourages a **policy of maximizing development performance of interventions,** entirely consistent with macroeconomic policy and combining national with co-financed planning. The structural elements of this policy consist of a strategic supervision of development programming[29] and policy implementation, capacity building in programming, management, control and implementation authorities, the promotion of new and viable financial engineering instruments and the strengthening of partnership and co-responsibility of regional and local authorities. The adjustment period to assimilate tools allowing the gradual transformation of agencies and procedures and ensure the smooth transition to the new system as well as the effective treatment of any pending issues during the closure of the 3rd CSF is considered crucial.

8.1 Strategic Supervision Systems

8.1.1 Supervisory, monitoring and coordination bodies

8.1.1.1 Interministerial Committee for Community Programmes (DEP)

The **Interministerial Committee,** set up pursuant to article 20 of Law 3483/2006 and chaired by the Minister of Economy and Finance, monitors the progress of development programmes and makes policy decisions at strategic, management and operational level, in synergy with the policies of the National Reform Programme (NRP). The DEP gives its opinion on the NSRF strategic monitoring reports submitted to the European Commission according to EC Regulation 1083/2006 and gives directions to the Annual Counsel of Operational Programmes Monitoring Committees' Presidents (EDIP).

8.1.1.2 Annual Counsel of Operational Programmes Monitoring Committees' Presidents (EDIP)

The mission of the Counsel of NSRF OPs Monitoring Committees' Presidents is to monitor the implementation of OPs as a whole but also in relation with the thematic, regional and spatial approach of the NSRF and their complementarity with the EAFRD and EFF. Within this framework, the EDIP submits a relevant annual report to the DEP and gives directions to the OPs Monitoring Committees. Members of the EDIP are the Presidents of OPs Monitoring Committees, representatives of the Ministry of Economy & Finance, of the Central Coordinating Authority and of the Certifying Authority, representatives of competent ministries, of economic and social partners, of local government, of the General Secretariat for Equality and of NGOs. The EDIP is chaired by the Deputy Minister of Economy & Finance, in charge of Community Programmes.

8.1.1.3 Central Coordinating Authority for Development Programmes

The Central Coordinating Authority, situated at the Ministry of Economy & Finance monitors the sound implementation of OPs and the effective operation of Management and Control Systems (SDE). It ensures rational programming of actions and funds and conformity with Community regulations. It ensures the coordination between OPs and the EAFRD and EFF, coordinates financial support from other funds (EIB, Solidarity Fund, EEA etc.) and monitors the planning and implementation of state-aid schemes. It supports the DEP and the EDIP and is the link with the European Commission for the NSRF.

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[29] National Development Programme, NSRF, Rural Development Programme (PAA), Operational Programme for Fisheries (EPA).

8.1.2 Coordination of NSRF OPs with EAFRD and EFF

Within the framework of the Central Coordinating Authority, a mechanism -operating at the level of a) programming, b) monitoring of implementation (Managing Authorities), and c) Strategy Revision (Central Coordinating Authority and MA of PAA and EPA)- has been set up to coordinate all NSRF OPs with the EAFRD and EFF and promote territorial (area of intervention) and thematic (sector of intervention) complementarity of actions.

At first level, this mechanism qualifies the directions ensuring complementarity and the demarcation of actions and coordinates their thematic and geographic implementation framework.

At second level, the Managing Authorities of the NSRF OPs, the PAA and EPA comply with the directions during the procedure for selection of co-funded operations. On an annual basis they compile a special report on the progress and effectiveness of actions, using codes for the priority theme dimension and the territorial dimension, and submit it to this mechanism.

At third level, the mechanism, in the framework of the above-mentioned special report, examines the progress and effectiveness of actions and determines the need to revise guidelines and allocation of Community funds subject to changes in priorities (community, national, regional) or conditions for their implementation, and suggests appropriate measures to the EDIP.

8.1.3 Coordination of ESF actions

The coordination of actions co-financed by ESF is carried out by the Special Coordinating Service monitoring ESF actions (EYSEKT) of the Ministry of Employment & Social Protection in cooperation with the Central Coordinating Authority and the competent national authorities. EYSEKT is also responsible for the coordination and monitoring of actions co-financed with the use of the 10% flexibility facility in all relevant OPs with a view to avoiding overlapping and achieving synergies. At the same time it monitors the implementation of NSRF objectives pertaining to issues such as social inclusion, promotion of employment, gender equality, local dimension of development, social services and human resources, etc. In cooperation with the Central Coordinating Authority it ensures the synergy and complementarity of actions between Structural Funds.

In order to achieve a more effective coordination of ESF actions and to ensure the synergy and complementarity of co-financed actions, detailed coordination procedures will be defined and described in the OPs. Furthermore, during the implementation, the regulatory acts determining additional implementation details for categories of operations will be coordinated.

Horizontal and vertical mainstreaming of the principles of Equal will be ensured through a specialized structure. This structure will determine the opportunities for the incorporation of the principles of Equal in the actions of the OPs co-financed by ESF and will offer the necessary know-how to this end.

The existing Special Implementation Services operating within the framework of the 3rd CSF at the Ministries of Employment & Social Protection and of National Education & Religious Affairs will continue operating during the programming period 2007-2013.

With a view to supporting the effective implementation of the OP «Reinforcement of Public Administration Efficiency», the setting up of a non-profit company of the broader public sector ("Administrative Restructuring S.A.") is promoted, having as main scope the limitation of excess legislation, the evaluation and upgrading of the administrative capacity of public bodies, their organisational and process re-engineering and their restructuring.

Also within the framework of monitoring the OPs implementation, a special reference to the course of implementation of these actions is made during the meetings of the relevant Monitoring Committees and the necessary adjustment decisions are taken as the case may be. The relevant information synthesis and course assessment is submitted to the EDIP.

8.1.4 Coordination of actions in the field of the environment

All environmental projects and actions implemented within the framework of the OPs (including those of the EAFRD and EFF) must be coordinated at planning level and

monitored during implementation, as to their feasibility and contribution to the implementation of the strategy and objectives of the country's Environmental Policy, as well as the compliance with obligations and commitments to the EU.

To this end a flexible mechanism is established (as a Special Service in the Ministry for the Environment, Physical Planning and Public Works) to coordinate and monitor all environmental projects and actions regardless of their source of funding, with the operation of a relevant network so as to ensure the necessary synergy and complementarity of interventions in the area of the environment. This service shall support and coordinate the operation of the Environmental Network in cooperation with the National Centre for the Environment and Sustainable Development (EKPAA) and the other services of the Ministry for the Environment, Physical Planning & Public Works (YPEHODE) as well as the co-competent Central & Regional Authorities. It shall draw up annual reports on the progress of environmental projects and actions, which will be sent to the Central Coordinating Authority and to the competent EU services. It shall support, by means of processed data and reports, the Monitoring Committee of the OP «Environment – Sustainable Development» and the EDIP, shall attend the meetings of the Monitoring Committees of the OPs and shall support the YPEHODE and other public authorities in the necessary on-going public consultation with Social Partners and Environmental Non-Governmental Organizations (NGOs) on related matters.

8.1.5 Coordination of actions in the field of health

The coordination of actions in the field of health shall be ensured (a) at strategic, overall level, by an interministerial body chaired by the Secretary General of the Ministry of Health & Social Solidarity and (b) at operational level, by a special service that will support the interministerial body in matters pertaining to the drawing up of the strategy and will undertake the coordination of actions in the field of health-welfare implemented by the various NSRF OPs.

8.1.6 Mechanisms for the coordination and promotion of Research and Innovation

The promotion of research and innovation, as well as the increase of investments in research and development, constitute key national priorities within the framework of the strategy for the improvement of the competitiveness of the economy. Important institutional – mainly – measures have already been taken and their impact is expected to be considerable with decisive consequences for all other fields. These measures include e.g. the deduction of scientific and technological research expenditures from an enterprise's net profits (article 9 of Law 3296/2004), the incentives provided by the development law for investments in research, technology and innovation, etc. Within the preparation of the new framework, a bill of law on the "Institutional framework for Research and Technology" has been published and is currently in the consultation process. The bill of law provides for the coordination and supervision of R&T actions and interventions at the highest possible degree; the National Research Organization, the Interministerial Research and Technology Committee and the National Research and Technology Council – an independent consulting body under the Prime Minister will be created to this end.

In addition to policy making and implementation in the fields of scientific research and technology, the competencies of the General Secretariat for Research and Technology also encompass the coordination of this policy's implementation by the relevant bodies or agencies.

The Interministerial Committee maps out and coordinates the government's policy in this field and the distribution of funds to Ministries and competent agencies.

The National Research and Technology Organization will be entrusted with the promotion, implementation and management of the relevant R&T Programme.

8.1.7 Introduction and coordination of financial engineering instruments

During the programming period 2000-2006, the EIB granted loans aimed to upgrade and extend the country's infrastructure, to support private investments in several sectors of the economy, to improve infrastructures in education, to strengthen energy supply and

promote compliance with environmental requirements, as well as to finance small and medium-sized enterprises through commercial banks. The EIB is also involved in new financing schemes in priority fields, particularly in relation to local authorities.

EIB resources are expected to continue being drawn on also during the programming period 2007-2013 in order to finance large projects included in the OPs (including the large projects promoted with private sector co-financing) or a series of smaller size investments inscribed in one or more common objective measures, both within the framework of sectoral and of regional OPs, including actions promoted by Local Authorities (the new Municipalities Code offers new possibilities).

In addition to the above ways to have recourse to the EIB, within the framework of article 44, Reg. 1083/2006, the Ministry of Economy and Finance promotes the use of financial engineering instruments to reinforce the competitiveness of enterprises and urban development and to ensure their complementarity with Structural Funds, the EIB and other sources of financing.

In particular, within the framework of the OPs of the programming period 2007-2013 it is possible to finance actions pertaining to the support of financial engineering instruments for urban development enterprises and funds. These actions can also be organized through portfolio funds. Terms, conditions and every necessary detail for OPs contribution to financial engineering instruments and urban development funds are determined by joint decision of the Minister of Economy and Finance and the competent minister as the case may be.

Within the framework of the above, the MEF signed in October 2006 an MOU with the European Investment Fund, providing that the EIF will manage the funds of the JEREMIE initiative and qualifying the competencies of both sides as well as future actions. A Financing Agreement is expected to be signed in the near future between the MEF and the EIF so as to launch the implementation of the JEREMIE initiative.

The implementation of the JESSICA initiative is also going to be examined insofar as the specific instrument is expected to significantly contribute to the implementation of urban development actions.

The supervision of portfolio funds organization and management as well as the coordination of actions to be organized through them is carried out by the Ministry of Economy and Finance, Central Coordinating Authority, that cooperates with other competent Ministry services so as to achieve the effective monitoring of distinct actions implemented in the country with the participation of the EIB and the EIF.

ANNEX I - Socioeconomic analysis

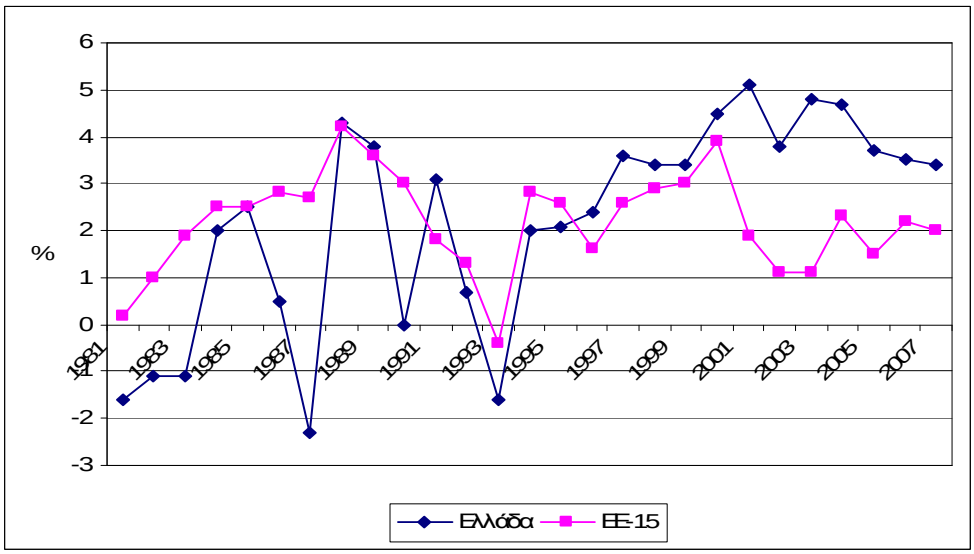
1. SOCIOECONOMIC ANALYSIS

1.1 Macroeconomic developments and prospects [30]

During the 1980's, the Greek economy grew on average by 0.7% compared to 2.4% in the EU 15 (despite fiscal expansion and the rapid accumulation of public debt) and, as a result, the per capita income diverged from the average income in these countries (in Purchasing Power Standards - PPS). However, in the 1990s, the growth rate accelerated due to a number of factors: fiscal expansion, mainly due to the preparations for the Olympic Games, the inflow of community funds (CSF), credit expansion as a result of the nominal convergence progress, and more recently, the contribution of industries such as shipping and tourism, have led to high **growth rates**, on average higher compared to the corresponding EU-15 rates (3% for 1991-2004, compared to 2% in EU-15).

In 2005, the GDP growth rate was 3.7% while for 2007 and 2008 forecasts show growth rising up to 3.9% and 4% respectively. Already in the first half of 2006, the growth rate rose to 4.1% with favourable prospects for the rest of the year, thus indicating that the growth of the Greek economy could exceed forecasts of the Stability and Growth Programme. International organisations such as the OECD and the European Commission confirm the forecasts for maintained growth dynamism and a growth differential of approximately 1.5 percentage points.

DIAGRAM 4 -Growth rate in Greece and EU-15 (EU15=100)



Source: European Commission, 2006.

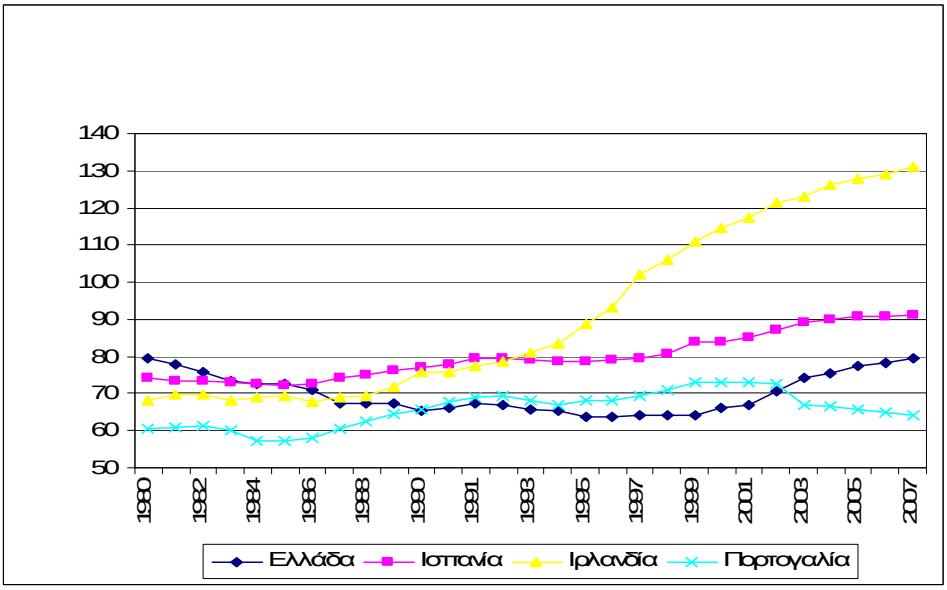
Despite rapid growth in recent years, the level of Greece's per capita income in Purchasing Power Standards still lags behind that of the advanced EU countries. This fact suggests the amplitude of the challenge and efforts required to reduce income disparities with the EU and achieve real convergence in the near future.

In 2005, per capita GDP in purchasing power standards greatly improved to 77.3% of the EU-15 average, up from 75.5% in 2004. The increase of 1.8 percentage points is nearly three times the average annual increase of the relevant indicator during 1994-2001 period.

30 Any data referring to the GDP in the present text, are prior to the revision of the Hellenic GDP as communicated by the National Statistics Office (September 2006)

According to the European Commission growth estimates for the 2006-2007 period the GDP per capita in PPS at the end of this period will approach 84% of the EU average.

DIAGRAM 5 -Per capita GDP (in Constant Purchasing Power Units) (EU 15=100)



Source: European Commission, 2006.

Despite high GDP growth rates, from the mid-1990s **employment** growth has been relatively limited: the average annual rate was 0.8% compared to 1.2% of EU-15 (with much lower GDP growth rates, however) and compared to 0.9% in the 1981-1995 period, when domestic growth was also much lower. Unemployment rose from 7.1% in the 1981 – 1990 period (on a national accounting basis) to 10% in the 1991 – 2000 period and up to 11% in 2004. In 2005 it dropped down to 10.4%, while according to State Budget forecasts for 2006 and 2007, the unemployment rate will fall further to 9.2% and 8.2%, respectively (on a national accounting basis). Both the OECD and the European Commission confirm the downward trend of the unemployment rate. In any case, unemployment has structural characteristics, with long-term unemployment and that of new entrants in the labour market, youth and female unemployment constituting significant parameters of the problem. The employment rate, however, is rising, reaching 60.1% in 2005 up from 54.6% in 1990.

The inflation rate dropped from 19.1% in the 1980s to 9.4% in the 1990s in the context of nominal convergence, albeit remaining at significantly higher levels compared to the euro zone and EU-15 average. In 1999 (a critical year for meeting the Maastricht criteria), inflation dropped to 2.6%, only to resume its upward trend in the following years. During the recent years, inflation has been greatly affected by market conditions, such as the international oil prices, a trend depicted on core inflation. In 2004, inflation was 2.9%, but in 2005 it reached 3.5%, mainly due to market conditions mentioned above. In any case, the rate of change of the harmonised consumer price index (HCPI) in Greece is persistently higher that the eurozone average, despite the fact that this difference has dropped significantly in recent years.

During the 1980s the **general government deficit** remained at high levels and for several years exceeded 10% of GDP, until the early 1990s when the effort for nominal convergence started in order to ensure the participation of Greece in the eurozone. But as soon as this objective was achieved, the deficit resumed its upward trend to reach 7.8% in 2004. The gradual fiscal adjustment policy pursued since 2004 has already brought about significant results, with the general government deficit dropping by 5.2 percentage points as a percentage of GDP in the 2004-2006 period (down from 7.8% to 2.6%). The general government deficit is dropping below the 3% limit in 2006 (2.6%) for the first time after accession to the EMU, to reach 2.4% in 2007 and then follow a downward trend towards the medium-term objective of a balanced or slightly in surplus budget. The fiscal consolidation effort will continue towards this target, with emphasis both on improving the quality of public finances, and on combating tax evasion and broadening the tax basis.

In this framework of fiscal consolidation, the general government primary balance changes from deficit to surplus, thus contributing to the faster reduction of public debt, which, in 2008 will fall below 100% of GDP for the first time since 1992. It must be noted that in the early 1980s, the general government debt followed a steep upward trend, rising from 29.7% of GDP in 1981, to its peak value of 114% in 1997. At the same time, interest payments to service such levels of debt had even reached 13.9% of GDP (1994). The gradual reduction in the debt/GDP ratio will result from a combination of increased primary surpluses, reduced stock-flow adjustment, privatisation revenue and high GDP growth rates.

One of the structural problems of the Greek economy is the chronic external sector deficit, as a result of a lag in competitiveness. The **current account deficit as a percentage of GDP (on a national accounting basis)** rose from 1.1% in the 1980s to 2.5% in the 1990s, to reach 10% in 2003. This development is mostly due to the inflation differential and the lack, until recently, of certain important structural reforms. The Greek government aims at reversing this trend, and the first results are now visible, with the current account deficit as a percentage of GDP dropping in 2005 (9.2% compared to 9.5% in 2004) and the external sector contributing positively to GDP growth.

The following table shows forecasts and projections of macroeconomic aggregates for the 2007-2013 period.

TABLE 15 - Forecasts / projections of macroeconomic figures for 2007-2013

	2007	2008	2009	2010	2011	2012	2013
Growth rate (real GDP % change)	3,9%	4,0%	4,1%	4,0%	4,0%	4,0%	4,0%
Rate of change in the Public Investment Programme expenditure	8,0%	7,0%	6,0%	5,0%	5,0%	45,0%	6,5%
General government deficit (% of GDP)	-2,4%	-1,8%	-1,2%	-0,7%	-0,2%	0,0%	0,2%
General government debt (% of GDP)	100,1%	95,9%	91,3%	87,6%	83,0%	78,4%	73,8%

Source: MEF, 2006

1.2 Long Term sustainability of public finances

1.2.1 The demographic challenge

During the second half of the 20th century, the fertility rate in Greece dropped from 2.57 to 1.28 children per female in 2003, down by 50%. A drop in the fertility rate is recorded starting from 1970 and up until 2002. From 2002 there have been signs of recovery in the fertility rate and this trend is expected to continue. Nevertheless, despite the fact that the fertility rate is expected to rise to 1.53 by 2050, it will remain significantly lower than 2.1, which is the replacement rate.of the population In time, **this development results to a shrinking young population (0-14 years old)**, a higher elderly population (65+ years old) and a shrinking population of a productive age (15-64 years old). On the other hand, from year to year, **there has been an impressive drop in mortality rates**, with life expectancy at birth of 76.61 years for males and 81.42 years for females in 2005.

According to the demographic projections of the National Statistical Service of Greece, in the 2005 - 2050 period, the total population (following an interim increase from 11.08 mil to 11.3 mil) will gradually decrease starting from 2019, and will reach 10.7 mil in 2050. According to the same projections, the population above 65 years (as a percentage of the 15-64 population) will increase from 26.75% in 2005 to 55.76% in 2050 (see Table 16).

TABLE 16 -Population Projections for Greece 2005-2050

Ages/Year	2005	2010	2020	2030	2040	2050
Under 15 years	1.596.737	1.580.078	1.529.492	1.370.566	1.320.561	1.307.097
15 to 64 years	7.482.321	7.581.210	7.505.246	7.253.058	6.674.492	6.080.902
Over 65 years	2.001.654	2.082.830	2.308.186	2.626.278	3.082.763	3.390.998
TOTAL POPULATION	11.080.712	11.244.118	11.342.924	11.249.902	11.077.816	10.778.997
AGEING RATIO[31]	125,36	131,82	150,91	191,62	233,44	259,43
DEPENDENCY RATIO[32]	48,09	48,32	51,13	55,11	65,97	77,26
ELDERLY DEPENDENCY RATIO[33]	26,75	27,47	30,75	36,21	46,19	55,76

Source: NSOG and Pensions Strategy Report, 2005

The impact of ageing on productivity has not been thoroughly examined, but it is possible that older workers are less able to create and absorb new technologies. This, in turn, could affect productivity and growth in the long run.

In this context, **policies for life-long learning and the reconciliation of people's professional and personal lives become even more important for economic growth**, as they could contribute to higher birth rates and higher female participation in the labour market. The same holds for policies promoting the integration of immigrants, or those aiming at modernising social protection systems along with measures facilitating entry of young people into the workforce and interventions for active ageing.

1.2.2 Long Term implications on public finances

According to existing projections for the impact of population ageing on the long-term sustainability of public finances (currently being updated), the aforementioned demographic developments, lead to a significant increase in pension expenditure as a ratio to GDP by 2050. There is a lower impact on health expenditure, while no impact is projected on the long-term care system for the elderly, the educational system or because of unemployment benefits.

In the framework of the above analysis, and the government's determination to ensure the maximum possible consensus for the reform of the social security system, a national dialogue on this issue has already been launched in the spring 2006. At the same time, an "Committee of Experts" has been established in order to review the social security system, headed by the Chairman of the Economic and Social Committee (ESC). This Committee is responsible for monitoring and evaluating the adequacy and objectivity of studies on the problems of the social security system. Completion of Committee's mandate is scheduled by 2008, so that all information, scenarios and proposals are presented in a timely fashion.

In this respect, **rationalising healthcare expenditure** is also an important priority, in order to cope with the aforementioned projected increase in expenditure. Relevant measures and policies are detailed in this year's Progress Report on the National Reform Programme for the 2005-2008 period.

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[31] Percentage of population 65+ / population 0-14

[32] Percentage of population 65+ and 0-14 / population 15-64

[33] Percentage of population 65+ / population 15-64

In order to better understand growth developments in Greece, a summary of the economy's structure and position per sector and thematic field is provided below, in order to draw useful conclusions on how to address the main weaknesses in those sectors.

1.3 Summary valuation of the Greek economy's competitiveness

1.3.1 International comparisons - main indicators

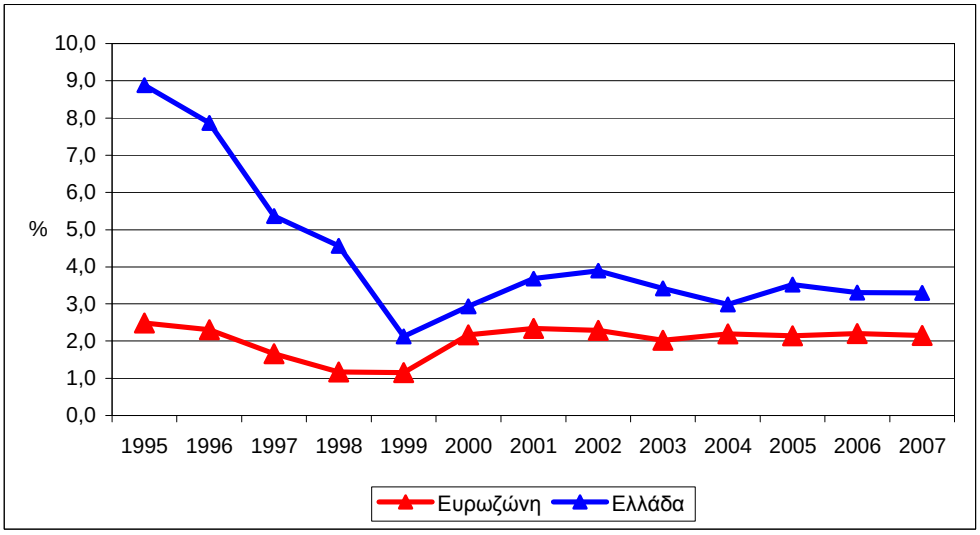
The competitiveness of the Greek economy in the last decades has been influenced among other things, by:

- The macroeconomic environment acting on competitiveness either directly (e.g. inflation), or indirectly (since, for instance, the public deficit and dept impact on the funding cost of businesses).
- Factors affecting the operating cost of businesses, such as the cost of labour in relation to the evolution of productivity (the faster increase of which was hindered, inter alia, by the effectiveness of the educational system, but also of the training, re-training and lifelong learning systems), the taxation system, the administrative burden on businesses, the quality of public infrastructure.
- Institutional features of the economy, such as the organization of product markets and production factors, the size of the public sector and the extent of its contribution to the productive process, the effectiveness of public administration, the efficient operation of money and capital markets, the productive structure of the economy and the organizational structure of businesses: for instance, the dominance of Very Small Enterprises (VSEs) and Small and Medium Size Enterprises (SMEs) makes more difficult both the adoption of innovation and the adjustment to the factors of integrated global markets.

In the course of time, considerable progress has been observed for several of the above factors (but again, not always adequate, as is the case for public infrastructure), whereas for others, where structural reforms were necessary (opening up of markets and increase of competition), these reforms were delayed until recently or were of a limited scale (e.g. energy market, labour market).

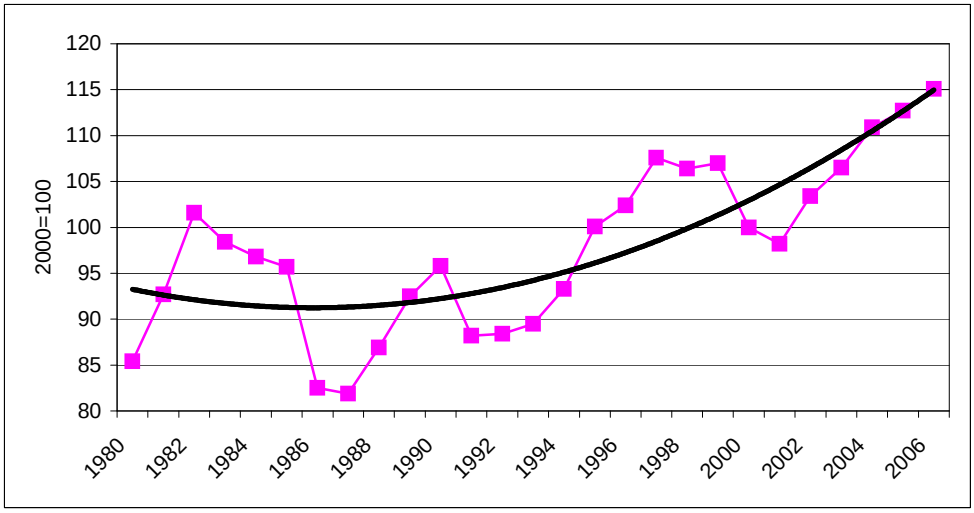
In the following charts, two of the most usual indicators used for measuring competitiveness in the course of time are presented: differential inflation (where the decrease is quite significant but a difference of more than one percentage still persists) and the real effective exchange rate (where one can observe a declining trend in the course of time).

DIAGRAM 6 - Percentage change in the harmonized consumer price index



Source: EU

DIAGRAM 7 - Real effective exchange rate



Source: European Commission, 2006

According to all signs and indicators, the level of competitiveness of the Greek economy remains comparatively low, something which undermines the possibility to ensure conditions of self-feeding growth. Based on the assessments of the WEF (World Economic Forum) and IMD (International Institute for Management Development) on competitiveness covering a large number of countries and an even larger set of factors, either qualitative or quantitative ones, Greece occupies the last but one position among EU member states. In 2005, however, there is a considerable improvement of Greek competitiveness by four positions in the IMD classification of countries.

Regarding the performance of the EU member states in relation to the objectives of Lisbon Strategy, the starting point for Greece was proportionately low for several among the structural indicators (for instance, employment rates, especially among women and older workers, expenditure on research and development as a percentage of the GDP, percentage of individuals threatened by poverty, greenhouse gases emission, energy intensity of the economy). During the previous years, considerable progress has been observed in some sectors, whereas in others less so; however, already with the implementation of the 2005 – 2008 Structural Reforms Programme the trend for improvement seems to persist and acquire a new dynamics.

1.3.2 The country's position in international markets

Foreign trade

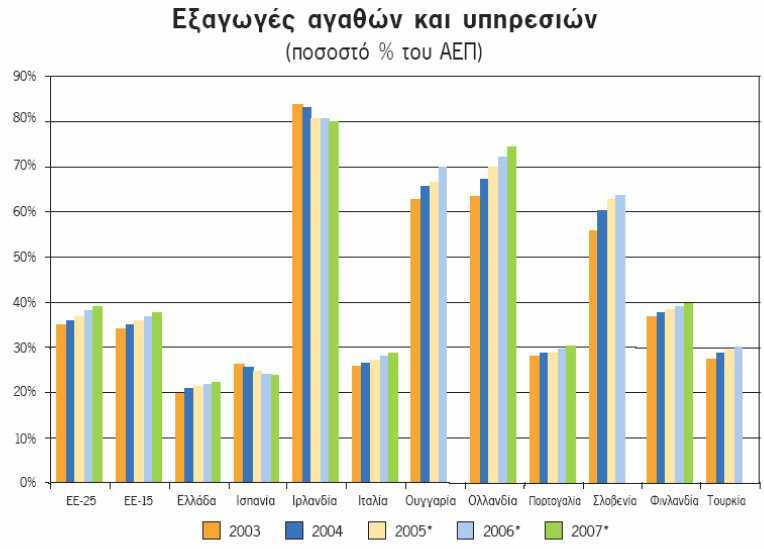
The possibility of a greater interconnection and economic integration of the country with global markets and international business networks is a significant potential source of growth.

Traditionally, the Greek economy has been characterised by low coverage of imports due to structural weaknesses, to the composition of the productive structure, and due to constantly increasing investment needs. The indicator however, presented a stable long-term decline with especially negative values regarding trade with the EU-15[34] partners. The imports coverage rate from the EU-15 countries by exports to them declined from 48% to 30% between 1989 and 2003.

In particular, whereas until the beginning of the 1990s the increase of Greek exports was higher than the increase of global exports, enlarging thus their share to them (e.g. 2.6% of global exports in 1992), during the last decade this trend is reversed and Greek exports dropped to 1.8%. The imports coverage rate by exports presented a similar picture: from 48.2% in 1981 it dropped to 29.1% in 2004, with an improvement, however, in 2005 (31.8%).

Moreover, during the last decade **we observe that the growth rate of exports is lagging behind as a percentage of the GDP:** the Greek economy had always a low level of extraversion (outward looking character), but the problem seemed to worsen, with the percentage of export of goods dropping from 10.4% in 1995 to 7.6% in 2004 to follow an upward course afterwards. Similarly, the exports of goods and services recorded on a national accounting basis (where migrants remittances, inflows from the EU and a great part of shipping revenues are not included) contributed to only 20% of the GDP in 2003. Moreover, as mentioned in another chapter, Greece is characterized by systematic deficits in the balance on current accounts, which are offset by the surpluses in the balance of capital movement and financial transactions.

DIAGRAM 8 -Exports of goods and services

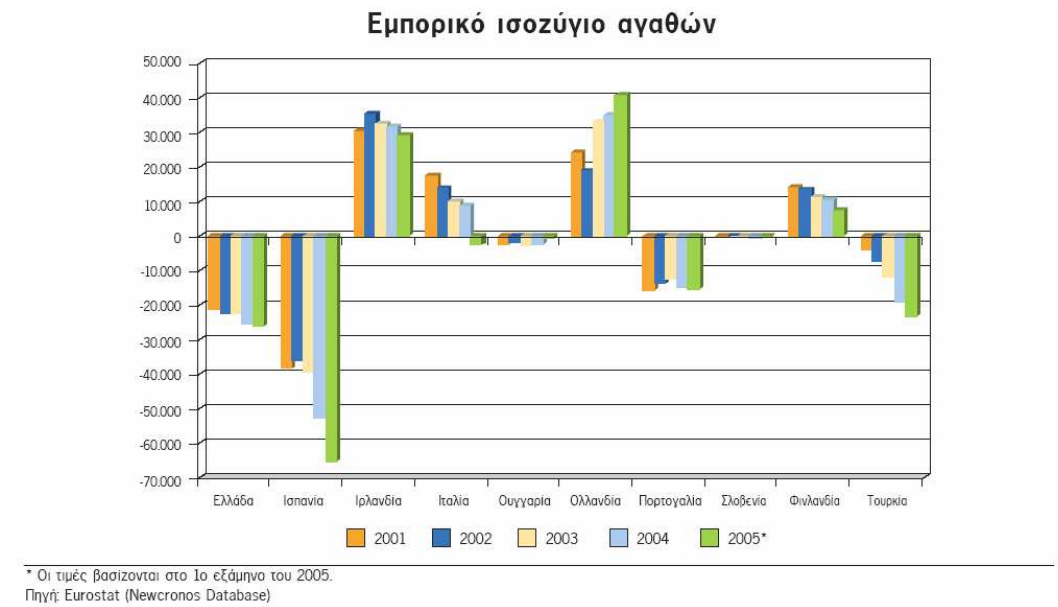


* Προβλέψεις Eurostat (Newcronos Database) εκτός Ουγγαρίας, Σλοβενίας & Τουρκίας για το 2007.

Compared to selected European countries, but also to the EU-15 and EU-25 average, foreign trade presents a relatively small contribution. On the basis of Eurostat data, the exports of goods and services make up for 20% of the GDP, contrary to other countries, where this percentage ranges between 27% (Turkey) and 84% (Ireland). Moreover, Greece has one of the highest trade deficits on goods, whereas the other countries have a lower deficit or even a surplus (e.g. Finland, Ireland –see corresponding charts).

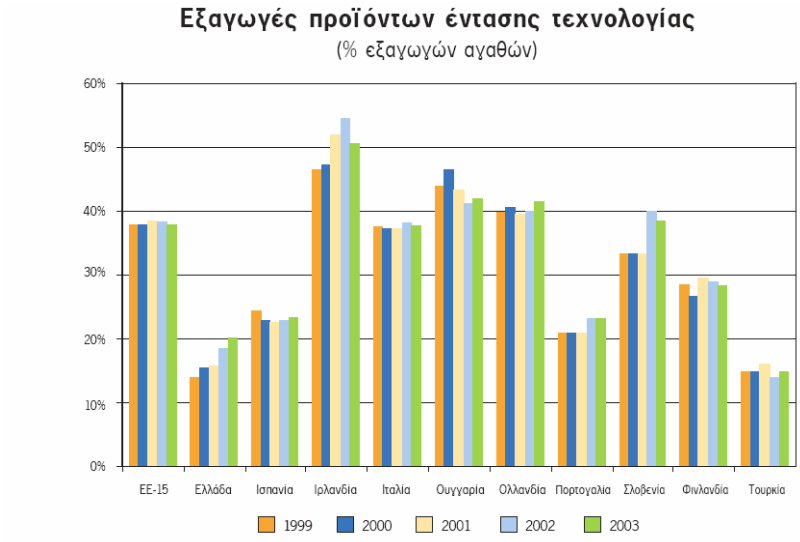
[34] Bank of Greece data, Statistical Sheets on Economic Conjuncture

DIAGRAM 9 -Trade balance on goods



An important element is, however, the fact that despite the negative picture our country presents in the trade of goods, it also appears to have certain comparative advantages in the export of "technology intensive" and "qualified labour intensive" goods, where it presents the greatest increase as a percentage of total exports, among all EU-15 member states.

DIAGRAM 10 - Exports of technology intensive products



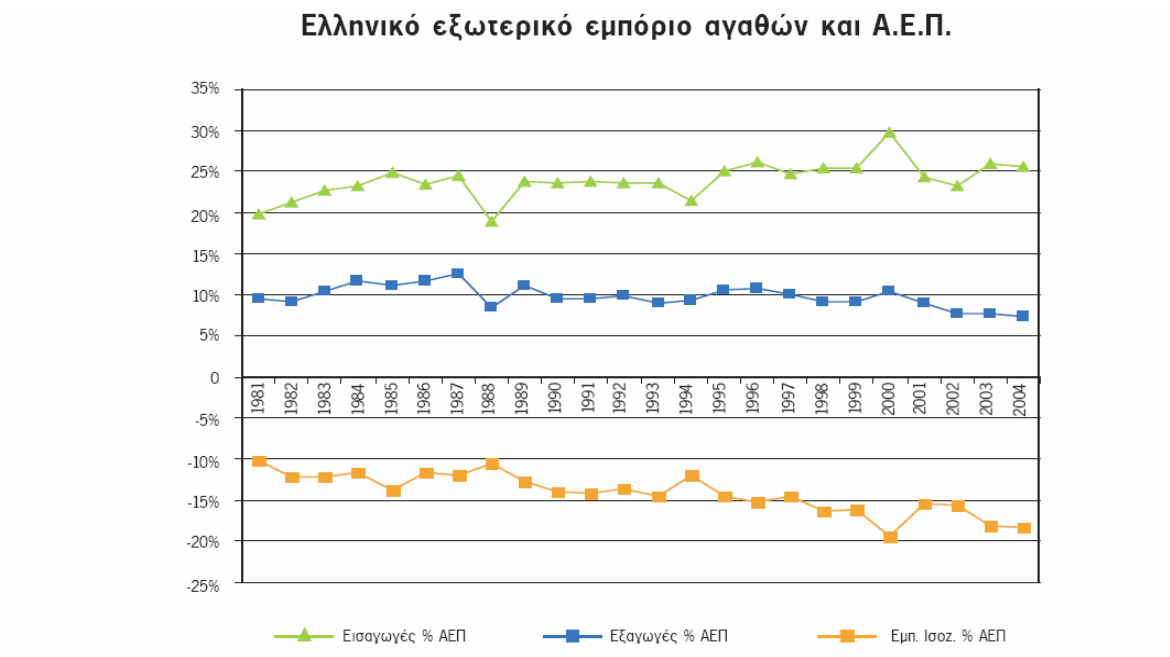
Source: International Trade Centre UNCTAD, WTO: PC-TAS, SITC Revision 3, 1999-2003

The decline in the already deficient trade balance is due, among other things, to the following factors: low competitiveness of Greek products, small degree of penetration to foreign markets, intense competition by similar products in the international markets, weakness of Greek businesses to expand to export activities, limited innovative activity and, until recently, lack of a national strategic target for outward-looking activities by businesses.

In the sector of exports, the limited volume of exports of Greek products is to a large extent due to the small size of the overwhelming majority of Greek businesses; this does not allow them to exploit economies of scale, therefore limiting their ability to compete efficiently in the international environment. Moreover, the great distance between Greece and the other EU countries has a negative impact on the cost of Greek products directed to the European market. Regarding exports, it should be noted nevertheless, that Greek exports to neighbouring Balkan countries have been replaced to a large extent by direct investments by Greek businesses in these countries. Instead of producing in Greece and exporting in the Balkan countries, today we witness a (low cost) production of products in the Balkan countries, especially in the traditional sectors, and quite often exporting of these products to Greece or to other Balkan countries or to the EU-15 countries.

A positive development is, nevertheless, the significant increase of the volume of export goods (8.2%) in 2005. This improved the trade balance as a percentage of the GDP, and for the first time after many years, it had a positive contribution to the country's growth rate by 1.07%.

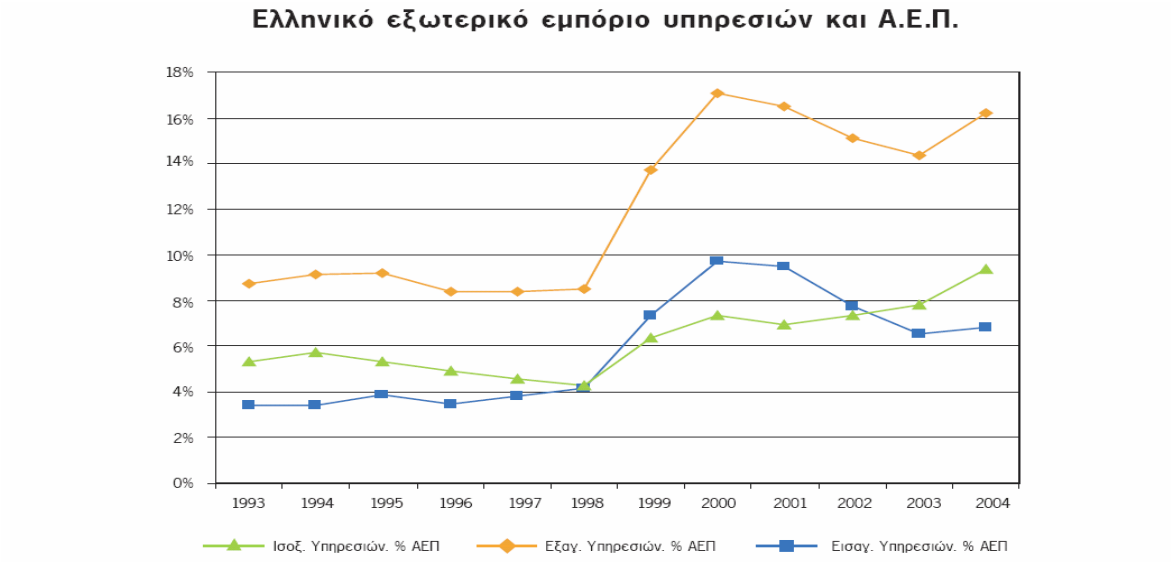
DIAGRAM 11 - Greek export trade of goods and GDP.



Πηγή: ΕΣΥΕ και Εθνικοί Λογαριασμοί

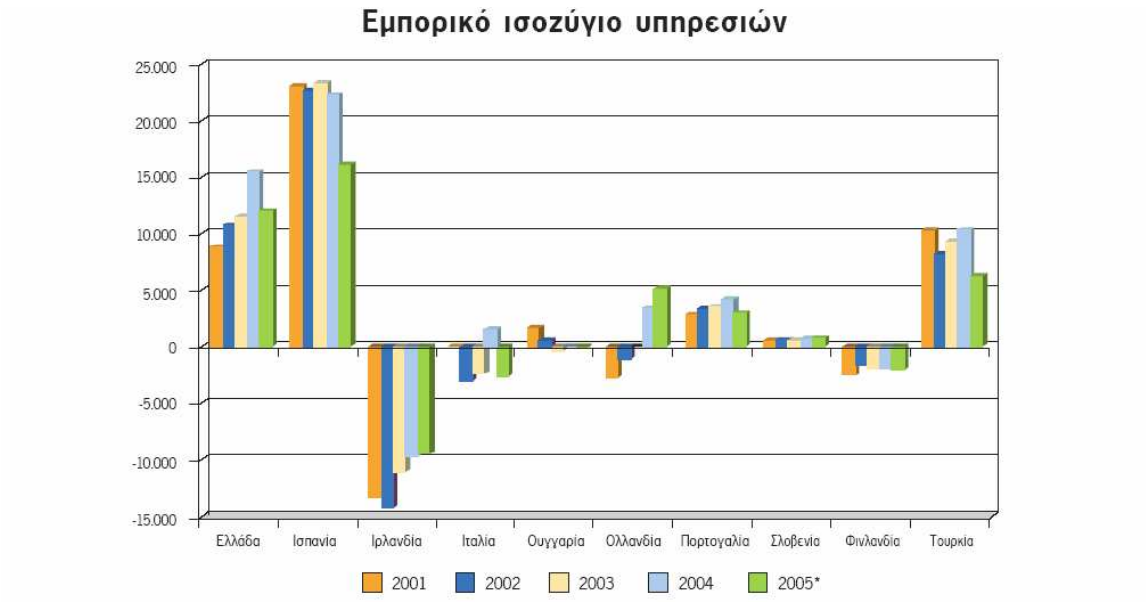
Export of services presents a different picture, **where our country, contrary to the trade of goods, performs much better:** Greece occupies an important position in the world trade of certain areas of services, and this is due to the activity of Greek shipping and the growth of tourism, where the country's global market share has increased. This position was further enhanced during the 1990's, and in the current decade Greece's superiority is increasing. Specifically, for 2004, the revenues from export of services exceeded considerably the double of exports of goods. As we can see on the following chart, the surplus of the balance on services is one of the highest among selected European countries.

DIAGRAM 12 - Greek export trade of services and GDP



Πηγή: ΕΣΥΕ και Εθνικοί Λογαριασμοί

DIAGRAM 13 - Trade balance on services



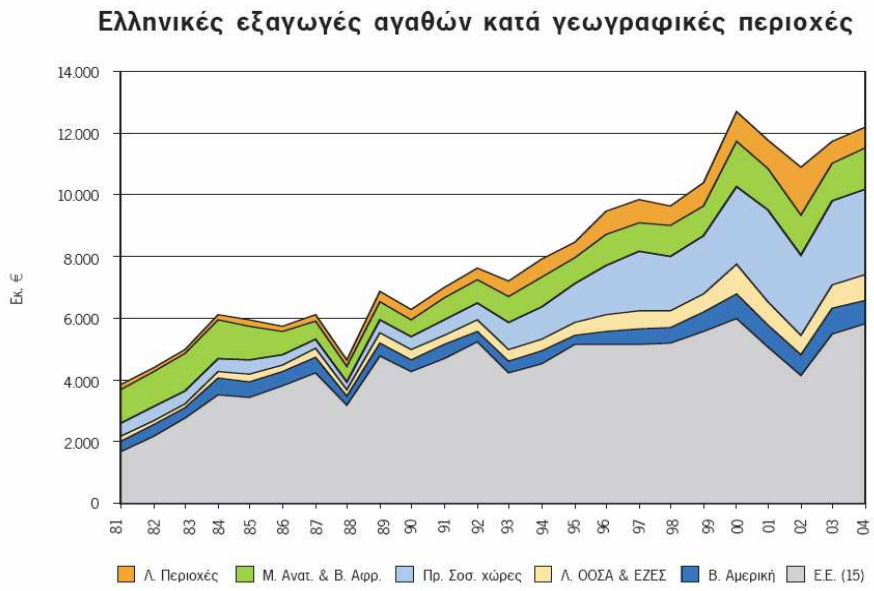
* Οι τιμές βασίζονται στο 1ο εξάμηνο του 2005.
Πηγή: Eurostat (Newcronos Database)

During the last years, substantial changes in the **geographical distribution of Greek exports** are observed. During the 1990's, Greek exports are present in most geographical areas. In 1990, five major markets absorbed 61% of Greek exports, while this percentage started to diminish gradually since then and in 2004 it had dropped to 43%. The percentage of exports directed to EU member states dropped considerably (48% of the total value of exports in 2004 from 60% in 1995). During the first years in the post-war period, exports were mainly directed to Western Europe and the U.S. before starting to expand towards Eastern European countries and the Soviet Union. An important development was that Middle East and North African countries became the second most important area after the EU for Greek exports. Since 1990 however, the former socialist

countries have become the second most important destination of Greek exports, where the percentage is on the rise. A more recent development is the gradual decrease of North American markets' importance and the spectacular comeback of Balkan and Black Sea countries for Greek exports.

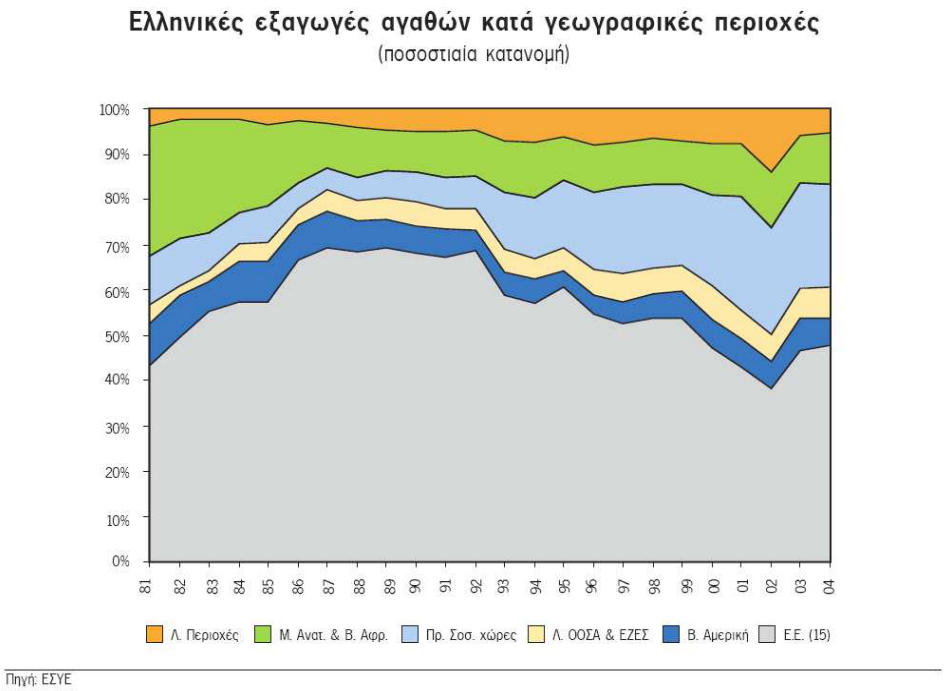
On the basis of all these new developments, our country has **access to new developing areas,** that is, the new member states of the EU, as well as Middle East and North African countries, of which it could become a basic partner.

DIAGRAM 14 - Greek exports of goods per geographical area (mil.€)



Πηγή: ΕΣΥΕ

DIAGRAM 15 - Greek exports of goods per geographical area (percentage distribution)



We must also refer to the **model of competition** Greece is facing, that is, which countries are competing with Greece in the markets where the main volume of its exports is directed. Based on a study by the Centre for Export Studies and Research (KEEM), the main competitors of Greece in its exports to the EU are: Spain, Italy, Turkey, France, Germany, the Netherlands, the U.S.A. Belgium, Great Britain and China. As we can see on the following chart, these countries cover 72% of total competition faced by Greek exports. During these last few years, it is interesting to note, too, the repositioning of its main competitors, namely the rise of Spain, Turkey, the Netherlands and China.

TABLE 17 - The main competitors of Greece in exports (all products)

S/N	Competitor	Percentage (%) of total competition	Progressive total (%)
1	SPAIN	12,9%	12,9%
2	ITALY	11,3%	24,2%
3	TURKEY	9,4%	33,6%
4	FRANCE	9,0%	42,5%
5	GERMANY	7,6%	50,2%
6	NETHERLANDS	7,0%	57,2%
7	U.S.A	5,0%	62,2%
8	BELGIUM-LUXEMBURG	3,9%	66,1%
9	GREAT BRITAIN	2,9%	69,0%
10	CHINA	2,8%	71,8%
11	SOUTH AFRICAN UNION	2,1%	73,9%
12	TUNISIA	2,0%	75,9%
13	PORTUGAL	1,8%	77,7%
14	SWITZERLAND	1,5%	79,2%
15	HONG-KONG	1,4%	80,6%
16	IRELAND	1,1%	81,7%
17	POLAND	1,1%	82,8%
18	AUSTRIA	1,1%	83,9%
19	INDIA	1,1%	85,0%
20	MOROCCO	0,9%	86,0%
21	HUNGARY	0,8%	86,6%
22	FINLAND	0,8%	87,6%
23	CANADA	0,8%	88,4%
24	SWEDEN	0,8%	89,2%
25	BRAZIL	0,7%	90,0%
26	CHILE	0,7%	90,7%
27	DENMARK	0,7%	91,4%
28	ROMANIA	0,6%	92,0%
29	BANGLADESH	0,6%	92,6%
30	PAKISTAN	0,4%	93,0%
	TOTAL (98 COUNTRIES)	100,0%	100,0%
	EU COUNTRIES	61,0%	
	OECD COUNTRIES	81,0%	

Source: Centre for Export Studies and Research (KEEM)

Foreign Direct Investment

Foreign Direct Investment (FDI) flowing into the economy is a very dynamic component of the economic environment, as it contributes greatly to increased productivity, becoming one of the most important technology distribution channels, and facilitating the interconnection of domestic enterprises with markets abroad.

For several years now, **Greece's capacity to attract FDI has been quite low**, despite the fact that at the moment there is an a global explosion in FDI volume. According to recent UNCTAD data for 2005, Greece does not hold a noteworthy position in FDI

attractiveness, among the 140 countries under review, a fact that is directly attributed to the Greek economy's competitiveness and attractiveness deficit.

Since the mid-90s Greece's share of global investment flows has been steadily declining It must be noted that this negative trend did not change even after Greece's accession to the EMU, despite the positive dynamics that were initially generated after accession. As a result, capital inflows in 2002 dropped compared to 2001, while 2002 FDI input reserves dropped to 11% compared to the previous year.[35] Moreover, in 2003 Gross Foreign Investments rose to just 0.4% of GDP, compared to 1.2% in EU-15. In 2002 FDI inflows were at their lowest level for thirty-five years, but the trend has been reversed ever since – over the first ten months of 2006 FDI inflows were more than ten times higher than the 2005 respective period.

As to investment outflows, outgoing investment reserves show that Greece has a relatively limited presence in international markets, performing mainly at a regional level (SE Europe).

Greek investments in South Eastern Europe exceeded 8 billion euros during the last decade. More than 3,500 Greek businesses are active in the Balkan countries. Greek investments amount to 25% of the total of foreign direct investments in South Eastern Europe and the trend is on the rise for the coming years, while the penetration of businesses is carried out either by acquisition of companies (many of which are state-owned) or by establishing new industries in manufacturing, telecommunications, construction, finance and energy. The dynamic activity of Greek banks is especially important. The five major commercial banks of Greece possess a network of 950 branches in the broader region, with a 16% market share and employing around 16,000 people. The performance of Greek banks in the area is extremely high and their turnover increases by double digits. This trend is expected to continue in the future, given the margin for growth and modernization of the financial systems in our neighbouring countries. Moreover, Greece is becoming an energy hub in the area, energy being a privileged field for future investments.

Greek presence in the Balkan countries

The total of Greek exports to these countries during the five-year period 1999-2003 recorded **an average annual increase of 9.6%.** The greatest annual increase (2003) was recorded in the exports to Croatia (57.4%), followed by Bulgaria, Turkey, Bosnia and Herzegovina, with minor differences among them. Based on the value of exports, the first position with 30.5% share and a significant difference from the others is held by Bulgaria, followed by Turkey with 19.6% share.

By the end of 2003, Greece's trade balance with the Balkan countries was positive for four among them (Albania, Bulgaria, FYROM, Serbia and Montenegro), whereas it was negative for the remaining four (Turkey, Romania, Bosnia and Herzegovina, Croatia). In 2003, imports from Turkey were twice the volume of exports, whereas from 2001 onwards our trade balance with Romania became negative and the same happened with our imports from Bosnia and Herzegovina. A spectacular change was recorded in relation to Croatia, where the trade balance was marginally positive for four years (1999-2002), but changed dramatically in 2003, when our imports tripled in relation to 2002, thus leading to a deficit of approximately 30 million euros.

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[35] Ministry of Development, National Council on Competitiveness and Development, "Annual Report on Competitiveness 2005"

TABLE 18 -Greek exports to the Balkan countries, 19999 – 2003 (in thousand euros)

Country	1999	2000	2001	2002	2003	2003 SHARE	2002 SHARE	AVERAGE ANNUAL TREND
BULGARIA	391.330	487.997	650.200	586.354	726.609	30,5%	27,0%	16,7%
Country	**1999**	**2000**	**2001**	**2002**	**2003**	**2003 SHARE**	**2002 SHARE**	**AVERAGE ANNUAL TREND**
TURKEY	316.055	631.463	393.876	369.071	466.935	19,6%	17,0%	10,2%
FYROM	401.133	509.765	461.064	346.962	313.532	13,1%	16,0%	-6,0%
ALBANIA	210.599	269.339	376.615	340.972	310.771	13,0%	15,7%	10,2%
ROMANIA	200.529	415.490	397.013	297.638	304.844	12,8%	13,7%	11,0%
SERBIA	104.259	142.287	202.876	190.143	205.027	8,6%	8,8%	18,4%
CROATIA	19.467	25.622	27.487	26.663	41.967	1,8%	1,2%	21,2%
BOSNIA	12.508	22.565	13.291	13.079	16.155	0,7%	0,6%	6,6
TOTAL	1.655.880	2.504.528	2.522.422	2.170.882	2.385.840	100,00%	100,00%	9,60%

Source: EUROSTAT, Data processing: Department of documentation and studies, S.V.V.E.

TABLE 19 - Greek imports from the Balkans, 1999 – 2003 (in thousand euros)

Country	1999	2000	2001	2002	2003
BULGARIA	336.369	432.106	546.444	328.935	368.896
TURKEY	352.397	429.172	623.666	630.511	768.296
FYROM	56.950	75.201	97.601	56.912	91.477
ALBANIA	37.662	45.987	71.391	10.212	16.916
ROMANIA	198.513	326.450	450.140	341.556	391.779
SERBIA	56.610	93.291	117.460	110.518	98.182
CROATIA	28.852	25.709	28.184	16.667	73.314
BOSNIA	3.353	9.344	20.562	41.099	24.443
TOTAL	1.070.706	1.437.260	1.955.448	1.536.410	1.833.303

Source: EUROSTAT, Data processing: Department of documentation and studies, S.V.V.E.

As mentioned above, Greek exports to neighbouring Balkan countries have been replaced during the last ten years by foreign direct investments of Greek businesses in these countries. The main reasons of Greek direct investments in the Balkans are geographical proximity and low cost of labour.

In addition to that, the existence of Greek communities in these countries was a motive for businesses to become active in the Balkans, and therefore banks, insurance companies etc. were established there. Specifically, Greek banks possess advantages to expand their activities in the Balkan countries following Greek businesses which achieve satisfactory growth rates, since Bulgaria and Romania acceded to the EU at the beginning of 2007. Thus, they may support the expansion of Greek entrepreneurship in other countries.

The **problem with the Greek economy's competitiveness is quite acute at an intra-European level, where** the greatest losses have been sustained in the past twenty years,

to the external or internal market. Consequently, the latest EU enlargement is crucial for Greek competitiveness: the new member-states of Central and Eastern Europe have economies that attract twenty times more foreign direct investments than the Greek economy, they are much more extrovert, and they have either a surplus in their trade balance or a much more positive trade balance than the Greek one.

The country's unfavourable position can be contrasted with specific advantages that New Member States (NMS) have: lower production costs in labour-intensive sectors or "traditional" sectors (just like the Greek ones), closeness to large markets, so as to function as "export bases", special expansion policies pursued by large international enterprises[36], support by state policies that were much less restrictive that the ones Greece had followed when it entered the eurozone, availability of relatively highly trained staff at low cost.

In tourism, Greece occupies a more advantageous position than NMS and candidate countries, but obviously it cannot rely on these temporary favourable conditions that appear from time to time in international demand, for long-term growth. Since there is no adequate thematic and qualitative diversification in the tourist product, the cost factor is of major importance, as is the dominant position of international tour operators, who can manipulate demand.

1.4 Structure of the Greek Economy per sector

1. GDP composition per sector

Greece has the **largest agricultural sector** (7% of GDP) in relation to other EU countries, which highlights the importance of this activity for the Greek economy. The country with the lower percentage is Luxemburg, where agriculture accounts for just 0.5% of GDP.

In Greece the **processing sector accounts for 22%** of total GDP, relatively low compared to other EU member-states. The only EU member states with less dominant industry are Cyprus and Luxemburg. The Czech Republic ranks first, with 39.3% of GDP coming from industrial activities.

As regards services, Greece ranks seventh which suggests that i**n Greece, services are much more significant than industry**, reaching 71% of GDP. The country with the highest contribution of services to the GDP is Luxembourg, with 83.1%, and the lowest the Czech Republic (57.3%).

2. Developments in key figures (added value, employment and productivity) during last decade.

The following table illustrates trends in the product, employment and productivity per sector, during the last ten years (1995-2004).

[36] E.g. defensive expansion in the immediate "neighbourhood" for cost reductions in view of the upcoming increased competition with regions of even lower costs.

TABLE 20 -Developments in key figures per sector (% change)

	Ακαθάριστη Προστιθέμενη Αξία			Απασχόληση			Παραγωγικότητα της εργασίας		
	1995-1999	2000-2004	1995-2004	1995-1999	2000-2004	1995-2004	1995-1999	2000-2004	1995-2004
Γεωργία,Θήρα,Αλιεία	0,70	-2,29	-1,19	-1,27	-3,42	-2,55	1,99	1,16	1,39
Δευτερογενής τομέας	2,00	2,23	2,46	-0,44	-1,82	-1,21	2,45	4,13	3,71
- Εξορυκτικές δραστηριότητες	-3,41	1,47	1,42	-3,35	-5,24	-3,02	-0,06	7,08	4,58
- Μεταποίηση	1,67	1,95	2,11	-0,44	-1,77	-1,19	2,12	3,78	3,35
- Ηλεκτρική ενέργεια,αέριο, συλλογή-διανομή νερού	5,01	3,73	4,42	0,54	-1,38	-0,80	4,44	5,18	5,25
Κατασκευές	4,03	7,13	5,58	1,81	3,76	2,83	2,18	3,25	2,67
Εμπόριο, Ξενοδοχεία, Μεταφορές	5,05	7,20	6,27	1,14	1,37	1,26	3,87	5,76	4,95
- Εμπόριο,χονδρικό-λιανικό,επισκευές αυτοκινήτων	3,37	6,35	4,65	1,31	1,34	1,34	2,04	4,94	3,27
- Ξενοδοχεία και εστιατόρια	3,90	7,29	5,56	1,77	1,38	1,71	2,08	5,83	3,79
- Υπηρεσίες μεταφορών, αποθήκευσης και επικοινωνιών	9,20	8,33	9,57	0,21	1,42	0,71	8,97	6,82	8,80
Χρηματοπιστωτικές και συναφείς υπηρεσίες	2,12	3,65	3,13	3,75	4,39	3,92	-1,57	-0,71	-0,76
- Υπηρεσίες χρηματοπιστωτικής διαμεσολάβησης	8,72	6,95	8,06	1,55	1,57	2,12	7,06	5,30	5,82
- Διαχείρηση ακινήτων, ενοκιάσεις,επιχειρηματικές δραστ/τες	0,27	2,36	1,55	4,69	5,50	4,65	-4,22	-2,98	-2,96
Λοιπές υπηρεσίες	1,50	5,69	3,32	1,80	3,42	2,35	-0,29	2,19	0,94
- Δημόσια διοίκηση και άμυνα	1,57	4,56	2,39	-0,10	2,57	1,39	1,67	1,94	0,98
- Εκπαίδευση	-0,32	6,04	2,67	2,01	4,41	2,99	-2,29	1,55	-0,31
- Υγεία και κοινωνική μέριμνα	0,69	3,53	2,21	3,50	3,15	2,64	-2,71	0,37	-0,42
- Λοιπά	5,40	10,28	7,79	2,76	3,62	2,71	2,56	6,43	4,95
Σύνολο	2,79	4,76	3,84	0,78	0,99	0,77	2,00	3,73	3,05

Source: National Accounts, September 2005

NSOG figures show that there is a continuous and strong employment drop in the primary sector, and a gradual one in the secondary sector, while the tertiary sector boasts a major employment increase. In 2005, total employment breaks down as follows: primary sector 12.4%, secondary sector 22.4%, while the tertiary sector is at approx. 65%.

TABLE 21 - Employment Breakdown per Economic Activity Sector (% contribution of each sector to the total)

	1998	1999	2000	2001	2002	2003	2004	2005
PRIMARY SECTOR	**18,0**	**17,9**	**17,3**	**16,1**	**15,6**	**15,4**	**12,6**	**12,4**
Agriculture, Livestock breeding, Hunting, Forestry	17,7	17,6	17,0	15,8	15,2	15,1	12,3	12,1
Fishing	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3
SECONDARY SECTOR	**23,3**	**22,9**	**22,8**	**23,0**	**22,8**	**22,6**	**22,4**	**22,4**
Mines and Quarries	0,5	0,5	0,5	0,5	0,5	0,3	0,3	0,4
Processing Industries	14,5	14,3	14,0	14,1	13,8	13,3	13,1	12,8
Power, natural gas & water supply	0,9	1,0	0,9	0,9	0,9	0,9	0,9	0,9
Constructions	7,4	7,1	7,3	7,5	7,6	8,1	8,1	8,3
TERTIARY SECTOR	**58,7**	**59,2**	**60,0**	**60,9**	**61,6**	**62,0**	**65,0**	**65,2**
Wholesale & Retail, repair of vehicles & household appliances	16,8	17,0	17,2	17,2	17,3	17,3	17,5	17,8
Hotels & restaurants	6,2	6,3	6,5	6,6	6,7	6,7	6,4	6,8
Transports, warehousing and communications	6,1	6,2	6,2	6,3	5,9	6,1	6,2	6,2
Intermediate financial institutions	2,3	2,4	2,6	2,6	2,5	2,6	2,6	2,6
Real estate management, leasing & business activities	4,8	4,9	4,9	5,4	5,8	5,8	6,5	6,6
Public Administration & defence, mandatory social insurance	7,0	7,1	7,5	7,5	7,5	7,6	8,2	8,0
Education	6,0	6,0	6,1	6,4	6,4	6,6	7,2	7,1
Health and social welfare	4,6	4,7	4,6	4,5	4,5	4,3	5,1	5,0
Other services	3,5	3,4	3,2	3,3	3,7	3,6	3,6	3,5
Private households employing personnel	1,3	1,2	1,2	1,2	1,3	1,3	1,6	1,6

Source: General Secretariat NSOG, 2006

With respect to development performance, economic activity sectors break down into four categories:

1. Those with a comparatively rapid production growth accompanied by a respectively rapid increase in productivity (transports-communications, financial services, hotels-restaurants, trade) having operated as the "locomotive" of growth in the last few years.
2. Those where product growth was not dynamic, albeit productivity increased rapidly, suggesting essential structural changes and a comparatively high degree of adaptability/flexibility to the changing conditions (mostly processing and the secondary sector in general).
3. Those where the level of Gross Added Value change, combined with low productivity increase or even productivity decrease, suggest a low level of

development dynamism and serious structural problems (primary sector and mainly public services sectors).

4. Those that have satisfactory performance, if we consider increased product combined with increased productivity (mostly constructions).

In the past, telecommunications and financial services were controlled by the state. The deregulation/liberalisation process started in the late 1980s, developed gradually and has led (with a regular time lag in such cases) to a strong development dynamism in recent years. This is an empirical confirmation of the catalytic role that structural changes and the transition from state control regimes to forms of operating that are more and more based on market conditions and competition, can play in the development process.

1.5 Overview of the Greek economy per sector

1.5.1 Product markets

1.5.1.1 The competitive and regulatory environment

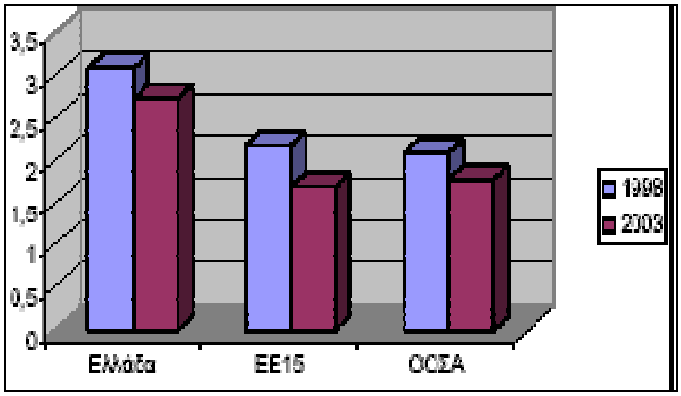
Despite efforts to strengthen competition in specific sectors, there is a **time lag and administrative barriers** in many areas of economic activity, as well as a relative time lag in the complete deployment of the regulatory and supervisory mechanisms, and as a result, free competition is further restricted and altered.

State regulations within a market, generally have negative consequences on the economy, as they are considered to be competitiveness and entrepreneurship barriers. According to an OECD survey describing the trends during 1998-2003 [37] , Greece has taken minor steps towards lifting the barriers to competitiveness. Based on a Product Market Regulation Indicator, taking into account all regulation categories (administrative and economic), Greece ranks among the group of countries with the most restrictive regulations on competition. This group also includes Poland, Turkey, Mexico, Hungary, Italy, the Czech Republic and France, with Greece occupying the fifth worse place in 2003.

Consideration of the progress of the barriers to competitiveness indicator, as it is shown on the graph below, denotes that between 1998-2003 there was a barrier reduction in Greece, just like in the EU-15 average and the OECD. However, the indicator's level is still two units higher than the European average, which means that the country needs to take more measures to curtail market restrictive regulations and strengthen competition to converge with other EU member-states.

[37] OECD (2005), Economic Policy Reforms: Going for growth, Ch. 8, pp. 123-145.

DIAGRAM 16 - Market Regulation Indicator: Administrative barriers on new enterprises



**The indicator takes up the values from 0 to 6, 0 being the least and 6 the most regulated markets*

Intensity of competition is a figure that cannot be directly and accurately measured, since the way enterprises compete differs. There are however strong evidence that **intensity of competition in the Greek market is not adequate:**

There is, in general, a relatively high (and increasing) concentration is certain sectors, with a small number of enterprises holding a large market share. Moreover, there is a general stability as regards the market shares and identities of the companies leading in such sectors.

Reforms that have taken place in Greece on the competitive and regulatory environment, have led to a significant improvement, without however sufficing to remedy the main structural problems and malfunctions of the markets that in some cases characterise Greek economy [38]. In particular **:**

Liberalization/deregulation of the services market has advanced in the main sectors, such as the financial sector, telecommunications (especially mobile telephony) and postal services. In these sectors, there has been great improvement in firms'efficiency, the quality of service delivery, low prices for consumers and the creation of new jobs.

In other sectors, however, there has been very limited progress in strengthening competition to date. There are sectors that impose high administrative barriers to the entry of new firms, or sectors dominated by companies still under state control.

In recent years, major interventions have been underway in a wide array of fields:

- Law 3373/2005 upgrades the competence of Competition Commission and strengthens its independence and cooperation with international bodies and the EU,
- Establishment of the Private Insurance Supervisory Authority,
- Law 3377/2005 on the operation of commercial entities promotes improvement of trade conditions by fighting black market phenomena and competition distortion.
- Creation of the National Electronic Trade Council,
- At the same time, the entire management system for public procurements being revised, aiming at simplification and transparency

[38] See also, OECD survey (2001), *Regulatory Reform in Greece* and Bank of Greece (February 2005), *Monetary Policy 2004-2005*, p. 95-102

- Moreover, the new law on licensing enterprises in the processing sector (Law 3325/2005), and the draft bill under preparation on licensing Trade and Services enterprises, strengthen entrepreneurship and improve competitiveness,
- Review of the institutional framework governing the setting up of Corporations (SAs), the incentives of Law 89/1967, which would encourage the establishment in Greece of foreign and domestic enterprises providing services exclusively outside Greece, and the existing bankruptcy law,
- Moreover, the bill on the "European Company" has been submitted to the Parliament; Its purpose is to create a new corporate structure that will enable businesses/companies from various member states to unify their potential, by restructuring the production process at a European level.
- Finally, the Ministry of Development has developed actions to strengthen consumer conscience and consumer protection (fuel price sampling, price publication, etc.), and such actions will intensify.

1.5.1.2 Public Sector and Public Administration

The operation of public administration and the procedures covering the citizens' and companies' transactions with public services, play a decisive role in the quality of life, entrepreneurship and investments. Within the context of globalisation, transparent, effective and responsible public sector operation is strong precondition for economic growth.

The most significant impact of public sector on economic activity growth is connected with the **quality of Public services supplies, known as the problem of red tape.**[39].

in Greece the public sector's organisation structure and operation suffers from **reduced efficiency.**:

A) Despite any reform initiatives undertaken, modernisation of the public sector in Greece is not yet complete. In many cases, its structure is characterised by a complex regulatory framework and a division of competencies among a large number of services and administration levels.

B) In spite of individual interventions, human resources management is still full of inherent weaknesses (reduced incitement, inadequate mobility, formalism, etc.) that need to be addressed further, to contribute to the attainment of high quality services.

C) Public sector management methods and procedures are still inefficient, as they fail to fully exploit modern and effective management systems, therefore unable to positively contribute to economic growth and citizen service. The introduction of e-governance was relatively successful in specific areas, but stumbles upon certain public administration agencies' failure to effectively manage such systems and fully utilise the potential that ICTs offer to improve public sector services.

Red Tape

Red tape magnitude is the most common problems enterprises are faced with. While the business environment develops, the necessary adjustments of the relevant legislation are being delayed, involving major costs, reduced competitiveness and effectiveness of enterprises. At the same time, **licensing is a potential barrier for new market entrants.**

According to a recent Commission report, Greece ranks last with regard to the administrative cost for compliance of companies, rising to 4.4% of GDP. Moreover, it has

[39] According to the OECD, red tape in Greece causes GDP losses of one percentage point every year.

been estimated that, **if the administrative cost drops by 25%, the GDP would rise by 1.3%**[40].

Unnecessary workload, costs and upkeep of red tape, constitute a huge administrative burden and financial cost for citizens and enterprises and combined with time delays entailed as to process dispatch and decision making, the end result is a disincentive to business action and investments.

To address such weaknesses in public administration, important steps have been taken as towards both the improvement of the citizen-state relations . and the internal operation of public administration. These are limited, however, to a large extent to institutional interventions (mainly personnel issues –recruitment, evaluation, advancement, etc.) which, do not always have any tangible results on the operation of public administration actually work, or on the quality of services supply, and do not ensure public administration extroversion.

1.5.1.3 Entrepreneurship - Innovation

1. Features and trends of entrepreneurship in Greece

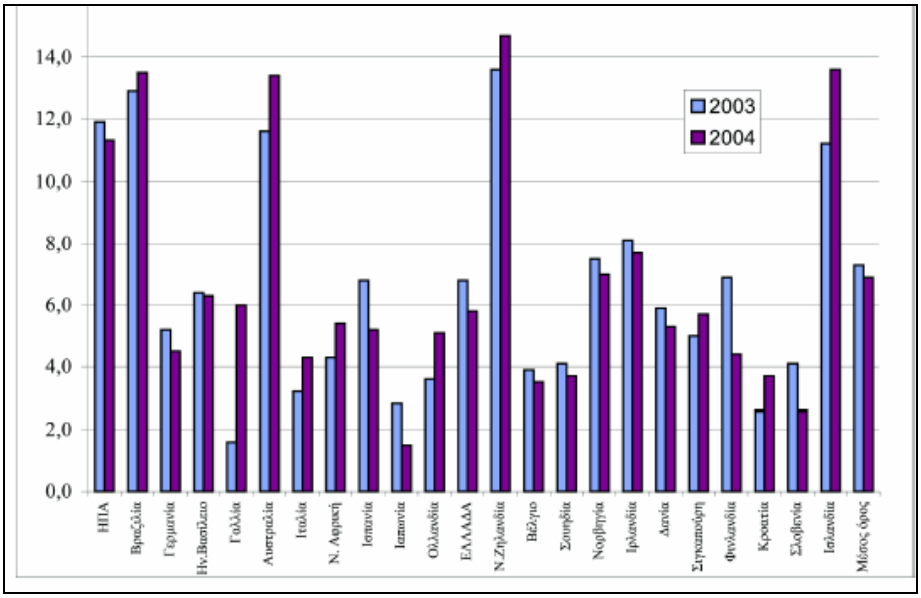
A general observation of the entrepreneurship development trends in Greece, reveals an increased tendency towards entrepreneurship, with the self-employed, as percentage of the workforce, very high ranked among EU member-states. A relatively small percentage of women are self employed, and Greece's position is low in relevant ranking. The **total entrepreneurship indicator** ranks Greece slightly **above EU average** (5.8% compared to 5.5%)[41]

However, Greece appears to lag behind behind in terms of the **quality dimension of entrepreneurship**, and identified weaknesses include: a small number of opportunity enterprises, a large number of (services and products) enterprises addressed to consumers, a low degree of entrepreneurial activity extroversion and low new job prospects. In particular:

[40] EC, G.M.M. Gelauf and A.M. Lejour, 2006, The new Lisbon Strategy, an estimation of the economic impact of reaching five Lisbon targets, Industrial Policy and Economic Reforms Papers No 1

[41] 5.8% of the active population exercise entrepreneurial activity; specifically 390,000 persons 18-64 years of age (slightly below the weighted average of the European sample) and the rate of SME creation is higher than the EU-25 average (11% compared to 8.5%. Global Entrepreneurship Monitor 2004, Executive Summary, p.1

DIAGRAM 17 -Entrepreneurial trends, 2003-2004



Source: Global Entrepreneurship Monitor, 2004

Necessity-based entrepreneurship is still high, both in relation to the country's level of economic growth, and to other European countries, where opportunity entrepreneurship prevails; this reveals the lack of better employment opportunities. According to estimates, 28% of total entrepreneurial activity is necessity-based, compared to 18% in the EU.

As regards the entrepreneurial activity type and quality, Greece has a **rather low High Potential Entrepreneurship Indicator**, and ranks very low among EU-25 member states [42.] More specifically, out of all entrepreneurial endeavours made in Greece, 16.14% can be characterised as high-potential (contributing to market expansion, new job creation, increasing exporting orientation, etc.). This low ranking, reflects the fact that, in the next five years, very few activities are expected to create more than 20 new jobs (per activity). At the same time, 56-57% of entrepreneurial activities concern products and services provided to consumers, which is considered negative, as this type of entrepreneurship has limited growth potential.

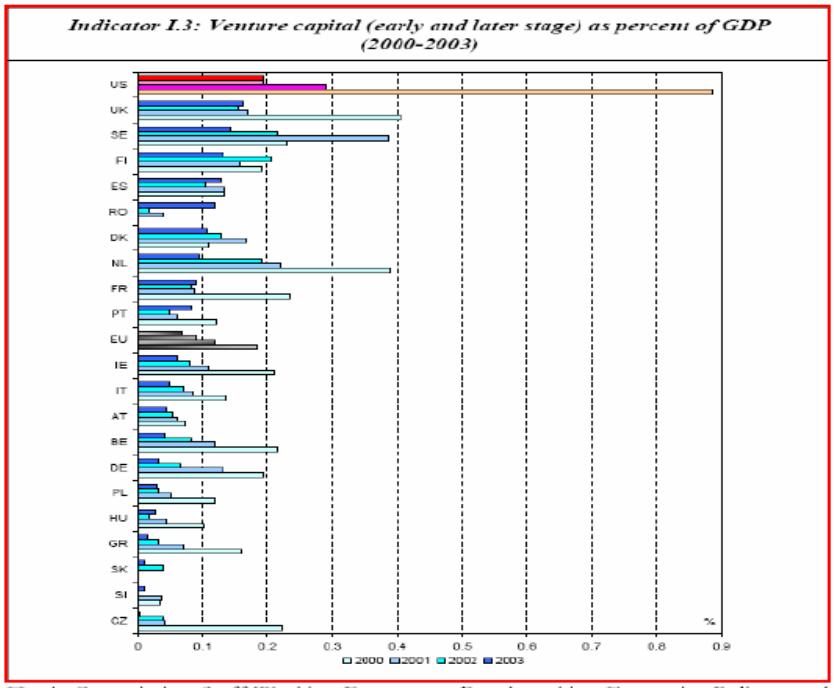
2. Access to fnance.

The dominance of necessity entrepreneurship in Greece does not reduce the need for supporting the access of businesses to financial instruments. The utilization of innovative institutions with an important and long presence in other countries, such as venture capital, has recently been developed in Greece. A significant part of financial instruments available to businesses comes from the Operational Programmes of the CSF (Sectoral and Regional).

Easy or difficult access to funding affects the quality and type of self-employment. The picture in Greece has special features and does not follow the model of the other EU countries. In Greece there is a limited number of venture capitals, which constitute an important lever for developing new high risk companies and they don't have a long background, something that places Greece in the 18th position among the EU-25, as seen on the following diagram.

[42] This Indicator attempts to assess the extent to which entrepreneurial activity affects growth. The more entrepreneurial activity (a) contributes to market expansion, (b) creates new jobs, and (c) intensifies the economy's exporting orientation, the more it impacts on its growth.

DIAGRAM 18 - Venture capital as a percentage of GDP



Source: Commission Staff Working Document, Benchmarking Enterprise Policy : results from the Scoreboard.

Note: The percentages cannot be compared over the years, because the method of calculation has changed.

Recent surveys by GEM (Global Entrepreneurship Monitor) show a powerful trend, both for financial contribution by friends and relatives, and working in the family business. The average investment from these sources is approximately 40,000 euros. Support with bank loans is sought for bigger investments (e.g. 90,000 euros). The problem of funding seems to be greater for businessmen who seek funding for more than 150,000 euros.

3. Entrepreneurship and SMEs

Greece's entrepreneurship problems, also include weaknesses with regard to the long-term development of Greek businesses and the transition from a small or medium-size "family business" to a "professionally managed" business. According to estimates, there are approximately 770,000 SMEs operating in Greece, employing 2 persons each, on average, while in EU-15, there are 18.7 million enterprises employing 7 persons, on average[43]. More than 40% of the country's workforce are still self-employed in very small personal-family business units. According to a recent Euro barometer survey, in the last 3 years, approx. 12% of Greek citizens have set up businesses, while in EU-15 this rate is not higher than 4%. Overall, SMEs with up to 50 staff, make 99% of all processing enterprises in Greece, employ 63.6% of the total workforce in manufacturing sector, and generate 27.7% of the sector's gross product.

Compared to other EU member-states, Greece's weaknesses, as regards its SMEs, appear to lie in administration / taxation, innovation and sustainability.[44]. The above indicators should be linked to the restrictive factors on the development of businesses, as alleged by

[43] Observatory of European SMEs, SMEs in Europe 2003, vol. 7, 2003.
[44] EC, A pocketbook of enterprise policy indicators, 2004

the companies, such as lack of skilled staff, access to funding, the regulatory environment and infrastructure, the adoption of new technologies or new forms of governance.[45]

The enterprises' small size (self-employment, traditional organisational structure, small number of staff and limited start-up capital) entails[46]:

- Relatively low production potential and a difficulty to operate within the enlarged EU-25 and SE Europe "internal market". Limited use of economies of scale in product manufacture and trading.
- Limited capacity for high-volume investments in new technology equipment, that would allow the use of all the potential technology can offer.
- Failure to follow developments in domestic and foreign markets, and therefore, failure to make full use of arising opportunities.
- Product marketing procedures in markets not responding to current competition standards.
- Lack in information and in many skilled labour categories.
- Difficult access to the banking system.

The aim is to create dynamic, flexible and innovative SMEs, but in Greece such companies are still developed at a very slow pace, despite repeated initiatives undertaken, by providing significant investment incentives through Investment Law and the Operational Programmes.

The business dimension of environmental protection and management, cuts across all environmental sectors and is directly linked to the economy and employment. According to the European Commission, in 1998, the environmental market in Greece accounted for 0.3% of GDP. The most important areas of the ecology industry in Greece include waste management (40%), urban waste water management (39%), combating atmospheric pollution (7%), environmental consulting services (7%), the rehabilitation of polluted soils (3%), environmental monitoring (2%) and energy management (1%).

4. Innovative Entrepreneurship

Greece also lags behind in terms of the Corporate Entrepreneurship Indicator, reflecting the level of innovation in established businesses, especially with regard to SMEs, namely the degree to which the existing, older enterprises can promote innovation; the country ranks very low among EU-25.

Despite significant steps that have been taken in Research & Technological Development, enterprises seriously **lag in linking entrepreneurship to innovation**, and adopting Information and Communication Technologies, and as a result, increased labour productivity does not lead to GDP increase. While **Greek researchers stand out for their remarkable performance in international competitive programmes**, Greece has failed to develop and/or utilise innovation in the business area.

Gross Domestic Expenditure in Research & Technological Development (GERD) as GDP% was 0.62% (2003) and 0.61% (2004), with a slow steady drop since 1999, albeit not in terms of absolute expenditure. The production sector has a very low contribution (constant at 30% in recent years), while half the research activity is conducted by Higher Education Institutions; the industrial sector finances just 28% of the research and development investment, while 70.5% comes from the public sector.[47]

The lack of mobilisation is the weakest element in the innovation – research and technology system, and **reflects general structural weaknesses in the production base**, e.g. small enterprises, traditional branches, extremely limited workforce in fields

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[45] ENSR survey: EC, Observatory of European SMEs, Highlights 2003

[46] National Council on Competitiveness and Development, "Annual Report on Competitiveness 2004"

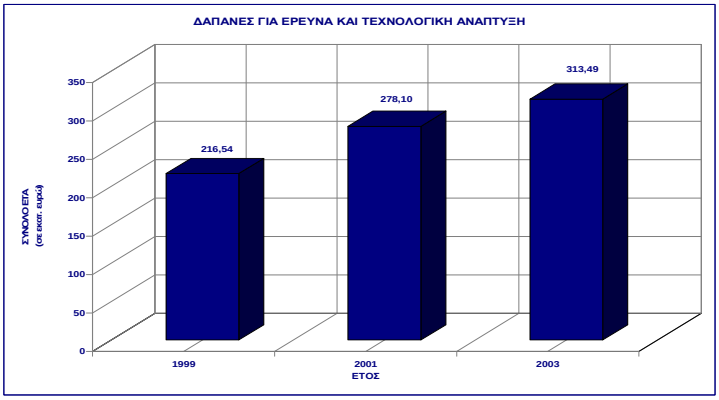
[47] Figures drawn from: GENERAL SECRETARIAT FOR RESEARCH AND TECHNOLOGY, STRATEGIC PLAN FOR THE DEVELOPMENT OF RESEARCH, TECHNOLOGY AND INNOVATION IN THE CONTEXT OF NSRF 2007 - 13

generating technological innovation, technological transfer, in-house development, lack of high-level scientific staff in enterprises, risk prevention.

Overall, Greece's position in terms of enterprises using innovative activities in their internal processes, seems to lag behind with respect to many European countries (EU-15). Moreover, as regards the use of the internet for commercial purposes (e-commerce), once again, Greece appears to be lagging greatly behind most European countries (1% of total turnover comes from e-commerce compared to 2.2% in EU-15, in 2004).

Nevertheless, recent assessments have revealed some rather favourable trends: increased Business Enterprise Expenditure in Research & Technological Development (BERD), and a slight, constantly increasing overall contribution. Albeit 73% of enterprises that presented R&D expenses are small enterprises, the largest part of expenditure between companies comes from large and medium-size enterprises[48]

DIAGRAM 19 - Development of Greek businesses' R&TD expenditure (1999 – 2003)



Even though R&TD indicators exhibit downward trends in 1999-2003 (as GDP%), the share of enterprises' appears constant with a slight rise.

TABLE 22 - R&TD Indicators

	GERD/GDP	BERD/GDP	BERD/GERD
1999	0,67%	0,18%	27,23%
2001	0,63%	0,21%	33,05%
2003	0,63%	0,20%	32,16%

This failure has a strong regional dimension. Two out of 13 Regions (Attiki and Central Macedonia) have an overwhelming superiority in all sectors, as Attiki accounts for 58% of the entire GERD (76% of enterprises' expenditure, 62% of state research centres and 44% of Universities), while Central Macedonia 14.5% of total GERD (10.5% of enterprises' expenditure, 11% of state research centres and 19% of Universities).

5. Human resources and innovative entrepreneurship

The problem appears to be more acute with respect to the human resources – innovation – entrepreneurship link. Both the aim and the scope of the principal educational system, even at the highest levels, and the existing institutional framework and the available instruments to implement the initial and continuing vocational training, do not suffice to adequately respond to linking demand and offer to the labour market, by adapting workforce skills and qualifications to business requirements, and to requirements

[48] Enterprises increased their R&TD expenses, and as a result they grew from €216.54 mn in 1999 and €278.10 mn in 2001 (up 28.4%), to €313.49 mn in 2003 (up 16.3%). Overall increase from 1999-2003 rose to 44.8%

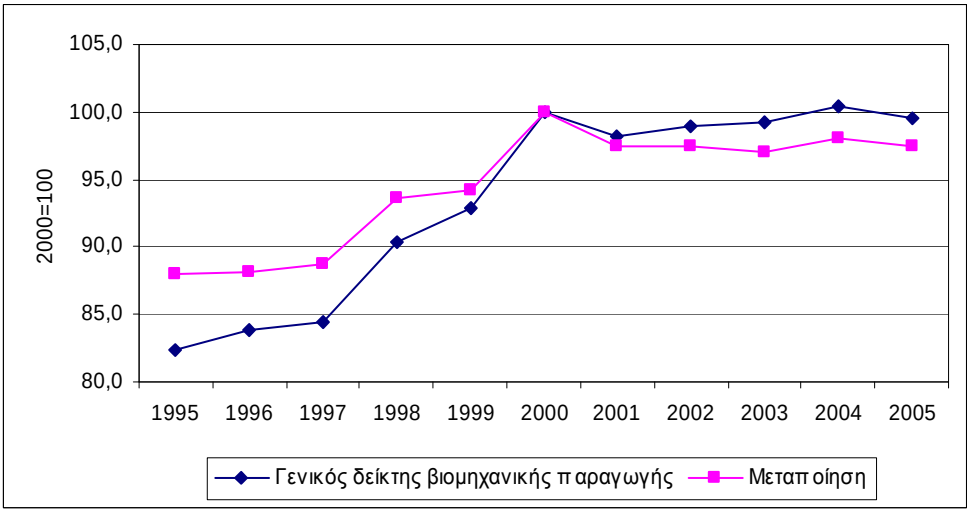
relative to matters such as state-of-the-art technology development, research and innovation management, etc.

Moreover, even when the system does function correctly lack of cooperation between the authorities responsible for education and vocational training, and those responsible for promoting entrepreneurship, competitiveness and innovation, results in the separate design and implementation of actions inevitably leading to a radical decrease in effectiveness.

1.5.1.4 Manufacturing

Since 2000, the overall processing production indicator has been stagnant, following a period of increase in 1995-2000. The diagram below displays the development, over time, of the revised production index.

DIAGRAM 20 -General industrial production indicator and processing indicator (1995 - 2005)



Most sectoral indicators also show minor changes in 2004, as an indication of a constant or slightly downward trend.

Following are the main characteristics of the Greek manufacturing sector:

- there is a drop in textile materials, garments, leather goods/shoes, wood and cork, other equipment transportation, paper and paper products, office equipment/computers, furniture/ other industries, transportation, radio/television and communication appliances (10 sectors)
- the trend is constant (but without any particular average growth) in food and beverages, non metal minerals, machinery and equipment items, electrical machinery, appliances etc, oil and coal by-products (5 sectors)
- There is growth in tobacco, printing/publications, chemical products, products made of plastic and elastic materials, basic metals, manufacture of end products from metal (4 sectors).

At the same time, processing appears to be greatly lagging with respect to its concentration in high added value sectors[49]:

- It stands at 75% of the European average with regard to concentration in high added value sectors, and at 154% with regard to concentration in low added value sectors.
- as to its composition, it is almost identical to the Spanish processing sector, which, however, has the inherent advantage of a larger internal market.

The overall result is the appearance of a "de-industrialisation" trend with a reduction of units and, of course, employment:

TABLE 23 - Development of Industry Units and Employment

Period	No of units	Employed
1995-2000	-13,7%	-8,4%
2000-2002	-23,8%	-1,4%
1995-2002	-34,2%	-9,7%

Source: NSOG, CCI data, 2003

The above "de-industrialisation" reflects primarily the impact of greater international parameters.[50]

Greek structural weaknesses allow international factors to have negative effects. The problems of the Greek manufacturing sector have resulted from the conditions in which Greek industry developed through time: business activity development in a tariff protection environment, bank financing at "negative" interest rates, high state participation in the investment costs (grants and interest rate subsidies), extremely small average unit size, "family" management even in "large" enterprises, inherent strong SME "recycling", "dirigist" development attempts in driving sectors.

The following are almost permanent attributes of Greek industry: long-term stagnation, shrinking industrial sector GDP contribution, drop in or stagnation of industrial employment, low added value, low extroversion, intensifying import penetration, dependency on "traditional" sectors, failure to generate innovation and inadequate adoption/adaptation of imported innovation, the state's "rescue"-type interventions that resulted in great losses for the public sector and increased its total loan burden[51].

The Greek manufacturing sector has a very significant regional dimension, illustrated in Table 49 (see Appendix II). Attica Region produces 19.6% of Gross Added Value (2003), while Central Macedonia, 21.1%. On the other hand, the three island regions produce merely 14.4% of Gross Value Added. Concentration of units and needs leads to concentration of interventions and state aid, and therefore concentration of investments and employment. This in turn creates the potential for new de-industrialisation problems, and therefore more need for state aid.

Territorial concentration is another important feature of the Greek manufacturing sector: 48% of units, 46% of employment and 53% of gross production value are accumulated in the prefectures of Attica, Viotia, Evia and Corinth. These four prefectures, together with the Thessaloniki prefecture, account for 63% of units, 57% of employment and 65% of gross production value of the entire Greek processing sector[52]. Territorial

[49] EC, DG Enterprise, EU Productivity and Competitiveness: an Industry Perspective, 2003

[50] The share of intra-European imports of industrial goods in EU-15 countries is constantly dropping (from approximately 65-85% per country in 1967 to 55-70% in 2002); in textiles-garments, iron, vehicles, electrical products, the EU lost 1.4% of its market share in 1995-2002, while China gained 63%, Turkey 32% and Mexico 76%, precisely because of the gradual new global specialisation per sector

[51] See analyses in: T. Giannitsis: Greek Industry: growth and crisis, 1985, K. Vaitsos, T. Giannitsis: Technological transformation and economic growth, 1987.

[52] NSOG, CCI 2002

concentration is an obvious sign of the Greek manufacturing sector's dependence, on one hand, on the infrastructure and economic conditions offered in the two largest urban concentrations (Athens and Thessaloniki), and on their market size on the other. It also affects its sectoral composition, with the prevalence of consumer goods sectors. What is striking is that, in spite of the fact that, in the past twenty-five years, the Thrace region was treated very favourably through development incentives laws, its three prefectures (Evros, Rodopi and Xanthi) account for just 2.7% of units, 3.1% of employment and 2.6% of gross production value; this suggests that:

- either the burden of inadequate business and general infrastructure has a decisive impact on remote or disadvantaged areas
- or that state capital aid was not wisely directed (to sectors, production process areas, externalities, etc.)

1.5.1.5 Tourism - Shipping

Albeit small in size, Greece occupies a leading position in global trade services, mainly due to Greek shipping and tourism. According to World Trade Organisation final data for 2003, Greece ranks 9th in travel services exports and 15th in transport services exports.

Worldwide, in recent decades **tourism** has been the most rapidly growing economic sector. For Greece, this translates to **13 million foreign tourist arrivals every year** (ranks 15th worldwide in tourist arrivals), placing the country at the **4th place among EU countries** in net revenues from tourism. Tourism contributes 17% of GDP, while offering 800,000 **direct or indirect jobs** (18% of total employment).

TABLE 24 - Relative Position of Tourism

ΧΩΡΕΣ	Ο Τουρισμός ως ποσοστό του ΑΕΠ	Η τουριστική απασχόληση ως ποσοστό της συνολικής απασχόλησης
Ισπανία	18,38	20,11
Πορτογαλία	15,40	16,96
ΕΛΛΑΔΑ	15,00	17,38
Αυστρία	14,85	16,77
Λουξεμβούργο	12,42	14,54
Γαλλία	12,30	13,94
Φιλανδία	11,49	12,01
Ιταλία	11,36	12,20
Ηνωμένο Βασίλειο	10,87	10,22
Βέλγιο	10,25	11,03
Γερμανία	9,88	10,78
Ολλανδία	9,81	9,65
Δανία	8,74	8,81
Ιρλανδία	8,53	7,68
Σουηδία	7,52	7,22

Source: WTTC, 2003 in SETE, Tourism and Employment, 2003

In 2004, the gross added value in the sector of hotels and restaurants in Greece was 8,821.9 million euros and corresponded to 7.57% of the national gross added value. In relation to the past, the contribution of the sector in the total gross added value is increasing. In 1995, the sector's contribution was 6.53%, whereas in 2000 it reached 6.87%. In the EU respectively, the sector's contribution to the total gross added value presented a decline during the period 1995-2004; from 2.64% in 1995 it decreased to 2.42% in 2004.

Potential of the tourist sector

Based on recent data by the NSOG (Tourism statistics, 2005), 9,036 hotels and similar accommodation units and 341 organised campings operated in Greece in 2005. Most of tourist accommodation units have recently been renovated and modernized and have modern facilities of high standards.

TABLE 25 - Basic data of hotel infrastructure, Greece and EU (mil. €)

		Greece	EU15	EU25
	Units	6.713	191.469	
1990	Beds	438.355	7.833.987	
	Average size	65	41	
	Units	7.754	189.980	195.922
1995	Beds	557.188	8.615.733	9.163.551
	Average size	72	45	47
	Units	8.342	192.867	202.806
2000	Beds	607.614	9.635.271	10.356.059
	Average size	73	50	51
	Units	8.899	189.582	201.066
2004	Beds	668.271	9.952.275	10.783.463
	Average size	75	52	54

Source: Eurostat database, 2006

Between2000-2005 we observe an increase by 8.4% in the number of hotels and similar units, while the overall change for the period 1990-2005 is 25.8%. Conversely, the number of organized campings is slightly reduced by 2.6% in the period 2000-2005, while the total change for the 15-year period is positive and reaches 7.9%. On the level of the EU25 the country's share regarding the total number of hotels and similar accommodation units from 4.1% in 2000 reached 4.4% in 2004.

Evolution in the number of tourist beds

In the period 1990-2005, in Greece the infrastructure for tourist accommodation kept increasing continuously. The number of beds operating during 2005 in all forms of hotels (except campings) reached 682,050[53]. This number is increased by 12.36% in relation to 2000, whereas the average annual rate of change recorded for the period 1990-2005 is 3%. The staging of the Olympic Games by Greece contributed significantly to the increase in the number of tourist beds during the aforementioned period. As regards the country's share in the hotels overall potential for the number of tourist beds among EU countries, based on Eurostat data for the most recent year available (2004), there is a slight increase from 6.08% in 1995 to 6.20% in 2004.

The table below presents the arrivals of foreign nationals and the hotel infrastructure (in beds) both in Greece and its main competitors during the period 1990-2000. One can observe the impressive increase of tourist infrastructure in Turkey and Egypt. Turkey especially, is quite close to Greece in potential, whereas its dynamics is also depicted in the number of tourist arrivals, which have exceeded the corresponding arrivals to Greece, already in 2004[54].

[53] NSOG, Tourism statistics, 2005

[54] In the World Tourism Organisation reports it is estimated that in 2004, the arrivals of tourists to Greece were approximately 14 million, whereas in Turkey they reached 16.8 million.

TABLE 26 - Arrivals - Beds

YEAR	SPAIN		TURKEY		CYPRUS		PORTUGAL		EGYPT		GREECE	
	Arrivals	Beds	Arrivals	Beds	Arrivals	Beds	Arrivals	Beds	Arrivals	Beds	Arrivals	Beds
1990	37.441	929.533	4.799	164.980	1.561	51.774	8.020	179.337	2.411	101.469	8.873	438.355
1991	38.539	972.808	5.158	192.386	1.385	56.859	8.657	188.501	2.112	105.690	8.036	459.297
1992	39.638	998.816	6.549	212.902	1.991	62.986	8.884	190.892	2.944	109.820	9.331	475.799
1993	40.085	1.009.241	5.904	228.641	1.841	67.494	8.434	198.862	2.291	116.531	9.413	486.439
1994	43.232	1.132.350	6.033	258.580	2.069	74.846	9.169	202.442	2.356	120.854	10.642	508.505
1995	34.920	1.074.017	7.083	280.463	2.100	77.259	9.511	204.051	2.871	128.957	10.130	533.812
1996	36.221	1.087.529	7.966	301.524	1.950	83.537	9.730	208.205	3.528	140.741	9.233	548.785
1997	39.553	1.102.424	9.040	313.298	2.088	83.288	10.172	211.315	3.656	150.986	10.070	561.068
1998	43.396	1.121.217	8.960	314.215	2.223	85.161	11.295	215.572	3.213	166.817	10.916	576.876
1999	46.776	1.282.013	6.893	319.313	2.434	84.173	11.632	216.828	4.490	187.284	12.164	584.973
2000	48.201	1.215.290	10.428	404.300	2.686	85.303	12.096	222.958	5.506	213.898	13.096	593.990
Change 00/90	28,74%	30,74%	117,30%	145,06%	72,07%	64,76%	50,82%	24,32%	128,37%	110,80%	47,59%	35,50%
AARPC 00/90	2,56%	2,72%	8,07%	9,38%	5,58%	5,12%	4,19%	2,20%	8,61%	7,74%	3,97%	3,08%

Sources: Andersen (2002), NSOG/GTO (2003), WTO (2002), Association of hotel owners of Spain (2002), TYD (2002), KOT (2002), General Directorate of Tourism of Portugal (2002), Association of hotel owners of Egypt (2002), Association of hotels in Greece (2002).

Aarpc: average annual rate of population change

Average size of hotels

Based on the most recent data (NSOG, Tourism statistics, 2005), the average size of hotels in Greece is 75 beds, while in the EU it is 54. Specifically, in the EU, the average size of 5-star hotels is 367 beds, 4-star hotels is 183 beds, 3-star hotels is 93 beds and 2-star hotels is 52 beds.

TABLE 27 - Average size of hotels

Category	Average size of hotels (in number of beds)					
	SPAIN	TURKEY	CYPRUS	PORTUGAL	EGYPT	GREECE[55]
5*	355	607	456	482	347	435
4*	318	283	239	277	301	189
3*	218	170	116	155	187	97
2*	77	86	66	108	102	52
1*	49	88	47	78	73	62[56]
TOTAL	156	185	146	204	217	74

Sources: Association of hotel owners of Spain (2002), TYD (2002), KOT (2002), General Directorate of Tourism of Portugal (2002), Association of hotel owners of Egypt (2002), Association of hotels in Greece (2002).

One can observe that in the countries competing directly with Greece, the average size of hotels in operation is considerably greater than the one in Greece, for all categories of hotels.

[55] Hotel classes in Greece was done based on the recently adopted classification of hotel units with the system of stars

[56] Class D' and E' hotels are included here.

Employment

Based on Eurostat data (Manpower survey, 2005), around 304,000 individuals are employed annually in the sector of hotels and restaurants in Greece (6.9% of the total employment in the country). The number of those employed in the sector represents 3.7% of total employment of the sector in the EU-24 (no data are available for Luxemburg), when the share of all manpower in the country is 2.2%. Employment in the sector, based on the working relationship, is distributed as follows: 58.6% are employees, 31.2% are self-employed and the remaining 10.2% are members of the family. Moreover, 92.8% are working full time and the remaining 7.2% are working on a part-time basis

In combination with Eurostat data for 2005, it can be estimated that the manpower directly or indirectly working in the tourist sector amounts to approximately 850,000 people. Since, however, some of these jobs are seasonal, it could be said that the total number of full-time posts in tourism in Greece is about 700,000. Compared to 2000, the number of those employed in the sector appears increased by 11.36%, without however any major differentiation in the percentage corresponding to the total number of manpower. On the contrary, an important difference can be observed in relation to 1993, since the percentage of employment in the sector in relation to the total number of economically active population was 5.46%. Since then, a change regarding employment in the sector has been recorded, and for the period 1993-2005 the average annual rate of change in the sector was 3.42%. Examining the characteristics of the educational and cultural level of those employed in the sector, we can observe that primary and secondary education graduates prevail: the percentages exceed considerably the corresponding percentages for the economy as a whole, whereas the percentage of university education graduates amounts to just one third of the corresponding percentage in the economy as a whole.

It is obvious that in the tourist sector people with a medium or low educational level are employed and certainly not that qualified as in the total of economic activities.

Tourist traffic (arrivals – overnights)

During the period 1990-2000, tourist traffic recorded a positive rate of change. However, during the period 2000-04 a dwindling was recorded. Specifically, the arrivals of foreign tourists to hotel and similar accommodation units reached 6,313,228, therefore a 18.72% decrease in relation to 2000. During the same period, similar trends are recorded in domestic tourist traffic, but to a lesser extent. That is, the arrivals of Greek nationals to hotels and similar accommodation units in 2004 reached 5,567,107, thus recording a decrease of 4.62% in relation to 2000. Therefore, **the total number of arrivals in 2004 reached 11,880,335, recording a drop by 12.67% in relation to 2000**. During the same period, in the EU the total number of arrivals presented an increase by 3.37%[57]. The country's share in tourist arrivals in relation to the total number in the EU amounts to 3.39% of the total arrivals of foreign tourists to hotel and similar accommodation units.

TABLE 28 -Comparison between Greece - EU-24, 2004

	Greece	EU-24[58]
Arrivals	6.313.228	186.320.608
Overnights	38.309.783	612.847.491
Average duration of stay	6	3

Source: Eurostat database, 2006.

An important observation arising from the analysis above is that even during the year of the organization of the Olympic games in Greece **the number of arrivals from abroad**

[57] This performance refers to 23 member states: Ireland and Malta are not included, because corresponding data were not available

[58] Ireland is not included

was reduced, despite the fact that 2004 was overall, according to the World Tourism Organisation the best tourist year (recording a 10% increase compared to the previous year). Due to the Olympic Games, high percentages of full capacity in hotel beds were recorded in the area of the capital and to a lesser extent in Thessalonica. On the contrary, in the rest of the country the situation was not similar, because a more than 5% reduction in overnights was observed, despite the fact that the prices offered were not adjusted according to inflation, but even decreased in some cases, as noted by the Institute of Tourist Surveys and Forecasts in its Report of May 2005. Nevertheless, based on the World Tourism Organisation data, in 2004 total foreign exchange revenues from tourism in Greece reached 10,347.8 million euros, that is, a 9.0% increase compared to the previous year. This type of contrast underlines the **opportunistic approach to tourism** in the country

The decline of the level of competitiveness of the Greek tourist industry is due to many reasons. One of those is Greece's entry to the Eurozone, which due to euro's powerful exchange rate, made the country much less attractive than other competitors in the Mediterranean more linked to dollar (Turkey, North African countries, Malta). However, the adoption of euro is not the decisive factor for the loss of the country's competitive power in the tourist market. Greece occupies the 16th position in the list of the most popular tourist destinations with a 2.03% market share for 2003[59]. The first five positions regarding foreign tourists arrivals in 2004 are occupied by France (9.8%), Spain (7.0%), U.S.A. (6.0%) China (5.5%) and Italy (4.9%). In general, during the period 2000-2004, the countries competing directly with Greece, with the exception of Italy, show very good results.

So far, the main features of tourist development have been lack of strategic planning, improvisation and deregulation. The dominant tourist product of the country for the last decades has been an undifferentiated summertime tourism ("sun and sea"); certain differentiated tourist products have emerged in the last few years, without however significantly affecting the overall tourist product.

Increasing competition in the globalised tourist economy, both from the supply side with new, low-cost tourist destinations appearing, which provide a similar product, and from the demand side, due to the changes in the consuming models and the global economic recession, have modified decisively the key elements of tourist economy. International experience shows that competition has intensified and is focusing more and more on destinations to choose from, whereas improving competitiveness is the key to success (of tourist destinations).

Greece has a **major competitive edge in shipping as well**. It plays a leading role in the European and global shipping community, and constitutes a hub for transportation networks connecting the EU with Asian and African countries. **The fleet flying the Greek flag is the fourth largest in the world**, in terms of tonnage, while the Greek-owned fleet ranks as the most significant shipowner community in the world, controlling 14.1% of global tonnage (gt) and 16.5% of deadweight tonnage (gwt). **In the EU the fleet flying the Greek flag ranks first** and employs more than 25,000 Greek seamen.

As shown on the table below, Greece occupies the first position in the EU regarding **passengers' sea traffic** with a 25% out of the community total.

[59] Source: World Tourism Organisation, 2005

TABLE 29 -Passengers disembarkations and embarkations 2002-2003

	2002			2003		
	Disemb.	**Embar.**	**Total**	**Disemb.**	**Embar.**	**Total**
Per member state						
Belgium	0,6	0,6	1,1	0,4	0,4	0,7
Czech Rep.	-	-	-	-	-	-
Denmark	24,1	24,1	48,2	24,5	24,3	48,8
Germany	16,7	16,5	33,2	16,0	16,1	32,2
Estonia	2,6	2,5	5,1	2,6	2,6	5,2
Greece	50,6	50,5	101,2	51,5	51,3	102,8
Spain	10,1	8,8	18,9	10,8	9,3	20,0
France	14,6	14,5	29,1	13,7	13,7	27,4
Ireland	1,9	2,0	3,9	1,9	1,9	3,7
Italy	41,4	41,3	82,7	41,3	41,3	82,6
Cyprus	0,2	0,2	0,3	0,1	0,1	0,3
Latvia	0,0	0,0	0,0	0,1	0,1	0,1
Lithuania	0,1	0,1	0,1	0,1	0,1	0,1
Luxemburg	-	-	-	-	-	-
Hungary	-	-	-	-	-	-
Malta				0,1	0,1	
Netherlands	1,1	1,1	2,2	1,0	1,0	2,0
Austria	-	-	-	-	-	-
Poland	1,7	1,6	3,3	1,6	1,6	3,2
Portugal	0,3	0,3	0,5	0,3	0,3	0,6
Slovenia	0,0	0,0	0,0	0,0	0,0	0,0
Slovakia	-	-	-	-	-	-
Finland	8,3	8,2	16,6	8,2	8,1	16,3
Sweden	16,2	15,9	32,1	16,5	16,2	32,7
U.Kingdom	17,8	17,8	35,6	16,8	16,9	33,7
EE 25	208,3	206,0	414,3	207,5	205,2	412,8
EE 15	203,7	201,6	405,4	203,0	200,7	403,7
Greek percentage						
In EU 25	24,3%	24,5%	24,4%	24,8%	25,0%	24,9%
In EU 15	24,9%	25,1%	25,0%	25,4%	25,6%	25,5%

Source: Energy and Transport in Figures 2005, European Commission, Directorate General for Energy and Transport in Co-operation with Eurostat.

Some basic data regarding the composition of the total traffic in Greek ports during the period 2001-2004 are presented in the following Table (cruisers, yachts, etc. are not included). Regarding passenger traffic, domestic traffic (coastal shipping and local ferry boats) forms the greatest part of passenger traffic, whereas overseas traffic is limited (mainly drivers of vehicles), due to intense competition from air transport.

TABLE 30 - Basic data on the composition of Greek ports traffic 2001-2004

	2001	2002	2003	2004
Arrivals of vessels				
Number	278.568	484.915	513.599	546.643
KKX (000)	333.873	453.264	512.634	575.238
Coastal shipping traffic				
Passengers (000)				
Disembarkations	13.852	13.124	14.905	17.306
Embarkations	13.852	13.124	14.905	17.306
Total	27.704	26.248	29.810	34.612
Commodities (000 tons)				
Unloading	34.578	37.596	41.820	40.174
Shipment	34.578	37.596	41.820	40.174
Total	69.156	75.192	83.640	80.348
Overseas traffic				
Passengers (000)				
Disembarkations	1.514	1.505	1.471	1.236
Embarkations	1.375	1.363	1.311	1.111
Total	2.889	2.868	2.782	2.347
Commodities (000 tons)				
Unloading	46.902	50.861	52.350	51.938
Shipment	22.977	21.806	26.025	24.448
Total	69.879	72.667	78.375	76.386
Local ferry boats				
Passengers (000)	35.852	36.022	34.883	31.233
Vehicles (000)	10.387	10.346	10.400	9.879
Total				
Passengers (000)	66.445	65.138	67.475	68.192
Merchandise (000 tons)	139.035	147.859	162.015	156.734

Source: NSOG, 2005

On the contrary, **international traffic of commodities is significant**, reaching 76.4 million tons in 2004 (total of shipment and unloading). Coastal shipping traffic of commodities is even greater, reaching 80.4 million tons in 2004. It must be pointed out that it is by means of trucks and cargo ships that all the islands of the country are supplied with basic products, indispensable for the survival of their permanent inhabitants and for the provision of services to visitors/tourists.

Overall, sea transportation is recorded (by the NSOG) in 155 big and small ports of the country. The **port of Piraeus is by far the most important in the country**, despite the minimal traffic of regular passenger lines abroad. Since it is the main port of Athens, it constitutes the basic connection hub for almost all the islands in the Aegean and corresponds to 30% of the total coastal shipping traffic in the country. Most coastal lines depart from and arrive to Piraeus, resulting in a linear system of coastal shipping transportation, something that creates heavy pressure on ports during peak times, many stops and delays, etc. The port of Piraeus is also by far the most important in the handling of containers (1.6 million TEU in 2003, one of the most important ports in the Mediterranean in this sector) and commercial vehicles (346,000 vehicles in 2003), with considerable potential. Conversely, the handling of conventional cargo (non hazardous or in units) has been reduced in recent years. The port of Piraeus also occupies the first position in cruises traffic, with approximately 780,000 passengers in 2003, and it ranks in the 5th position among all ports in the Mediterranean. The ports of Igoumenitsa and Patras are the main gates connecting Greece to the rest of Europe, with around 86% of the corresponding total sea traffic of passengers and vehicles, including trucks transporting export and import goods.

The great importance of sea transport for Greece is proven also by the fact that the Greek merchant fleet on January 1st, 2004 numbered 3,089 vessels (76% under foreign flag) with a tonnage of 156 million DWT (69% under a foreign flag)[60] , the country ranking first among EU-25, with a 33% share in vessels and 54% in tonnage. Greek merchant marine, together with tourism, still is the most outward-looking and competitive activity in the country, an important source of income and creation of jobs.

However, the shipbuilding activity in Greece has dwindled, whereas the same can be said more or less for ship repairing activities. These two activities depend a lot on cost, quality and punctuality of the services provided. In this sector, in recent years the role of Asian countries is constantly reinforced.

1.5.2 Capital markets

The main features of the Greek capital markets' development in recent years include increased market capitalisation as percent of GDP nearing that of EU stock markets average, the significant increase in the participation of foreign institutional investors in the Greek stock market, the drop in stock transaction costs and in the contributions paid by the Athens Stock Exchange members, improved profitability of most listed companies and increased dividend allocations.

On the other hand, the Greek capital markets have some weaknesses that need to be addressed and improved. Specifically, the Greek stock market's liquidity index is lower than the EU average, daily transactions have high concentration in a small number of The Greek capital markets have a comprehensive and modern institutional and supervisory operation framework, ensuring effective operation and market transparency. In particular, the institutional and regulatory framework governing the Greek stock market's operations has been fully updated, following the major enhancement of the legislative framework and supervisory infrastructure. New measures have been taken to protect the market against systemic risks and speculative phenomena, while at the same time it has adapted – and is continuously adapting to all new community legislation - to all the relevant Directives ensuing from the "Financial Services Action Plan" that the EU adopted in May 1999 in order to create a single and integrated capital market within the Union. All the above regulations constitute a material effort to adopt an effective, comprehensive and harmonised regulatory and supervisory framework for the operation of the domestic capital markets.

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Finally, as regards future planning actions, on the part of Greek authorities, to further develop the Greek stock market, planning has started for the creation and introduction into the market of new financial products and investment tools (such as Exchange Traded Funds), the development of the required institutional framework that will allow the globally rapidly developing Hedge Funds to enter and operate in the domestic market, the review of the taxation framework for mutual funds, the review of the existing institutional framework regarding the corporate governance of listed companies for harmonisation purposes with the restated corporate governance principles of the OECD (2004), expansion of the Athens Stock Exchange working hours, so as to fully converge with the respective European markets, the creation of a small exchange market with limited company listing requirements, in order to attract smaller companies and hedge funds to the stock exchange, etc..

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[60] Source: ENERGY AND TRANSPORT IN FIGURES 2005, European Commission, Directorate General for Energy and Transport in cooperation with EUROSTAT, Table 3.6.13

1.5.3 Social cohesion and Health

- **Revenue disparities and expenditure for social protection**

Generated income distribution directly affects the extent of social disparities and consequently the social cohesion

The unequal income distribution indicator (6.6 in 2003[61]) reflects a social disparity expansion trend in Greece, also observed in several other European countries.

Social protection expenditure represents 26% of the GDP in 2004 (26,3% of the 2003 GDP), near the European average of 27,3%. According to the available data[62], the risk of poverty is slightly but constantly declining. The percentage of people living below poverty level, after social transfers, was of 20% in 2004, versus 20,7% in 2003[63], showing a slight reduction[64].

The poverty risk difference between men and women is 2.4%. The percentage of individuals below the threshold of poverty is significantly higher for the categories of unemployed (31.2%) and pensioners 925.7%), whereas it is considerably lower for those employed (13.2%). A high poverty risk is run by lonely households of elderly (37%), one-parent households where the head is a woman (35.1%), families with many children (30.5%), as well as households where at least one the members is above 65 years old (29%). Poverty is persistent in households where no one is working: the risk of poverty in this case reaches 52%, when there are dependent children.

The importance of employment is seen also in the fact that 68% of the individuals who are below the threshold of poverty are not working. A special feature of our country regarding ownership-occupancy should be noted nevertheless. Due to high percentages of ownership-occupancy, the risk of poverty is limited to 17%, when ownership-occupancy, self-produced goods, and goods and services provided for free by third parties to the households are taken into account.

It must be noted that the presence of increased poverty rates in the countryside does not entail social exclusion, because of the protection offered by the family and by informal local social cohesion networks, as well as self-production and consumption.

However, one of the greatest challenges is to improve the efficiency of the social protection system: whereas expenditure for social benefits and allowances in the EU-15 reduces poverty by 9%, in Greece an almost equivalent expenditure (as a percentage of the GDP) reduces poverty by only 3%[65].

- **Health**

The health of a country's population is a principal indicator of human development and prosperity, but also a necessary prerequisite for social and economic growth. The improvement of health and well-being indicators leads to increased work productivity and extends the economic productivity period of individuals, as well as their employability. In Greece, although the population's general health indicators stand at a good level, they are not improving at the rates of other Mediterranean countries, lagging in prevention, public health and primary care organisation and proper staffing.

The health system in Greece has a relatively adequate infrastructure and specialised medical staff, but it is hospital-centred, with weaknesses in the rational distribution of infrastructure, buildings and staff, and in its efficient and effective operation. Improvements are underway in the field of mental health, especially in the direction of de-institutionalisation, with remaining weaknesses in prevention and primary care.

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[61] The unequal income distribution indicator is the ratio of total income of the top 20% of the population to that of the lowest 20% of the population in terms of income.

[62] National Report on the Strategy for Social Protection and Social Inclusion 2006-2008.

[63] EUROSTAT, EU-SILC 2004

[64] According to the most recent ESYE survey (Survey on household income and living conditions, year 2005), the percentage of people living below poverty level after social transfers was of 19,6% in 2004 against 19,9% in 2003. See ESYE, Press release, 18.01.2007

[65] National Strategy Report on Social Protection and Social Cohesion 2006-2008.

According to Eurostat data, there has been an increasing trend in total health expenditures in recent years. In 2002 **Greece spent more than 9.5% of GDP** in health, a fact that puts the country in one of the leading positions among EU member-states. High rates of private expenditures (47% of the overall expenditures for health) have been recorded, constituting an indication of the inequality existing in the access to and consumption of health services.

However, despite high overall health expenditures, what is very important is the fact that **Greek citizens are unhappy with** the health system[66] , especially with regard to the regional dimension of services offered. A study of interregional flows also reveals the regional health disparities, and shows that in Greece, the health-wise self-reliant regions are the Capital area, Central Macedonia (Thessaloniki), Epirus and, marginally, Crete. The Epirus Region became self-reliant when the Ioannina University Hospital was created, accommodating patients from surrounding areas and countries.

The country is characterized by a particular geographic polymorphism with a lot of inhabited islands, but also mountainous inaccessible areas with special needs regarding health care. At the same time, the development of a particularly intensive tourist sector creates the need to transfer the "centre of gravity" regarding the provision of services from secondary to primary care and from the urban centres to the periphery.

Despite steps taken towards the operating and organisational modernisation of health units, there are still great problems:

- inadequate, fragmented and uncoordinated primary health care services, especially in large urban centres.
- obsolete building and equipment infrastructure in hospital units.
- effectiveness and efficiency deficit in the administrative and organisational structure of health units.
- Low penetration of management and information dissemination technologies
- lack of an Epidemiology Map with reliable morbidity data.

Today, the system does not possess effective cost control mechanisms, since it has not been computerized to a satisfactory level, it demands greater coordination with the social security system in order to restrain artificial demand and the absence of standardization mechanisms does not support costing.

The possibility for saving resources and **ensuring the viability of the system** can be sought in rationalising, prescribing and consuming medication, in the better management control of the system and use of expensive biomedical technology, in the transparency of procurement, in the modernization of its operation in an environment of electronic governance, in the administrative and institutional modernization and in restricting artificial demand.

- **Social inclusion and social protection**

In the national policy on **long-term care** an attempt was made to gradually change the traditional, closed-type welfare services into modern, open-type social care services, as well as to develop new services targeting vulnerable population groups. However, we can observe reduced accessibility, concentration of care provision agencies in the urban centers, deficiencies in semi-urban and rural areas, lack of specialized agencies, as well as limited functionality of prevention and open-care programmes on the basis of unfavourable demographic evolutions.

At the same time, there are also **weaknesses in the operation of the Primary Social Care Services Network**, the financing of services provided by state and private care organisations, the adoption of IT and information services, the development of Specific Programmes for the social inclusion of target-groups (Roma, refugees, homeless) that until today were treated differently by social services, the implementation of management and

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[66] See Ministry of Development, National Council on Competitiveness and Development, "Annual Report on Competitiveness 2005", p. 74

evaluation techniques, the employment of specialised staff, and the achievement of complementarity and synergy among state, private and volunteer activities.

In order to face these challenges, the Ministry of Health and Social Solidarity is considering setting up a **National Social Solidarity System**, based on the principles laid down in the White Paper on Governance, concerning the which will modernize public and private welfare structures, plan and implement social intervention programmes on a pluralistic basis, create flexible social protection networks, utilize human and material resources of the private sector and will focus on the special needs of social groups experiencing or threatened by social exclusion.

Social protection systems worldwide and in Europe face challenges pertaining to the internationalization of the economies and the increase of global competition, fiscal challenges, demographic changes and changes in the world of labour. These challenges create a number of new risks related to the spreading of poverty and social exclusion, whereas at the same time demand for high quality social services by the citizens is increasing; consequently the need for high levels of social protection is increasing, too[67].

Apart from these challenges, Greece is facing also the need to:

- preserve fiscal stability and **long-term economic viability for the social protection system,**
- **improve the quality** of services and therefore the need to modernize the social protection system, as well as
- **abolish regional social disparities.**

Tracing policy in the area of social cohesion in Greece presents several weaknesses, mainly due to the existence of a grey economy and a high percentage of self-employed individuals which makes it harder to identify both the poor who are in need of help and the extent of unpaid work by women. Moreover, organizational and administrative problems are identified in the areas of social security and welfare, as well as tendencies to discourage the employment of individuals coming from vulnerable social groups of the population.

Demographic changes raise new challenges for health and long-term care systems. The old age dependency ratio is expected to increase in Greece from 26% in 2003 to 60% in 2050, while the working age population is expected to decrease to 56.41%; consequently the pension system and the health system will be burdened and their viability will be submitted to further pressure. In parallel, the increase of the ageing population creates new demands for long-term care and raises its cost.

In many EU countries, including Greece, low or negative rates of the natural population change and ageing are counterbalanced with migration. For this reason, a more effective **inclusion of migrants in the world of labour and in the society** at large constitutes one of the most important and crucial socio-economic issues. In recent years, the inflow of a large number of migrants in Greece led the percentage of foreigners among the population to high levels (6.9% based on the 2001 census)

To face these challenges, after the analysis of the **National Strategy Report on Social Protection and Social Inclusion 2006-2008**, the following conclusions can be drawn:

- Enhancing employment opportunities is a decisive factor for limiting the risk of social exclusion, while when both parents are working is the best shield against the risk of child poverty. This is why **special emphasis must be given to actions enhancing employment opportunities for population groups which are in a precarious position as regards employment**. Efforts to increase the employment percentage, by means of actions to support families and women, to harmonise professional and private life, to improve the targeting of active employment and training policies for the benefit of vulnerable groups, will contribute significantly both to achieve the Lisbon objectives and to ensure a decent income for individuals at risk of social exclusion. Increasing the employment percentage will increase inflows to the social security system, will ensure higher pension levels in the long run, due to a greater participation in the labour market

[67] National Strategy Report on Social Protection and Social Inclusion 2006-2008, Ministry of Employment and Social Protection

by individuals who today do not form part of the manpower, and consequently will contribute to reduce the risk of poverty for the elderly and women.

- **Improving vocational training and lifelong learning actions, aiming more effectively to vulnerable groups and based on the needs of the labour market** will greatly facilitate these groups' access to employment and their social inclusion.
- Ensuring a decent socio-economic standard of living for these groups at risk of social exclusion must go hand in hand with policies to support income and to **facilitate access to quality services**.
- Actions to promote **the inclusion of disabled persons in the labour market and in the society**, as well as actions for **the social inclusion of migrants** will contribute decisively both to reinforce social cohesion and to achieve the objectives of economic growth and employment.
- **Modernising the social security system** is an action of crucial importance, for the viability of the Greek social protection system and for ensuring the coverage it provides in the long run, as well as for the long term financial stability.
- Extending the coverage of the social protection system and enhancing its quality will be achieved by means of actions for **modernizing the systems and rationalizing the expenses** (such as introduction of a single IT system for the NHS, introduction of modern management methods in the sector of health, application of quality standards, combating fragmentation in the social security system, computerization of the various funds, etc.)
- Ensuring a decent socio-economic standard of living for all is accompanied by the expansion of social services. The **expansion of social care structures, the efforts to provide health care for the most vulnerable groups and the actions to facilitate their access to a number of social commodities**, are all seen to act in a complementary way to the aforementioned objective. In all areas of social protection, efforts are being undertaken to make a qualitative leap forward, by modernizing the existing structures, rationalizing the operation of the various systems and organizational restructuring. Emphasis must be placed on the efforts to modernize the system of social protection and the need to coordinate all agencies involved, in the creation of monitoring and evaluation mechanisms of the actions implemented, in the decentralization of the provision of social services, as well as in the broadening of the social partners' and interested parties' participation in the process.

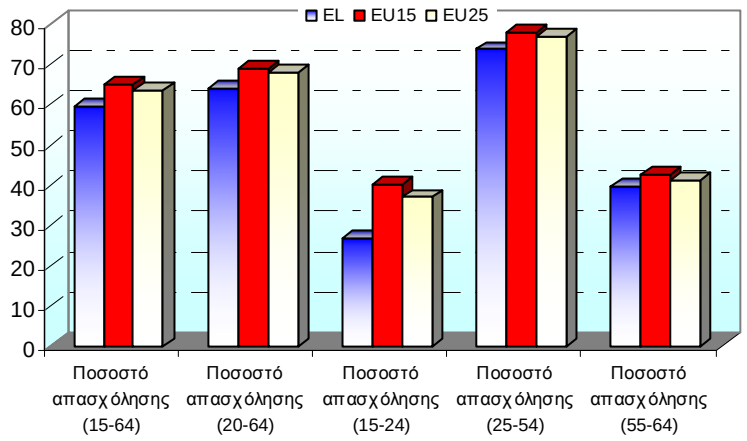
The above mentioned strategic directions, which must apply to the whole effort to modernize the Greek social protection system are interrelated to the priorities set both in the revised Lisbon Strategy and in the National Reform Programme 2005-2008.

1.5.4 Labour market-Employment-Training

1.5.4.1 Recent developments in Employment

During the 1994-2005 period, the employment rate in Greece rose from 54.2% to 60.1%, **still lagging behind the EU average** which, in the same period, rose from 59.8% to 65.2%, and it is still quite lower than the 70% total employment target for 2010, as set forth in the LS. At the same time, new job creation in Greece is still very low compared to the other EU-25 countries. The **part-time employment** rate remained particularly **low in 2005 as well**, rising to 4.8% compared to 18.5% in EU-25, in the same period.

DIAGRAM 21 - Employment rate by age group



Πηγή: Eurostat, 2005

The notable deviation in employment levels between Greece and the EU average is mainly due to the **low employment level of the female population.** In recent years, women's employment rates appear to be increasing, from 41.7% in 2001 to 45.2% in 2004, but still lagging greatly behind the European average of 55.7% (EE25).[68]

Specifically:

A. Employment trends per economic activity sector

Employment allocation among the broad economic activity sectors in Greece for 1999-2003 reveals that:

- The services sector employs the majority of the workforce. Industry-Handicraft offers work to approximately one fourth of the workforce in Greece. Finally, the Agricultural sector employs a significant Greek workforce segment, 16% in 2003.
- **With the passing of time, employment in Industry-Handicraft and Agriculture drops**, only to increase in services. In Greece, such changes are much more intense and seem to be turning in the direction of the European labour demand model, governed by professional skills from the services sector and the limited demand for agricultural skills.
- Employment allocation into the broad economic activity sectors by gender, reveals that **women prevail in Services and Agriculture, while men prevail in Industry-Handicraft**.
- With the passing of time, an 2.6% employment increase is noted in Services, mainly attributable to a 4.4% increase in the number of women employed, while there are also some positive trends regarding men's employment in this sector.

A closer analysis of the job losses and gains by economic activity sector in the 1999-2005 period, according to NSOG figures, will reveal that job losses in all sectors rose to 186,000. New jobs created in 1999-2005 rose to 527,500. The net result of the above development is an employment increase of 341,500 new jobs.

If new job creation trends in Greek economic activity sectors do not change drastically in the next few years, then, further shrinking of employment in the Agricultural sector is to be anticipated. In this context, the retirement of elderly farmers will also signal job losses as their places will not be filled by younger persons, who, in very few cases, see agriculture as the suitable field to pursue a career. Similarly, the job loss trend for women

[68] Eurostat.

in Industry-Handicraft does not seem to be heading towards reversal, due to the continuing shrinking of the textile sector.

Most economic activity sectors have the capacity to "create" new jobs, especially in real estate management, commerce, but also sectors directly linked to the state, such as Public Administration, Education, and Health and Social Care. On the other hand, sectors linked to the primary sectors, processing industries and electrical power supply seem to be shrinking in terms of employment, resulting in gradual job losses.

Published NSOG figures [69] for 2005 show that persons employed in the primary sector of the economy, now account for just 13% of total workforce, while Industry-Handicraft maintains a more or less constant share of overall employment (23%). The Services sector has impressively increased its share in overall employment (65% of total). If we examine employment changes by position in the profession, we will discover that, during the period in question, great changes have taken place in the positions held by the employed in the profession, led by an **increase in the number of salaried persons and a significant drop in the number of persons employed as assistants.**

TABLE 31 - Employed by position in the profession 1999-2005 (in ,000 persons)

Position	1999	2000	2001	2002	2003	2004	2005	+/- 2005/1999*
Self employed with staff	305,8	326,7	336,3	315,0	310,2	346,8	352,2	46,4
Self employed without staff	991,6	998,4	954,3	996,5	1.018,5	962,5	967,5	-24,4
Salaried employee	2.337,4	2.378,7	2.466,3	2.545,3	2.616,0	2.746,2	2.784,8	447,4
Assistant	405,6	394,1	346,3	333,3	341,9	274,9	277,5	-128,1
Total	4.040,4	4.097,9	4.103,2	4.190,2	4.286,6	4.330,5	4.381,9	341,5

** Source : Ministry of Employment and Social Protection*

B. Developments in labour productivity

Productivity could very well be the most important factor to enhance competitiveness and improve prosperity in the long run. Competitiveness is defined by the degree of productivity to which a country utilises its workforce, capital and natural resources.

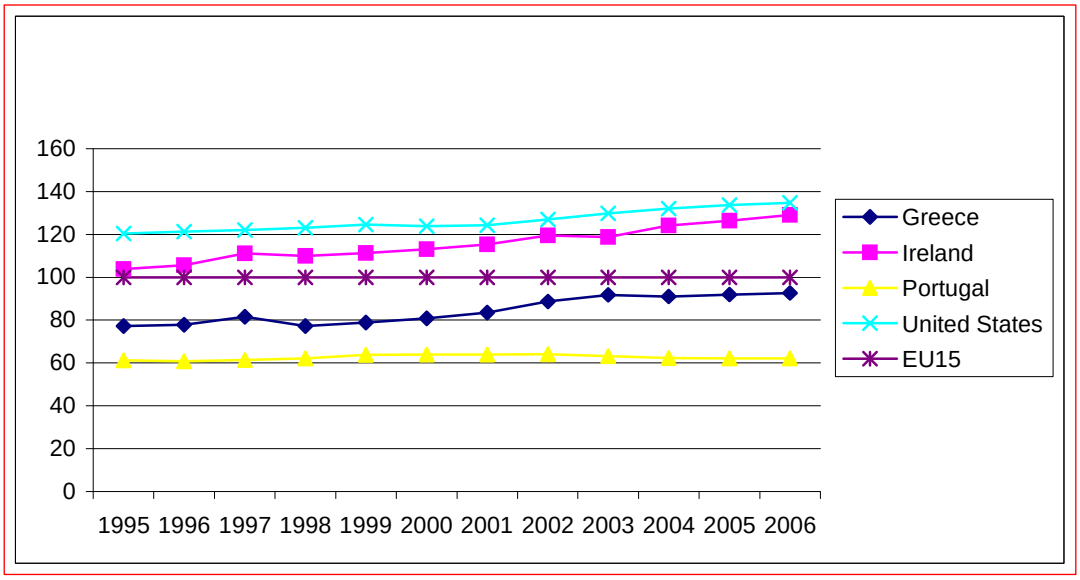
Labour productivity is measured in two ways: output (GDP in PPU) per worker and yearly total output (GDP in PPU) (total man hours per year).

Labour productivity is lower than EU-15 average, and along with the comparatively lower employment rate, constitutes the main reason for the lower per capita income. According to a recent Bank of Greece Report, the main causes for this include entrepreneurial problems (red tape, regulatory interventions), lack of competition, the small size of enterprises, lags in adoption of new technologies, and weaknesses of the education system.

In any case, **worker productivity expressed as GDP (in PPU)** with respect to EU-15=100, **has shown impressive improvement in Greece**. During the last decade, the relevant index rose and is expected to climb to 99.7 in 2007.

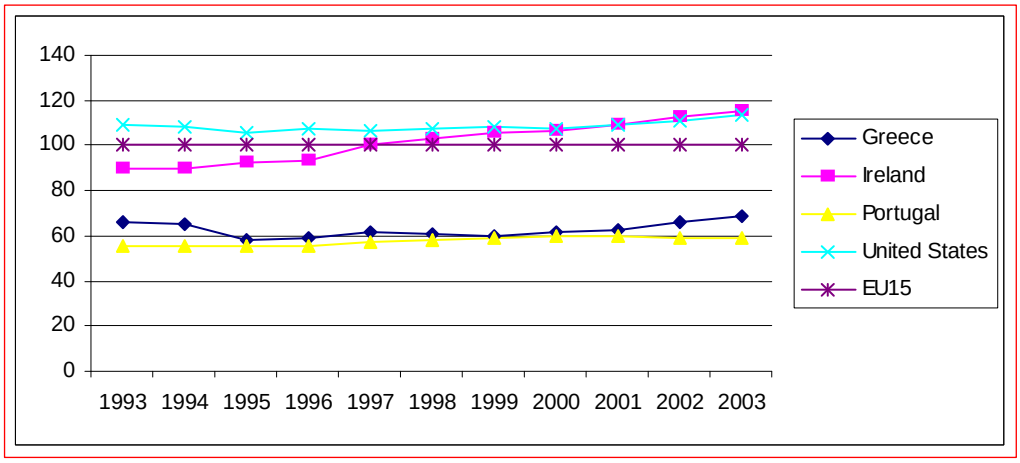
[69] NSOG, 2005

DIAGRAM 22 -Worker Productivity (GDP in PPU) (source: Eurostat)



In the EU countries classification based on the hourly **labour productivity** index (GDP in PPU per work hour in relation to EU-15=100), the index value for Greece **remains low** in relation to the Community average (74.5 in 2003). Hourly labour productivity, as shown in Diagram 6, is the second lowest in EU-15[70].

DIAGRAM 23 - Hourly labour productivity



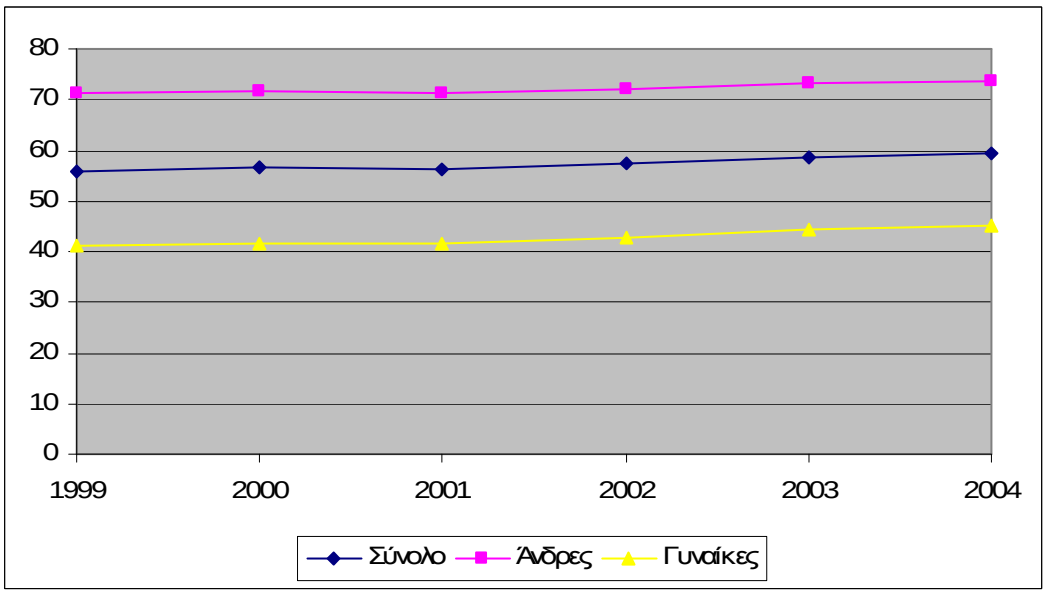
C. Changes in the employed persons' features, 1999-2004

The information in the following tables regarding the time path of the active population's employment rates, per gender, reveals that:

During the period under review, the relative employment figure of both genders increased by 3.5 percentage points. Employment increase was greater for female than male (4.2 % compared to 2.6 % for men).

[70] Note must be made that hourly productivity is lagging behind the EU average, due to the relatively higher part-time employment level in other EU member states.

DIAGRAM 24 -Employment rate(% of population aged 15-64), per gender, 1999-2004



In recent years, there has been an increase in available jobs, mostly covered by women.

An assessment of employment gap between men and women over time, reveals that in Greece, it constantly presents a downward trend.

TABLE 32 -Employment gap between male & female aged 15-64, 1999-2004

Country	1999	2000	2001	2002	2003	2004	2004/1999
Greece	30,1	29,8	29,9	29,3	29,1	28,5	-1,6

Source: EC, 2005, Indicators for monitoring the 2004 Employment Guidelines 2005 compendium, DG Employment, Social Affairs and Equal Opportunities, Brussels, σ. 48.

This development is attributed to the fact that in the period under review, there are proportionately more female taking up jobs than male, and as a result their employment rates rise faster. Nevertheless, there is still an important employment gap between men and women, and this means that attracting more women to employment should be a constant objective of labour market policies, with a view to reducing the employment gap between men and women.

In any case, the gradual increase in participation of women in the labour market means on the one hand that there is room for the development of women employment in Greece, and on the other hand, it suggests that , integrated proactive measures are required to increase women's employment and to lift all barriers, so that women can have enhanced access to employment. It is needed to point out that male employment rates are high, compared to other member states, and indeed in some cases, they are even higher that the respective male employment rates in EU-25 resulting in limited room for increase. Therefore, the best option to raise employment rates of the country's active population, is to raise female employment rates.

D. Employment rate of the elderly

In recent years, employment rate of the elderly (55-64 years old) has remained almost constant at 39.4% in 2004, slightly lower that the EU average (41% EU-25). Respectively, the average retirement age is 59.5 years compared to 60.7 in EU-25 in 2004. It must be stressed that **employment rate of people aged 55-64 years old is still 10 percentage points behind the 50% target for 2010 (LS).**

The figures on the following table for the period under review, reveal that the male employment rate are higher than female rate, and that the former rose by 0.7% while the latter decreased by -0.4%.

TABLE 33 -Employment rate (%)of population aged 55-64 by gender, 1999-2004

Country	Category	1999	2000	2001	2002	2003	2004	+/- 2004/ 1999
Greece	Total	39,3	39,0	38,2	39,2	41,3	39,4	0,1
	Male	55,7	55,2	55,3	55,9	58,7	56,4	0,7
	Female	24,4	24,3	22,9	24,0	25,5	24,0	-0,4
	Employment gap between men and women 55-64 years old	31,3	30,9	31,3	31,9	33,2	32,4	1,1

Source: EC 2005, Indicators for monitoring the 2004 Employment Guidelines 2005 compendium, DG Employment, Social Affairs and Equal Opportunities, Brussels, σ. 11.

The above also illustrate that the employment gap between male and female aged 55-64 in Greece is widening.

Despite the reasons leading women out of work (e.g. unemployment, early retirement, conflicts between family and professional life, etc.) the conclusion is that women aged 55-64 in Greece did not benefit from the employment increase, or to put it differently, the new jobs created during the period under review, have not attracted female interest.

E. Access to employment for the young

According to figures from NSOG Workforce Survey, in 2005, the employment rate of young people aged 15-24 rose to 25%, approx. 12 percentage points behind EU-25 average (36.8%).

In 2005, unemployment rate among the young aged 15-24 years was 25.5%, down almost one percent since 2004 (26.9%) but still much worse than the EU-25 average (18.7%)[71]

The difficulty that young people encounter in entering the labour market, reflects both a gap between education and the market's needs, and the economy's failure inadequate job creation.

The figures in the following table, illustrating the developments in employment rates of young male and female for 1999-2004, reveal that youth employment experiences a slight downward trend.

TABLE 34 -Employment rate (%) of population aged 15-24 years, by gender, 1999-2004

Country	Category	1999	2000	2001	2002	2003	2004	+/-2004/ 1999
Greece	Total	27,2	27,6	26,2	26,5	25,3	26,8	-0,4
	Male	32,4	32,7	30,7	31,5	30,9	32,3	-0,1
	Female	21,9	22,4	21,7	21,4	19,8	21,3	-0,6

Source: EC 2005, Indicators for monitoring the 2004 Employment Guidelines 2005 compendium, DG Employment, Social Affairs and Equal Opportunities, Brussels, σ. 65.

[71] Eurostat

Delayed access to employment, may be the result of young people's option to continue their studies, but it is also definitely due to the difficulty of access to employment, thus resulting in an expanded unemployment figure.

There is no doubt that young people encounter many obstacles in their effort to find work, and such obstacles are usually linked to the gap between skills and qualifications that they have, and the skills that production demands. Link offer to demand cannot but be a long-term and ongoing cooperation between the education system, the training and retraining systems, and the production mechanism, so that both enterprises and potential workers can adapt to the changing conditions.

Another important factor considered to be an obstacle in young peoples' entry into employment, is the **extensive undeclared labour** that slows down the entry of the young in employment, in the sense that employers prefer "cheap" labour to hiring a new entrant in the labour market.

1.5.4.2 Recent developments in unemployment

Unemployment is one of the most important problems of EU economies. In Greece, unemployment remains high, exceeding the EU-15 average since 1998. In fact, in 2005, **the unemployment rate** was 9.9% , according to the relevant review of the NSO, down 0.7 percentage points compared to 2004 (10.5%), but **always above EU average** (8.7% in EU-25).

TABLE 35 -Basic unemployment indicators for Greece, EU-15 and EU-25

Basic Employment Indicators	**Long-term Indicators for Greece**						**Comparative Indicators for 2004**		
	1999	**2000**	**2001**	**2002**	**2003**	**2004**	GREECE	EU-15	EU-25
Unemployment rate	12,0	11,3	10,8	10,3	9,7	10,5	10,5	8,1	9,0
male	7,9	7,5	7,3	6,8	6,2	6,6	6,6	7,1	8,1
female	18,1	17,2	16,2	15,6	15,0	16,2	16,2	9,3	10,2
Long-term unemployment rate	6,5	6,2	5,5	5,3	5,3	5,6	5,6	3,4	4,1
male	3,8	3,6	3,3	3,1	3,0	3,0	3,0	3,0	3,6
female	10,7	10,2	9,1	8,6	8,9	9,4	9,4	4,0	4,7
Youth (15-24) unemployment rate	12,6	11,4	10,3	9,7	9,3	9,9	9,9	7,6	8,3
male	9,7	9,0	8,5	7,8	7,2	7,6	7,6	8,0	8,8
female	15,6	13,8	12,1	11,7	11,4	12,1	12,1	7,3	7,8
Unemployment gap between male - female	10,2	9,7	8,9	8,8	8,8	9,6	9,6	2,2	2,1

Source: Eurostat, Compendium 2005

Greece also ranks very high as regards long-term unemployment. It is striking that, over the last five years, while most countries have reduced long term unemployment, Greece has exhibited an increasing trend, after a two-year period of stagnation, remaining however at lower levels than in 2000 (6.2%). Therefore, in the year 2004, long-term unemployment rate over the total active population (labour force) was 5.6%, 70% higher than the EU average (3.3% in EU-15).

With regard to gender breakdown of unemployment, it appears that it **proportionally affects women more** than men. In particular, female unemployment rates in our country are always twice as high than male. In the long run however, a decrease in female unemployment is more intense compared to the male, thus resulting in a decreasing trend in the unemployment gap between the two sexes. In the 2004-2005 period, although female unemployment rates dropped from 16.8% to 14.9%, they remain much higher than

EU average of 9.8% (EU-25). It is important to mention that the above percentage is twice as high as the male unemployment rate (6.1% for 2005 vis-à-vis 7.3% for 2005).[72]

1.5.4.3 Specific social groups

Disabled persons and persons belonging to other socially vulnerable groups experience serious problems regarding access both to infrastructure and to goods and services due to the particularities characterising them. According to the figures of the *2006-2008 National Strategy Report for Social Protection and Social Inclusion,* disabled persons remain outside the labour market by proportions much higher than those of the country's overall population, they cover to a great extent jobs of poor skills and low pay, while the average family income of households with one or more disabled members is quite lower than the overall average. According to a relevant survey of the National Statistical Service of Greece - NSOG (2003), **84% of the Disabled Persons remain outside the labour force**. Moreover, prejudices and stereotypes often make both disabled persons and persons from other socially disadvantaged groups, the victims of discriminations and extreme social exclusion. The unemployment rate for disabled persons (8.9%) is lower than that for the total population of the country (9.6%).

According to the figures of the 2001 Census, **persons living in Greece and not having the Greek nationality** numbered approximately 800 thousand, **corresponding to 7.3 % of the total population**. According to the figures of the Labour Force Surveys employment rates for persons of non-European Union (EU) nationality in our country are higher than for those of EU nationality, while their unemployment rates are lower. As regards the changes in employment in Greece, over the last five years, almost half of the new jobs created were due to the employment of foreigners. Throughout the same period, employment of Greek nationals rose by 3.8% while that of foreign nationals doubled.

1.5.4.4 Active employment policies

Greece laggs behind in expenditure on active employment policies. As a matter of fact, in 2003, our country spent 0.11% of the GDP to support active employment measures; a much lower percentage than EU average (0.70% in EU-15).

A positive development, is the integration of the network of **Public Employment Services** [119 Employment Promotion Centres (KPA) and Local OAED (Greek Manpower Employment Organization) Offices], manned with trained Vocational Orientation (V.O.) Counsellors, equipped with the appropriate hardware and and ICT. The scope has also broadened with respect to active employment policies, while recording of labour market trends and needs has also been promoted. Lastly, steps have been taken towards gender equality and for tackling discrimination in labour market.

1.5.4.5 Lifelong learning

The internationalization of markets and new technologies necessitate a constant update of manpower knowledge and competences. In Greece, lifelong learning **is not particularly widespread**. As a matter of fact, Greece is sharing the last position with Portugal among the EU-25, as regards participation of citizens aged 25-64 to lifelong education programmes (2% in 2004 vis-à-vis 9.9% in EU-25), which reflects the existence of limited opportunities for adult education and training as well as the asymmetric distribution of similar opportunities for the socially vulnerable groups. Despite the fact that over the last years this rate has slightly improved, compared to the previous years (2000-2002), Greece is still far from the respective rates of other EU member states.

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[72] See Labour Force Survey, Press Release, Ministry of Economy and Finance, General Secretariat (G.S.) of the National Statistical Service of Greece, March 2006.

Throughout the previous programming periods, there has been no overall strategy; only individual actions, which have been based mainly on financing opportunities through the Structural Funds and the LAEK fund (Special Fund for Employment and Vocational Training). The weaknesses in this field mainly stemmed from the absence of systematic recording of labour demand characteristics and consequently from the failure in recognising training demands.

Some positive actions have, however, been recorded, such as:

- The institutionalisation of the National System for Linking Vocational Education and Training to Employment (ESSEEKA) as well as the establishment of a institutional framework for Lifelong Learning (N.3369/2005), aiming at the systematisation of lifelong learning services provision to the entire range of stakeholders.
- The development and implementation of processes for the accreditation of structures, trainers, continuous control systems, monitoring of accredited bodies, lifelong vocational training programmes and processes for the accreditation of knowledge, skills and competences [through the National Accreditation Centre – (EKEPIS)].
- The development by the Employment Observatory / Research – Informatics S.A. (PAEP S.A. – an affiliated company of OAED) of a system for the Diagnosis of Educational and Vocational Training Needs, based on the research and study of labour market data and, lately, the evaluation of active employment policies, with the quantification of indicators for measuring their effectiveness at local level.

It is, nevertheless, significant to note the absence of coordination between educational and training bodies, as well as the recorded overlapping of operations and actions on the one hand, and delays in both completion of the institutional framework for the accreditation of structures, as well as in the implementation of the National System for Linking Vocational Education and Training to Employment, on the other

1.5.4.6 Entrepreneurship and employment

Over the 1999-2005 period, the number of entrepreneurs (self-employed with staff or without staff) has raised by 22 thousand people or 1.7 %. This growth has resulted exclusively from the increased number of self-employed with staff by 46.4 thousand persons, considering that the category of self-employed without staff has decreased by 24,000 persons.

TABLE 36 -Employed population (in thousands) aged 15 years and over by occupational position for 1999-2005

	Self-employed with staff	Self-employed without staff	Total Self-employed	Total employed	% of self-employed in the total of employed persons
1999	305,8	991,6	1.297,4	4.040,4	32,1
2000	326,7	998,4	1.325,1	4.097,9	32.3
2001	336,3	954,3	1.290,6	4.103,2	31,2
2002	315,0	996,5	1.311,5	4.190,2	31,3
2003	310,2	1.018,5	1.328,7	4.286,6	31,0
2004	346,8	962,5	1.309,3	4.330,5	30,2
2005	352,2	967,5	1.319,7	4.381,9	30,1
+/- 2005-1999	+ 46,4	- 24,1	+ 22,3	+ 341,5	-
% +/- 2005-1999	+15,1	- 2.4	+ 1,7	+ 8, 5	-

Source: NSOG

The growth rate of both categories of the self-employed (1.7 %) is much lower than the growth rate of the total employed persons (8.5 %) throughout the period under review, thus resulting in a constant decrease of the self-employed in total employment. Therefore, while in 1999, 32.1 % of the total employed persons was self-employed (with staff and without staff), the respective rate for 2005 is 30.1 %.

Assessment of the extent of female participation in the overallgroups of entrepreneurs (employers and self-employed) would reveal that **it amounts to approximately 1/4 of the total**. Clearly, female entrepreneurship is significantly limited compared to male entrepreneurship, while it demonstrates major interregional disparities. Growth in female entrepreneurship requires policies and measures towrds the lifting of any barriers faced by women in their effort to develop an entrepreneurial orientation, on the one hand, and to create their own business, on the other hand.

The table below contains data with respect to the number of enterprises by employment size. Almost all enterprises in our country (96 %) employ 0-4 persons; 2 % of the enterprises employ 5-9 persons, while the other 2% employ more than 10 persons. It is estimated that the average employment size of enterprises in Greece is two employees, which is the lowest compared to other EU[73] countries. It must be noted that the average employment size of EU enterprises is six persons (which is lower than that of the enterprises in the USA)[74].

TABLE 37 -Number of enterprises by employment size

No of employees	2002	%
0-4	844.917	96
5-9	17.713	2,0
10-19	8.588	1,0
20-29	2.908	0,3
30-49	2.335	0,3
50-99	1.534	0,2
100+	1.323	0,2
Total of Enterprises	**879.318**	**100,00**

Total employment in the country's enterprises in 2003 amounted to 1,785,000 persons, of which, 1,545,000 were employed in SMEs and 239.000 in large companies[75]. It is clear that the SMEs provide more jobs (87%). Due to the importance of the SMEs in maintaining the current employment rate and creating new jobs, development of this type of businesses is a top-priority both at EU level and in our country.

1.5.5 Knowledge society

1.5.5.1 Education

In the context of the Lisbon Strategy, the strategic objectives for education and training systems in Europe have been grouped in three larger categories, with regard to:

- Improving the quality and effectiveness of EU education and vocational training systems;
- Ensuring that they are accessible to all;

[73] EC, 2004, Highlights from the 2003 Observatory of European SMEs 2003, No. 8, Enterprise Publications, Brussels, Figure 1.2, p.11 and Table 1.2, p. 38.

[74] A.A., p.12.

[75] A.A., Table 1.3, p. 38.

- Opening-up education and training to the outside world.

The most recent data (DG Education, 2005) reveal that Greece has fulfilled the objective on completion of secondary education, while it is closer than the EU-25 average as regards the objective on early school leaving. Conversely, it is lagging behind the European average in matters of key competences and it is extremely low with regard to lifelong learning, while there is no available progress data (on annual change) for higher education graduates in mathematics, science and technology.

The position of Greece with regard to achieving the above mentioned strategic objectives is reviewed below:

1. Improving the quality and effectiveness of EU education and vocational training systems.

Expenditure on education

In Greece, public expenditure **accounts for 3.9% of the GDP (year 2003)**, with the larger share thereof being allocated to tertiary education (approximately 1.28% of the GDP for 2003, i.e. higher than the average European rate in the same period). Greece belongs to the countries with comparatively low expenditure on education and training.

In Europe, none of the Member states (except Cyprus) has overcome the barrier of 1% in private investments on education as proportion of the GDP, with the average being 0.63% of the GDP. In Greece, private expenditure accounts for 0.22% of the GDP. Private expenditure in Greece is lower even than in some of the newly-acceded EU-25 countries.

In EU-25, the average **labour cost rate** spent on continuing vocational training is 2.3 %, while, in Greece, it **does not exceed 1%** (0.9%) of the enterprises' labour cost.

Manpower quality in education

The whole of Europe is afflicted by the phenomenon of birth deficit, which is resulting in a constant demographic decrease in young people. Only during the last five years (2000-2005), the population of persons aged 0-19 in EU-15 has dropped by 1.7 million.

For Greece, a constantly **decreasing birth rate has been recorded over time**, which is respectively reflected in the significant decrease in the participation rate of the two age groups in the total population, that are productive for the educational system (0 to 14 years and 15 to 19 years). Throughout the 1991-2001 decade, the population of the two age groups has been reduced by 4.9% and 5.2% respectively. A constantly increasing demographic deficit is thus being recorded in Greek education due to this dramatic birth rate decline. This deficit is reflected in a decrease in the number of persons at school-age and, consequently, in the number of primary and secondary education pupils.

TABLE 38 - True population of Greece by age groups

	Population Censuses			
	1971	1981	1991	2001
Greece total	8.768.372	9.739.589	10.259.900	10.964.020
0 – 14 years	2.223.904	2.307.297	1.974.867	1.548.208
15 - 64 years	5.587.352	6.192.751	6.880.681	7.385.227
65 years and over	957.116	1.239.541	1.404.352	2.030.585
Percentage breakdown %				
0 – 14 years	25.36	23.69	19.25	14.12
15 -64 years	63.72	63.58	67.06	67.36
65 years and over	10.92	12.73	13.69	18.52

Source: NSOSG; Censuses 1971,1981, 1991, 2001.

On the other hand, it must be mentioned that, due to the increase in the number of migrants' children, a gradual change is recorded as regards the composition of pupil population in Greece, which is giving an increasingly multicultural character to Greek schools.

It is clear that both the demographic deficit and the consequent decline in school-age population, as well as the increasing variation in the composition of the pupil population are adding-up to the new challenges that must be addressed by the Greek educational system without delay.

The pupils to teaching staff ratio constitutes an educational policy formulation indicator, while it is often regarded as a measure of the quality of the educational system, insofar as a lower ratio indicates that a larger number of pupils corresponds to each teacher. The average European (EU-25) pupil/teacher ratio for primary and secondary education is 13.7:1. According to the most recent EU comparative data, the average ratio in Greece is 10:1 (2003), being reduced compared to 2000, when the ratio was 11.2 pupils per teacher. The decreased ratio was the result of both the declining pupil population and the increased number of teaching staff.

Completion of secondary education

77.3% of young people (aged 18-24 years) in EU-25 complete the second (upper) level of secondary education, but this percentage is still a long way off the EU target of 85%, in spite of the progress made in certain countries.

Also in this indicator, Greece is closer in respect of the reference rate, with a large percentage – 84.0% (2005) – of its population having completed secondary education at least. Moreover, in Greece as well as in almost all EU countries (except the Czech Republic), the rate of completion of secondary education is higher for women than it is for men.

TABLE 39 - Percentage of Population aged 22 having successfully completed at least the second (upper) level of secondary education.

	2000	2005		
		Total	Men	Women
EU-25	76,4	77,3	74,6	80,0
GREECE	79,3	84,0	79,4	88,7

Source: Eurostat (Labour Force Survey), 2006

Increase of science students

Greece hosts 4.2% (157.2 thousand) of the **students** of mathematics, science and technology (MST) in EU-25 (Eurostat, 2002), while these students account for 29.7% of the total number of tertiary education students (Eurostat, 2002). In whole, European students (EU-25) of the respective sciences account for 25.9% of the total number of EU-25 students (Eurostat, 2003).

MST graduates, as a percentage of the total number of higher education graduates, account for 27.3% (Eurostat, 2004), while the respective EU-25 percentage is 23.6%.

Ensuring accessibility of ICT

- Number of pupils per computer.

The period after 2000 is characterised by a rapid decrease in the pupils per computer ratio. Moreover, Greece is among the countries with the greatest progress in respect of this ratio (the other being Portugal, Poland and Latvia). In particular, the ratio was 57.9 pupils per computer in 2000, while, in 2003, it was reduced to 21.2 pupils per computer (OECD, PISA 2000 and 2003). However, there still a significant disparity between Greece and the most of the European countries (particularly the EU-15 countries).

- Average number of computers in schools connected to the Internet.

The pupils per computer ratio is closely correlated to the average Internet penetration rate among pupils. As a matter of fact, the countries with the lowest pupils per computer ratio tend to have a higher Internet penetration rate. In Greece, the penetration rate has increased (OECD, PISA 2000 and 2003); from 26.4% in 2000, it reached 69.2% in 2003, which proportionally puts Greece at a satisfactory level, compared to the other European countries.

2. Ensuring accessibility of the educational systems

School and higher education

In Greece, one in two children at the age of four is participating in pre-school education, whereas the respective ratio for EU-25 is 8 in 10 (Eurostat, 2004). The respective ratio of participation at the same educational level for 5-year old children is 83.5%, which demonstrates the average age of accessing pre-school education in Greece.

The ratio of participation in education for persons aged 15-24 has been constantly increasing since 2001 (52.3%) to reach in 2004 61.6% of the total population of the specific age group. Although the indicator does not reveal the proportion of successful completion of tertiary education, it is however a clear indication of the trend for participation in education.

Significant progress has been achieved in Greece, as compared to the rest of Europe, **in fostering participation in higher education**. In fact, the rates of all basic age groups that study in Greece (< 20, 20 to 24, >24) have increased, with the age group of over 30 years being an exception, as participation has been reduced by approximately 2,000 persons.

Early school dropping

Almost 15% of young people (aged 18 to 24) in EU-25 are still early school-leavers and that reflects a very small progress towards EU's target rate of 10% for 2010. **In Greece, significant progress has been achieved in limiting early school-dropping (18.2% in 2000)**. Greece is closer to the EU reference rate for 2010, with the percentage of early school-leavers (aged 18 to 24) reaching 13.3 (2005). This rate is deteriorated by the early school-dropping of men (17.5%) and much less by the early school-dropping of women (9.2%). The high rate for men appears to be stemming from the social structures and from the commanding role undertaken by them, as regards occupational recognition and family viability.

TABLE 40 -Population aged 18-24 having completed only lower secondary education and not currently receiving education or training

	2000	2005		
		Total	Men	Women
EU-25	17,7	14,9	17,1	12,7
GREECE	18,2	13,3	17,5	9,2

Πηγή: Eurostat 2006(Labour Force Survey)

3. Opening-up of the systems to the outside world

The percentage of Greek **secondary education pupils learning at least one foreign language is 99.2%**, while more than half (59.4%) are learning two foreign languages[76].

The average number of foreign languages per pupil in Europe is approximately 1.5. Pupils of first level secondary education have a lower average number of foreign languages compared to the average number of pupils in upper secondary education**.** Greece is implementing a different model in respect of foreign language learning, as first level pupils

[76] Eurostat, 2004

are learning more foreign languages (1.9) than pupils of second level secondary education (1.1)

Greece, is receiving a lower number of students participating in the Erasmus programme than the number of students it exports (1.658 vis-à-vis 2.491) (2004/2005, DG Education). Compared to the previous period, student participation in the programme has increased (the incoming flow of students by 10.1% and the outgoing flow by 4.4%), mainly as regards students who entered the Greek universities through the programme.

1.5.5.2 Research and Technological Development

Scientific research, technological development and innovation constitute essential elements of the knowledge economy, a determining factor for economic growth, business competitiveness and employment.

Investments in RTD

Greece is lagging behind in the indicators on research and technology. Greece has the lowest rate of investment in research and innovation and exports the fewest goods of technological value among the countries of EU-15 (3.44% of total exports over the last decade, vis-à-vis 4.9% of Portugal and 34.43% of Ireland). Gross Domestic Expenditure on RTD (GERD) accounts for **0.61 % of the GDP for 2004**, with the EU average reaching 2%, and the number of researchers per 1000 employees is 3.3, with an EU average of 5.7.

As it appears from the data of the Innovation Scoreboard 2004, most of the indicators concerning expenditure on research, technology, innovation and employment of staff in research and technology activities are below those of the EU. A particularly low performance has been recorded in the indicators concerning: Private expenditure on RTD, broadband technology penetration, employment in hi-tech enterprises and patent licensing.

In particular, the greatest part of RTD activity is financed from public expenditure (0.30% of the GDP for 2003). From surveying the individual activities, it follows that universities and public research centres have a comparatively satisfactory participation in the European R&D programmes. Conversely, as it has already been stated, the business sector is lagging behind dramatically (0.20% of the GDP for 2003). While at EU-25[77] level the ratio of private to public expenditure is approximately 1 to 1, in Greece this ratio is 1 to 2 and in the technologically advanced countries this ratio is reversed.

The following indicators, however, appear relatively encouraging:

- Percentage of SMEs developing non technological innovation78
- Percentage of SMEs developing innovation through partnerships.

Analysis of performance in research, technology and innovation indicates the small size of the enterprises combined with their traditional character as a key factor for the low investment rate of the business sector in research and innovation (many small-sized enterprises, pre-eminence of the traditional sectors, extremely limited manpower in sectors that produce technological innovation etc.).

According to the findings of a recent survey, based on data of the General Secretariat for R&D, the highest proportion of business expenditure on RTD comes from large and medium-sized enterprises, although they make up a small proportion of the total of enterprises. As regards the sectors of economic activity, approximately 70% of business expenditure is produced in the industries of Information and Communication Technologies (ICT), chemical products and foods & drinks. Finally, approximately 40% of the enterprises, which have conducted research, are relatively new.

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[77] Within the framework of the currently being structured European Research Area as well as of the objective posed by the Barcelona European Council (March 2002), on the increase, until 2010, of the total European investments on research to 3% of the EU GNP, at a ratio of 2/3 from the private sector and 1/3 from the public sector.

[78] This indicator measures innovation activities such as changes in organisational structures, administration techniques and product design

Investments in Information and Communication Technologies (ICT)

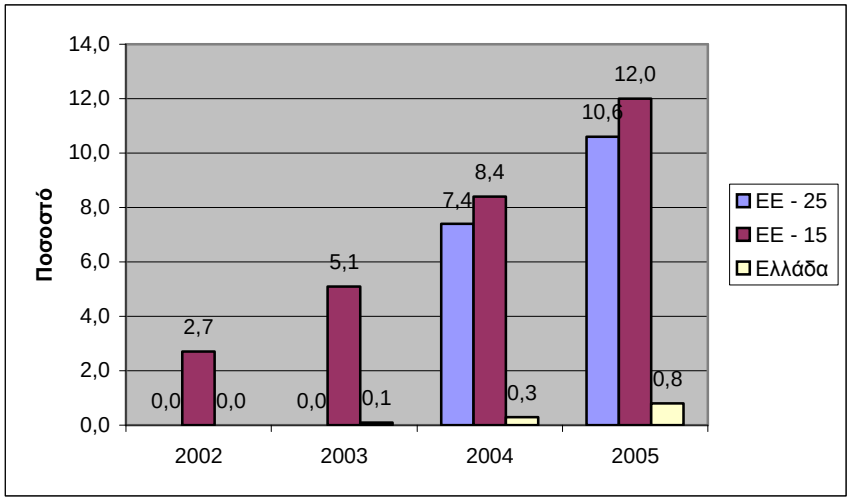
The position of Greece in information and communication technologies, compared both to the countries of EU-25 and to the rest of the world, **is not satisfactory**. Over the last decade, the new technologies have not contributed significantly to the improvement in the productivity of the Greek economy and in the quality of daily life of the citizens.

In March 2004, according to the latest measurement by the WEF, Greece ranked **42nd in a total of 104 countries, in the technological readiness indicator. (partial ratio of total competitiveness ratio).**

Contribution of ICT to productivity increases

Despite the fact that the ICT market continues to grow with satisfactory rates, (+3,2% in 2004 versus 2003), Greece still remains, compared to the other EU Members, in the last group of countries, for ICT weight in GDP. The **broadband penetration rate** is still very low (only 0.1% in 2003, 0.3% in 2004 and 0.8% in 2005) in relation to the corresponding EU-15 (5,1% in 2003, 8,4% in 2004 and 12% in 2005) and EU-25 (7,4% in 2004 and 10,6% in 2005). In spite of this, a significant increase is recorded in the broadband penetration rate in Greece, exceeding the corresponding percentile increase in the EU-15 and EU-25 for 2004 and 2005.

DIAGRAM 25 -Broadband penetration percentage



Source: Eurostat 2006.

Regarding the cost of access, as seen on the following chart, in the category of 512 kbits/sec, Greece is cheaper compared to Turkey, Spain and Hungary but more expensive compared to Ireland and Portugal. At high speed of 1024 kbits/sec, Greece is cheaper compared to Spain and Turkey, but more expensive compared to Finland and Hungary.

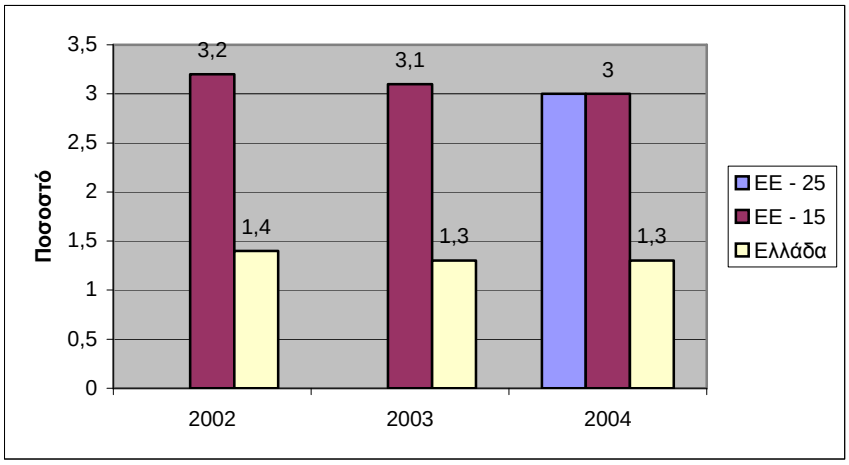
DIAGRAM 26 -Broadband connection cost

However, since September 2005, an **intense increase of competition** and a corresponding decrease of retail prices for broadband Internet access has been observed. From that point onwards, increasing competition entailed a substantial increase in applications for new ADSL connections. Specifically, in March 2006, the number of ADSL connections reached 223,603 instead of 160,113 at the end of 2005[79] (40% increase). Keeping retail demand at these levels will contribute to an absolute increase of the penetration rate by approximately 2% by the end of 2006, that is, it is estimated that it will reach at least 4% of the population.

As seen on the following chart, **IT expenditure** as a percentage of the GDP among the EU-15 presents a slightly declining course for the years 2002 up to and including 2004 (from 3.2% in 2002 to 3% in 2004). On the EU-25 level, data are only available for 2004, when the IT expenditure as a percentage of the GDP was 3%. A similar declining trend is observed in Greece during these same years (from 1.4% in 2002 to 1.3% in 2003 and 2004), while moreover in Greece the IT expenditure as a percentage of the GDP is by far lower than the corresponding ones in the EU-15 and EU-25.

[79] Hellenic Committee on Telecom and Post [EETT] data, 2006

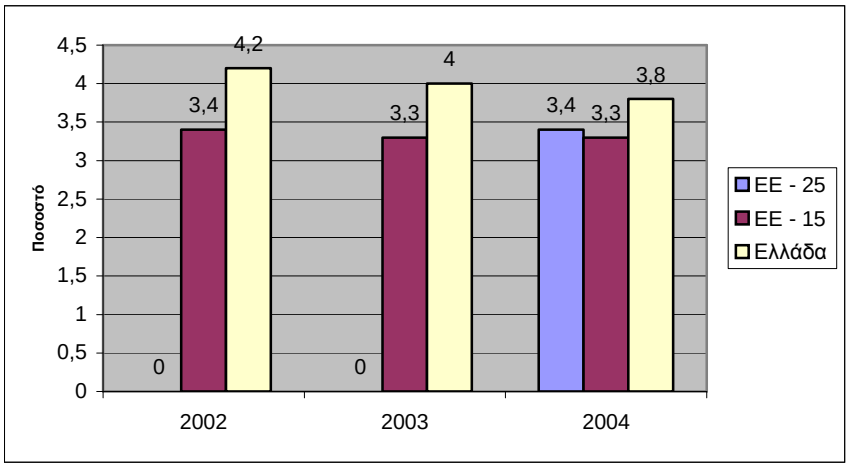
DIAGRAM 27 - IT expenditure as a percentage of GDP



Source: Eurostat 2006.

The situation regarding **CT expenditure** as a percentage of the GDP is different; Greece exceeds by far both the EU-15 and the EU-25 average, for all the years from 2002 up to 2004 (in Greece CT expenditure reached 4.2% in 2002, while in the Eu-15 it was 3.4%). Similarly, in 2004, the percentage of CT expenditure was 3.3% for EU-15 and 3.4% for EU-25 while in Greece it was 3.8%. In general, CT expenditure as a percentage of the GDP in Greece followed the decline observed in the EU-15 and EU-25 during the years 2002 up to and including 2004.

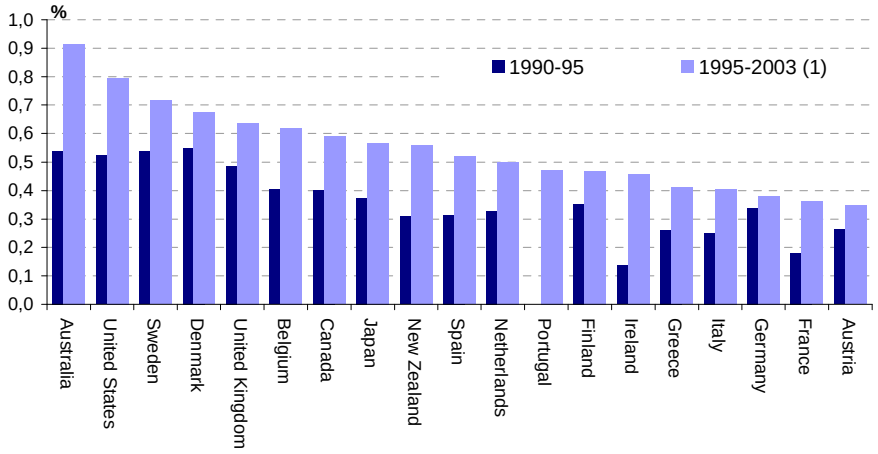
DIAGRAM 28 - CT expenditure as a percentage of GDP



Source: Eurostat 2006.

Based on recent OECD data, **the contribution of ICT investments in the GDP growth of Greece** has increased: from 0.3% during the five-year period 1990-1995 to 0.4% during the period 1995-2003. Among EU countries, Sweden and Denmark presented the highest values, as regards the contribution of ICT investments in GDP growth. Greece ranks in the same position as Italy for the years 1995-2003, while it precedes Germany and France for said years.

DIAGRAM 29 - Contribution of ICT investments to GDP growth



(1) 1995-2002 for Australia, France, Japan, New Zealand and Spain.

Source:OECD, Key ICT Indicators

A regards **Greek businesses and the use of ICT**, 93% of businesses which employ more than 10 persons have Web access, whereas 56% out of those businesses have a web page. As regards the personnel of these businesses, only 28% use personal computers connected to the Internet to carry out their daily tasks[80]. It is estimated that 10% of the total turnover of commercial enterprises in the member states of the EU-15 comes from corresponding activities. This percentage is considerably higher in big enterprises (12%) than in small and medium size ones (6%). Regarding the possibility to carry out electronic transactions, 15% out of the total number of enterprises do electronic sales. For big enterprises the aforementioned percentage is more than doubled (32%)[81]

Contrary to the enterprises in the member states of the Eu-15, and despite the fact that **Greek SMEs gradually improve as regards the use of ICT**, they have not yet incorporated in their operation large scale applications of electronic commerce. During 2005, only 0.2% of the total turnover of businesses (with more than 10 employees) comes from electronic commerce. Moreover, 12% of businesses made electronic purchases. On the other side, there is already a critical mass of consumers corresponding to 5% of the population, who declare having recently used the Web for purchasing or ordering goods and services[82].

ICT contribution to quality of life

In Greece, as seen on the following chart, the percentage of individuals using the Web to interact with public services remains low compared to the EU-15 and EU-25 (8% of the population during the last three months of 2004, while the percentages in the EU-15 and EU-25 for 2005 are 26% and 23% and for 2006 26% and 24% respectively). Considerable improvement is observed in the country for the years 2005 and 2006 (7% and 9% respectively).

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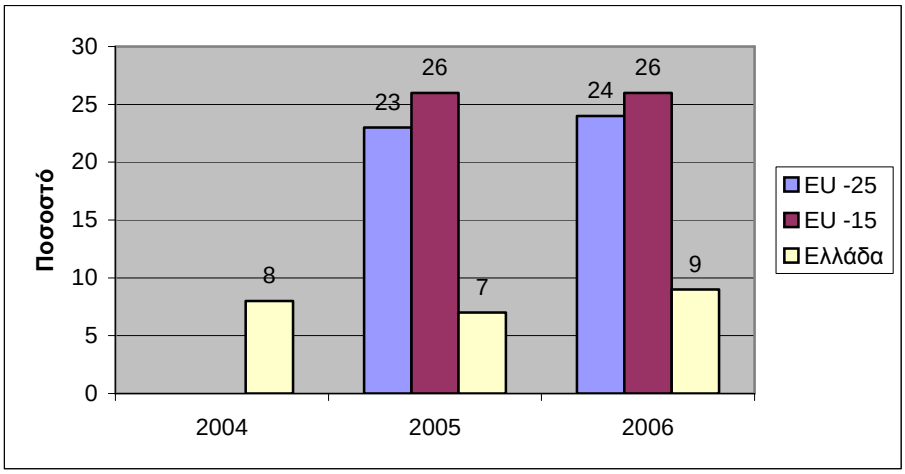
[80] Information Society Benchmarking Report, 2005

[81] "Web Based Survey on Electronic Public Services", CapGemini, March 2005

[82] e-Europe Indicators Survey, Observatory for the "Information Society", October 2005

DIAGRAM 30 - Percentage of individuals who used the Web for the past 3 months to interact with public services



Source: Eurostat, 2006

An important indicator for improving the citizen's quality of life through the use of ICT is the percentage of public services where ICTs are available. Saving time is the main reason for using these services both for businesses and for citizens. Satisfaction derived from the use of electronically provided public services is quite high, since the specific service is graded as very satisfactory by 62% of the overall number of users (businesses and citizens)[83].

In general, for the years 2002 up to 2005, Greece presents the lowest percentages of public services where ICTs are available among the EU-15 and EU-25. In 2005, in Greece, five (5) basic electronic services out of a total of twenty (20) were fully available. For the EU-15 and EU-25 there is clearly a stable trend for improvement of these percentages. In 2002, this percentage was 36% in the EU-15 and reached 56% in 2005. For the EU-25, this percentage was 41% in 2004 and increased to 50% in 2005.

In Greece, only **8% of the total population uses the Web to make transactions with the State**. The percentage of enterprises (with more than 10 employees) using the Web for transactions with the State is significantly higher (81%). By the end of 2008, it is estimated that at least another seven basic public services (criminal record certificates, registry office, basic services by local police stations, recruiting service, Organisation for Handling of Public Material, National Municipal Roll, Higher Council of personnel selection-ASEP) will be available electronically, while other basic public services will also achieve full electronic availability (e.g. Customs declarations)[84].

Research and Technology Productivity

The results of Research & Technology activity can be identified by the "product" they create in relation to the population: a)scientific publications, b)citations of such publications, c) patents registered in the international patent offices.

In respect of the first indicator (Scientific publications per million population) the percentage of Greece accounts for 82% of the European average. In the second indicator (number of citations per scientific publication) however, the picture is rather unfavourable; Greece is almost halfway from the leading European countries (2.76 vis-à-vis 5.64 in Netherlands).

As regards patents, Greece presents a very wide divergence compared with the European average (8.1 patent applications per million population vis-à-vis 133 in EU-25 for 2002). The limited number of patents indicates the orientation of Greece to application and **adoption of technology rather than creation of technology**. This also follows from

[83] "Web Based Survey on Electronic Public Services", CapGemini, March 2005

[84] Based on the projects' implementation commitments undertaken by the agencies of the O.P. "Information Society"

other indicators (trademarks, non-technological innovations) of the European Innovation Scoreboard 2005 and it can also be attributed to the country's traditionally "commercial" orientation.[85]

The foregoing indicate that our country ranks very low in production of research and technology. However, the positive elements, such as the scientific potential and expenditure on Information and Communication Technologies could be reinforced and improved in order to produce **competitive advantage and convergence**.

1.5.6 Transport infrastructure and services

The data on transport in Greece compared to those of EU-15, demonstrate that this sector's participation in the country's development is stronger than in the rest of Europe. This is happening due to the key contribution of the development of the transport sector in the progressive, throughout the last 15-year period, removal of the serious accessibility obstacles of the country's regions, arising from its rough geomorphologic relief. Removal of these inherent accessibility obstacles, ensures wider diffusion of the economic development and of the synergies of economic activity at both national and regional level. Moreover, it is also happening due to external geopolitical factors, such as the enlargement of the European Union and the formation of the Free Trade Area with EU's Mediterranean Partners, which is instrumental to the expansion of the vital economic space of Greece, also through the transport system. The aforementioned factors combined with the displacement of the geopolitical centre of gravity of EU-25 to the East, amplify the status of the country and of its role in the Balkan and the Eastern Mediterranean area. This prospect is expected to reinforce the role of the country's transport system at international and national level.

The need and the demand of the specific infrastructure, in combination with their strategic importance, have been studied and have led to characterize the main axes of traffic in the country as Trans-European Transport Networks (main road axes, main railway network, ports and airports). The strategic importance of said connections for the integration of the Trans-European Transport Networks (TENs) was the basic parameter for characterizing the basic railway network and the motorways linking the western ports of the country with its northern borders, as "priority projects" of the TENs; this is consistent with the importance of the continuing financial investments in these networks aiming at their completion. Moreover, the completion of the terminal points of the TENs is a basic prerequisite for increasing the demand and traffic load as a result of the overall performance of the network. The upgrading of infrastructure and the corresponding services achieved in relation to previous periods (e.g. new completed sections, new connections, better performance in time-distances, improved services provided to the user) also contribute to increase the demand. Regarding its contribution to economic growth, this is part of the benefits derived from each infrastructure project and has been taken into account in the corresponding cost-benefit study.

For the period 2007-2013, and since the basic railway network of the country will be completed during this period, an overall cost-benefit study is planned, that will examine the network as a whole. For the road network this is less feasible, since it is more complex and with various gradings; however here, too, it is necessary to carry out analyses of load and demand of broader sectors (e.g. EGNATIA S.A. Observatory). Finally, especially for road interventions, investments in better infrastructure are even more needed, something which is proven not only by the demand, but by the national social and economic requirement for improving road safety and drastically cutting on the number of fatal road accidents. The reduction of this indicator, pertaining directly to human lives, is undoubtedly a very important result of utilization of community and national funding.

Road transport – road networks

The condition of the country's main inter-regional road network remains in its whole mediocre, despite the significant sectional improvements of the recent years. The main cause is reliance on road sections not having been rehabilitated at a uniform level of modern

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[85] See Ministry of Development, Annual Report on Competitiveness, National Council on Competitiveness and Development (NCCD – ESAA), 2005, page 74.

operational requirements, as well as missing links. Deficiencies are also detected at the main road network intersections with the country's urban centres and productive areas, as well as in major junctions with the other transport networks (ports, airports, intermodal freight centres etc.), thus delaying the development of combined transport in the country. Moreover, significant deficiencies still exist in the basic road infrastructure of the country's major urban centres.

The country's main objective is the development of the Trans-European road network (TERN) with modern specifications and priority set to the PAThE (Patras-Athens-Thessaloniki-Evzoni) – EGNATIA ODOS axes system, being one of the 30 priority projects of the European Union, according to decision No. 884/2004/EC "on Community guidelines for the development of the trans-European transport network".

In parallel, steps are taken for completion/rehabilitation of the urban road infrastructure of metropolitan areas, improved linking of the country's urban centres, productive areas and major archaeological and tourist destinations with the TERN, as well as improved interconnection with the country's other transport networks.

In this context, over the 2000-2006 programming period:

- the largest part of the TERN priority projects (PAThE-EGNATIA ODOS), a significant part of the network's main axes, certain operative parts in other TERN axes (vertical axes of the EGNATIA ODOS, the North Road Axis of Creta etc.), as well as sections of the main regional road network are at the stage of completion;
- following the completion of significant road construction projects by means of Concession Contracts (the Rion-Antirion Bridge, the Attiki Odos motorway), the remaining sections of the PAThE axis, the Ionian Motorway, the Tripoli-Kalamata/Sparti axis and the Central Greece Motorway, are at the initial stages of implementation through the same method, and they are expected to be completed over the 2007-2013 programming period.
- limited interventions have taken place on the main road axes of larger islands.
- complementary interventions are in progress on the regional and local road network, contributing to the reinforcement of regional cohesion.

It must be noted that a significant amount of road-work constructions remains to be carried out in order to realise the abovementioned priorities.

The foregoing interventions both on the TERN as well to the rest of the extra-urban road network, have contributed to the inversion of the increasing trends in road accidents and to the gradual reduction thereof, but there remains the need for significant improvement of the country's road safety level for the purpose of nearing the European average.

In 2003, despite the continuous significant increases, the number of small passenger vehicles in circulation in Greece was limited in relation to the country's population. The vehicle indicator per 1,000 inhabitants – although not lagging behind in Attica – was 348 in total for the whole country, that is, at 70% compared to the corresponding indicator in the EU-15 and 75% compared to the EU-25: the country therefore held the 15th position in the EU-15 and the 20th in the EU-25.

The country's position was much higher as regards the number of buses-coaches and trucks per 1,000 inhabitants – the Greek indicators being considerably higher than the corresponding EU averages.

In relation to the above, Greece is considerably lagging behind the EU average as regards the transport work of small passenger vehicles (passenger/kilometers per inhabitant and per circulating vehicle – 13th-15th position in the EU-15 and 18th position in the EU-25), but outclasses considerably the corresponding indicators for buses-coaches (2nd and 7th-8th position respectively). Greece is lagging behind the average indicators of the EU regarding the commercial transport work (ton/kilometers per inhabitant, vehicle or square kilometer), ranking, in 2003, in the 13-15th position among the member states of the EU-15 and in the 20-23rd position in the EU-25.

Rail transport

The particular character of the country's geomorphology and the unbroken mountainous masses create substantial limitations to the operational development of the railway network as well.

This is also due to the country's spatial, demographic and economic structure, as well as its geographical position on the periphery of the EU, where the absence of land borders has led to the substitution of railway infrastructures with road network, as well as to the development of significant maritime and air transport services[86].

The country's main railway axis, the Patras-Athens-Thessaloniki-Idomeni/Promachonas (PAThE/P) axis belongs to the Trans-European rail networks. In spite of the modernization of this basic axis and apart from the sections, which are expected to have been completed until the end of the current programming period of 2000-20006 (approximately 74% per cent of the network's length), the line in the rest of the network has very poor geometrical characteristics, aged supra- and infra- structure, while it is characterised by the absence of modern telecommunication and signalling systems.

In view of the necessary reforms in order to ensure compliance of the regulatory framework with the Community Directives (Railway Packages) and the liberalisation of railway transport, Greece has, together with the improvement of the infrastructures, also arranged for the restructuring of the railway operation sector. The disengagement of the railway infrastructure from the operation has started and the relevant companies are being organised, aiming at the improvement of the operational function and of the level of provided services.

The use of railways in land transport in Greece is extremely limited. In 2000 the railway held only 1.8% in land passenger transport in Greece, thus the country occupied the last position in the EU-15 and the last but one in the EU-25. The situation has not improved in recent years given the stagnation in passenger transport by the railway in Greece, contrary to the increase recorded in other EU countries.

The percentage of railway participation in land commercial transport in Greece is also limited, just a little over 2%, compared to 8% in the EU in 2002. The prospects however are rather positive, given the increase of commercial transport by rail in recent years.

Combined Transport

To date, significant delays have been recorded in the implementation of projects serving combined transport and, as a consequence, **Greece does not yet have an organized and interoperable network of freight management centres.** The creation of Freight Centres has not been realised, mainly due to the absence of a pertinent legal framework, which has been voted just recently.

At the same time, the **interconnection** of road, railway, maritime and other transport networks has not exhibited significant improvement during the 2000-2006 programming period and therefore the Greek system of freight transport presents problems and deficiencies in its organisation and operation, and in infrastructures, with adverse effects in the ability to attract flows of goods in transit.

Some zones of activity perform some elementary functions of the supply chain (hardware), however, the concentration, in certain zones, of installations with activities relevant to freight transport, has been carried out until today in random manner, without specific scheduling and planning.

Anyhow, as an overall result, despite the opportunities presented, **the Greek combined transport system exhibits significant malfunctions**, with consequences on the transport cost and service quality.

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[86] Thus, while the average density of the railway network in Europe is 6.7 km / 100 km2 and 42 km / 100,000 inhabitants, in Greece, it is only 1.9 km / 100 km2 and 25 km / 100,000 inhabitants (the calculation of surface also including that of the islands). Today, in Greece there are 2,517 km of railway network in operation, 20% of which is of double-track line, and only 82 km with electric traction, while 678 km (26.9%) of meter gauge.

Urban transport and relevant infrastructure

The principal problem of urban transport using the road network in major urban centres is that of traffic congestion. This problem displays a deterioration trend, both due to the constantly increasing demand for the respective mode of transport, and to the low increase rate in the capacity of the rural road network compared to demand.

The disparities, between Greece and the other EU countries, **which had been detected** at the stage of transport policy formulation, as regards the access to high level urban transport services, **continue to exist,** despite the actual improvement of the system (mainly in Athens) with significant interventions having been commissioned. Need and demand for quality service improvement continue to rise rapidly, making it necessary to increase improvement interventions. There are also great disparities in the urban transport system between the country's major urban centres.

The priority in reinforcing public transport in the urban centres of the country, must be based on a scheme of integrated circulation and traffic planning at urban centre level. The priorities must be aiming at the realisation of medium-term policies which will discourage uncontrolled use of private vehicles, particularly for journeys into the city centre, and will encourage the use of alternative modes of transport with the appropriate parking policy and strengthening of complementarity between transport networks (intermodal transport), as well as the creation of a friendly environment for pedestrians. In large urban centres, it is necessary to complement the basic road infrastructure by reinforcing the track-guided transport network, while, for the other urban centres, it is compulsory to implement suitable interventions for the development of public urban transport.

In this context, over the 2000-2006 programming period, in Athens, a reinforcement of track-guided transport infrastructures has been carried through with the commissioning of lines 2 and 3 of the Subway, of the suburban railway, the Athens light rail (tram), the operative and aesthetic rehabilitation of the Athens-Piraeus Electric Railway (ISAP), the bringing up to date of the bus fleet etc.

Similar interventions are under progress in Thessaloniki, where realisation of the city's Subway has started and it will be completed during the new programming period, of 2007-2013.

In 2003, Greece was still lagging behind the average per inhabitant in the EU, but this disparity has started to decrease, especially after the year 200, due to a faster increase of the corresponding transport in Greece.

Air Transport

Greece has a quite extended airport network in proportion to its surface and population, due to its particular geomorphologic relief, which makes linking by air necessary for the effective interconnection of the islands and province with the major urban centres. The country's geographical characteristics and its peripheral position, compared to the dynamic European centres, in combination with the reduced transport cost resulting from the liberalisation of air transport, is guiding to an almost absolute reliance of the country's international passenger travel on transport by air.

The role of the country's air transport is expected to broaden with the enlargement of the EU and the expansion of Greece's vital economic space towards Central and Eastern Europe.

At the present time, despite the improvements already made, there is still a lot of space for further improvement of the airport infrastructure and the service provided. What is also important is the use of telematics and the application of information and communication technologies (ICT), which will be instrumental in the provision of higher levels of security and management for the system's operational functions.

In Greece, during the last five years a significant increase is being recorded regarding the total air passenger traffic – 5% and 11% in domestic and international flights respectively. It is also estimated that in 2004 Greek airports served approximately 4% of passenger traffic among the 25 member states of the EU. Based on 2004 data, Greece is ranking in the 6th position among the 25 member states, as regards the absolute number of air passenger traffic and in the 7th position if this number is tied up with the permanent population (per 1000 inhabitants); a significant part of this traffic is created by charter flights transporting tourists to and from the tourist destinations of the country.

Maritime Transport

Due to its profoundly insular nature, Greece is significantly dependent on maritime transport, which gas led to the development of a large number of island ports. Throughout the prior programming periods, many interventions have been carried out for improvement / modernisation of the major international freight ports and selected coastal shipping ports. Such interventions contribute to the overall growth of the Pan-European freight transport water corridors and support the balanced regional development of the country.

In spite of the relevant progress, the interconnection of EU's road, water and other transport networks has not been fully accomplished, since complementary infrastructures must be realised, the completion of which will enable capitalisation of the benefits from earlier investments.

On the basis of the foregoing, further development of the port infrastructure for freight transport and coastal shipping service, as well as ensuring sufficient interconnections with the Trans-European Networks (of road, railway and maritime transport) are key objectives. Moreover, there are still significant needs in increasing maritime navigation and port safety [VTMIS (Vessel Traffic Management and Information System) and ISPS (International Ship and Ports Security Code) systems, search and rescue facilities etc.], as well as needs in improving procedures for collecting, processing and timely supplying highly credibility information and data (statistics, surveys, etc.).

In Greece, the increase in the number of vessels' arrivals, for the traffic of coastal shipping passengers and commercial transport – both domestic and international – is significant. Conversely, passenger traffic in regular international lines is limited and declining, whereas the traffic of local ferry boats is stagnant.

1.5.7 Energy

Energy policy is one of the strategic policy axes of the EU. Energy is characterised as a critical factor for the competitiveness and economic growth of the EU, with a significant role in the resolutions of Lisbon.

The call made at the Lisbon European Council of 23 and 24 March 2000 for the energy markets to be opened up more quickly provided a new major impetus in this area. In March 2001 the Commission adopted a set of measures to open the gas and electricity markets up fully from 2005. With this in mind, new Directives have been issued for liberalisation of the electricity and gas market. Also, Directives have been adopted on the promotion of production of electricity from renewable energy sources, the energy performance of buildings, CHP (Combined Heat & Power), biofuel, and the main guidelines have been laid down for trans-European energy networks, including gas and electricity projects of common interest.

In Greece, energy consumption has been growing at a high rate particularly in buildings and transports. Production processes still remain energy-inefficient, since only an insufficient number of energy-saving practices has been adopted yet. At the same time, the country apppears in very low positions and belowqs the European average as regards the emissions of greenhouse effect gases and particularly carbon dioxide, as a result of the use of fossil fuels in electricity production.

The buildings field, which is responsible for approximately 40% of the energy consumption, and thus for the indirect carbon dioxide emissions together with the polluting industries, require the implementation of extra environmental policy measures.

As regards the energy intensity of the economy, Greece appears at higher levels (250 kg per GDP unit) than the European average (EU-25 210 kg), showing however a minor decrease.

During 2005, the consumption of electricity in Greece totaled 51074 GWh, out of which: the industry consumed 15156 GWh, the transport sector 199 GWh, the commercial sector and public services 16479 GWh, households 16875 GWh and the agricultural sector 2932 GWh. The total unit capacity of the production units for electricity during 2005 was 14023 MW, out of which the producers of electricity had 13763.71 MW and co-producers had 259.785 MW. Lignite constitutes the main source for the primary domestic energy production, representing 82.95% of the total. This fact is meaningless unless compared to the total consumption of oil and the products of the interconnected grid system and it

should be modified as follows: During 2005, the consumption of oil in the thermal power plants for the production of electricity was 2.019 thousand tons, out of which the consumption in the non-interconnected grid system and in the autonomous islands was 1.144 thousand tons (56.7% of the total consumption of liquid fuel for the production of electricity). The total gross production of electricity in 2005 reached 60020 GWh: 59.2% from solid fuel, 15.3% from liquid fuel, 13.6% from natural gas, 9.35% from hydro-electrical plants, 2.1% from wind farms and 0.37% from biomass and waste. Based on forecasts, it is estimated that in 2010 the demand for electricity will reach 71546 GWh.

Greece, although rich in natural resources, shows a low share in electricity production from **Renewable Energy Sources**, namely 9.6% for 2003 (compared to EU-25 average of 12.7%). Community Directive 2001/77/EC stipulates for Greece an indicative target for coverage by renewable energy sources, including large hydropower projects, at a percentage of gross energy consumption over 2010 equal to 20.1%, which is compliant with the obligations under the Kyoto Protocol.

Our country's energy system is in a transitional stage within the framework of the course to the liberalisation of the electricity and gas markets and at the same time of the RES (Renewable Energy Sources) and CHP promotion policy. The liberalisation of the Greek electricity market has developed gradually and not always at the pace rerquired according to the timetables provided for in the Community Directive. In recent years, however, the Ministry of Development has significantly speeded up the relevant legislation. In particular:

- In connection with (natural) gas, the legal framework that will lead to the liberalisation of the domestic market is being completed. In December 2005, the Greek Parliament adopted the Law 3428/2005, which sets the operating rules for a liberalised market. In March 2006, a Ministerial Decision was issued, defining the methodology underlying the calculation of transmission tariffs and another Ministerial Decision is expected to be issued on the Standard Transmission Contract between the Users of the System and the Operator of the National Gas Transmission System (NGTS – ESMFA). These legislative interventions allow any new supplier to operate in the Greek market.

- The adoption of Law 3426/2005 on speeding-up the process for the liberalisation of the electricity market, creates a modern framework, attractive for large scale investment on electricity production, with obvious benefits for the employment and the consumers. Furthermore, competition is being reinforced and, gradually, until July 2007, all consumers, including domestic users, will be able to choose their supplier.

- With law 3468/2006, a new framework has been set on Renewable Energy Sources and harmonisation of the national legislation with the Community Directive 2001/77/EC has been completed. This law constitutes a key intervention as regards the promotion of the use of RES, since it simplifies the licensing process and provides significant financial incentives for private investment.

The national actions in relation with energy and natural resources over the 2000-2006 programming period, have been realised through the Community Support Framework (CSF) and, in particular, the Operational Programme for Competitiveness (OPC-EPAN). In the period 2000-2006, there have been delays in starting the execution of certain projects, mainly because the Greek energy system had to be adjusted to the new conditions of market liberalisation.

The completion of the liberalisation of the energy markets, in combination with the major international energy initiatives, are creating a new landscape in the energy field. Our country, on the crossroads of the great international energy pathways of electricity, gas and oil, has now an appealing legal framework, to attract large scale investment, aiming at a secure energy supply, the creation of new jobs and the improvement of its geo-strategic position.

1.5.8 Environment

In the field of Urban Solid Waste Management (ASA), the main feature is that 85% of waste produced is collected normally, while the remaining 15%, corresponding to isolated mountainous and insular areas, is collected and disposed of inadequately.

Over the last decade, emphasis has been given to the creation of infrastructures for transport and disposal of solid urban waste and particularly to the creation of (sanitary) Landfills (XYTA).

Based on NSOG data, the quantity of solid waste produced per inhabitant annually is 441 kg, a quantity smaller than the community average of 580 kg, but which is increasing continually (+22% during the period 1996-2003), following the improvement of the standard of living and the changes in the life style.

It hasn't been possible to establish an integrated solid urban waste treatment scheme, while there are significant deficits in connection with the treatment and disposal of industrial and hazardous waste. The severity of the problem increase in abandoned areas of previous industrial activity. The delay in the implementation of the regional solid urban waste treatment planning has mainly resulted from the absence of social acceptance in determining the location of the necessary infrastructures.

The organization of separate collection and recycling systems of packaging waste and other special types of materials (electric and electronic equipment, vehicles at the end of their life cycle, tyres, batteries, materials from demolitions, etc.) is still at its first stages.

The corresponding percentages of recycling urban solid waste are around 8%, with considerable potential, however, for the coming years.

The problems in respect of soil resources are extended to a progressive degradation of the soil systems due to erosion and salination, which, among other consequences, results in reduction of the soil's productive capacity and in the visible danger of quantitative and qualitative deterioration of the water resources.

The water resources quality is generally at quite good levels. The indicator of total consumption per available reserves is also at satisfactory level, however with significant variations in certain parts of the country (tourist areas, urban centres).The annual water intake in the country has increased considerably during the last twenty years.

Efforts have been initiated recently, for the material integration and implementation of Community Directive 2000/60, aiming at an integrated management of water resources. 23% of the country's surface waters spring from neighbouring countries making even more imperative the need to promote actions for jointly addressing problems in connection with cross-border water resources. There is insufficient record of the uses and users of water and coordination between the appropriate bodies. There are some occasional holdings, while there is absence of a package of incentives-disincentives for water saving, particularly in agriculture, which consumes more than 87% of the drinking water. The current use of Water Resources is distributed as follows: Agriculture 87%, Water Supply 10%, Industry – Energy and other uses 3%. The performance, especially for agriculture, is low. In 92% of the irrigated expanses of the country, irrigation is done by means of systems and techniques with major losses (more than 50%) and without a rational pricing, thus leading to an overexploitation of the aquifers.

The problems pertaining to the management of water resources are mainly manifested in the most vulnerable areas from the viewpoint of water balance and environmental pressures, that is, in the islands, in coastal areas and in the areas of intense agricultural development.

In relation with the treatment of urban waste water, there are deficits in treatment plants and mainly in collecting systems. Nevertheless, it must be stressed that there has been significant progress over the last years. The overall action plan is based on the requirements of Community Directive 91/271, with the central aim of completing the infrastructures necessary for wastewater collection, transport and treatment. There is coverage of the serviced population at a percentage of 90% by wastewater treatment plants of agglomerations falling under priorities A and B, but the degree of treatment is not always appropriate and maintenance is often inefficient, resulting in problems during operation. As regards priority C agglomerations according to Community Directive 91/271, there are still 204 (in a total of 335) agglomerations, which are not yet serviced by appropriate waste water treatment systems.

The biggest problems in respect of air pollution are identified in the country's major urban centres as well as in lignite power production areas. Air pollution problems also exist in some industrial areas. Serious air pollution problems are those concerning the concentrations of ozon, suspended particles PM_{10} and benzol, thus making it an imperative

need to intensify the efforts to address the problem of these pollutants and to integrate environmental concerns especially in transport policy.

The quality of the acoustic environment in our country has deteriorated over the last years, with the most significant problems identified in major urban centres bur also in almost all tourist areas in the country. As a consequence, the quality of the tourism services and of the population's life deteriorates as well. Deterioration problems have also occurred due to the constantly increasing exposure of the population to radiations, mainly from energy transport lines and mobile telephony aerials.

Greece is characterized by a high degree of biodiversity. The total land parts of the Natura sites cover 19.1% of the territory. Approximately 100 special environmental studies have been drawn up in respect of these sites, as well as some individual management plans, however, the protection and management regime of most of these areas presents significant weaknesses and delays.

Civil protection refers to the development and implementation of plans for preventing, addressing and restoring disasters which may be caused by natural and technological hazards. In this field, there are significant deficits in infrastructures mainly of flood control and fire protection. A major deficit is also the delay in the development and full commissioning of a single information management and coordination system, which is a prerequisite for timely warning and intervention.

1.5.9 Culture

For Greece, **Culture constitutes a comparative advantage** for it brings out its international appeal and it must therefore act as an asset enhancing the overall development of the country. Furthermore, it is the principal instrument of promoting Greece in Europe and in the world. The Olympic Games and the Special Olympics held in Athens brought out this potential..

With respect to museums, important progress has been recorded, as a nation-wide network of Museums now covers the entire country. The most important cities of the country, and at the same time its principal archaeological sites, acquire exceptional and modernised museum infrastructure, both in respect of building infrastructure and of new exhibitions. The results of the interventions having been completed are already visible: in 2005, the number of museum visitors was 2.7 million, compared to 2.5 million in 2004 (an increase of 8%). This tendency is expected to go even further, considering that a number of important interventions have not yet been delivered (the most important example being that of the New Museum of the Acropolis) whereas others have only been delivered recently (e.g. the Archaeological Museum of Thessaloniki).

With respect to monuments, securing, maintenance and restoration problems of the country's most important monuments have been mainly dealt with, though in many cases the interventions completed in different sites and monuments are not necessarily of a permanent nature, while the overall programme for the protection and promotion of monuments and archaeological sites requires a significant amount of further effort, which must be fostered and supported. The results of the interventions in connection with monuments is also visible: in 2005, the number of archaeological site visitors was 6.9 millions compared to 5.8 million of 2004 (an increase of 19%).

Furthermore, new cultural institutions (e.g. the International Book Fair) have been created, while new ones are promoted (e.g. the Biennale of Visual Artists) which add to the tourist traffic and create new jobs.

The dynamic that has been developed accentuates the close relation of Culture with tourism, and particularly with high quality tourism. In this connection, a recent survey has shown that the most attractive destinations for the organisation of conferences or for incentive travel are Athens, Crete and Rhodes, i.e. destinations with important historical and monumental wealth. These three areas concentrate 56% of the archaeological site visitors and 35% of the museum visitors.

Many areas of the country largely depend for their economic growth on the operation of archaeological sites and museums. The projects for the promotion and protection of monuments in these areas must be continued. Along with the promotion of new places or the operation of new museums, the list of such areas must be enlarged.

As far as modern urban scenery is concerned, the positive results of the Unification of the Archaeological Sites of Athens and the promotion of the medieval town in Rhodes have been underlined. With the completion of the unification works, archaeological sites and monuments were promoted, while listed buildings have been restored in the urban web around them. At the same time free and common spaces were created in the perimeter of the archaeological sites, thus creating an environment for walks, modern cultural activities and recreation.

In terms of modern culture, the works of urban planning have contributed both to the development of areas selected by the state for the expansion of cities, and to the rehabilitation of under-developed areas in the existing urban web, thus becoming tools of urban renovation.

With respect to the **natural environment, the extended areas have remained environmentally intact**, precisely due to protection zones around monuments and archaeological sites, listed by the Archaeological Service. The programme for the listing and delimitation of zones of archaeological protection must be supported and reinforced (e.g. monument archive, archaeological land-register, etc.).

1.5.10 Territorial Cooperation

For Greece, considering it neighbours with newly-acceded countries or countries that could potentially apply for accession to the EU, as well as with third countries of the wider Mediterranean area, **European Territorial Cooperation** is both a challenge and an opportunity for the next 2007-13 programme period.

Regional integration and the promotion of multicentricity at European level have already become key objectives for the balanced and sustainable growth dictated by the European Spatial Development Perspective (ESDP).

At the onset of the new 2007-2013 period, the following are underlined:

- The integration of the role of spatial co-operation in the context of the more general objective to achieve EU's Social and Economic cohesion (new objective 3).
- The well-founded, multi-fold experience that must be utilised to continue and expand the agenda of spatial co-operation and its adaptation to the objectives of sustainable growth and knowledge society.
- Greece's enhanced concern for the success of spatial co-operation objectives, owed to the European Union's expansion to South-Eastern Europe (manifested by the competent services' relocation to Thessaloniki, closer to the co-operating countries), including the importance of its geographical location in Eastern Mediterranean.

In particular during 2000-2006:

- **Cross-border cooperation**: Experience drawn from the six bilateral programmes with Albania, FYROM, Bulgaria, Turkey, Italy and Cyprus has issued several successful examples, such as co-operation with Bulgaria, including also specific positive outcomes on the remaining programmes, particularly in the areas of (mainly seasonal) employment, improvement of infrastructures (transport, health) and protection of the environment. Parties concerned are however required to deal with the problems of the programmes that are lagging behind because of organisational or other reasons, to successfully expand co-operation to the next programme period.
- As regards **trans-national cooperation**, positive, yet unbalanced results owed to inherent geographical, economic and political difficulties of the intervention areas (CADSES, ARCHIMED, MEDOCC) were established. The choices of the new period must aim the support, improvement and expansion of the successful actions, adapting them to the new, more cohesive geographical allocation of South-East Europe and Mediterranean Sea's programme areas.
- As regards **inter-regional cooperation**, Greece's participation is satisfactory, yet could be further enhanced. Exchange of experiences, good practices and dissemination of knowledge, fostered mainly by the actions of inter-regional co-operation, could significantly contribute to the better implementation of the country's Operational programmes (Objectives 1 and 2).

1.6 Regional analysis

The situation regarding the development of the 13 regions of the country is to a great extent linked to a series of factors, such as: a) their population – with the exception of Attica and Central Macedonia -, b) their urbanization and the role of urban centers in each region, c) the hierarchical structure of the country's urban system – where only during recent years networkings appear – d) the structure of the production model of each region and the importance of the production model concentrated in its urban centers and the areas with urban features, e) the place of each region in relation to existing and emerging development axes of the country, and f) the restricted potential of each region - with the exception of the two mentioned above – to set up a dynamically developing production model within the overall development framework.

Greek territory still exemplifies week **conditions** for institutional, organisational and productive support as well as large-scale financial and in the broad sense development initiatives.

With the exception of the two metropolitan centres, Athens and Thessaloniki, and possibly some areas close to them yet special when compared to the European regional reality, it is evident that **the remaining regions of the country do not have the minimum critical mass** – in terms of spatial, demographic, production and technological potential - that is necessary on the basis of comparative prosperity and employment performances in order to effectively deal with the multiple challenges and difficulties linked to the structural problems of the entire economy, whether characteristic of each region or group of regions or whether arising from increased competition.

The global picture illustrates that, **the country's Regions as a whole are indeed converging with EU-25 regions**, but also that convergence is carried out at slow pace, since, the country's Regions face various problems periodically, and as a result, **regional disparities persist**, despite the country's high development level.

The regional disparities, as well as the growth performance of the Regions of the country, are also linked to the regional policies implemented in the previous programming periods. These policies displayed an important deficit with regard to the mobilisation of private and direct investments, which could have contributed to the lifting of important structural weaknesses in the productive pattern of the country and of its Regions. Such investments could have led to an increase in employment, and compensate for lost jobs due to low competitiveness, and to enterprises relocation –towards countries with low-wage labour force.

Assessing the development trends as regards regional disparities in the course of time (see table 41), one can see that Greece is a country with relatively limited regional disparities, which, compared to the previous decade do not increase anymore, but are characterized by a linear decreasing trend, while in parallel the structural weaknesses of the Regions still persist.

TABLE 41 -Regional disparities

Regional Disparities (standard deviation)		
Year	EU15	Country
1983	26,8	6,6
1984	27,1	6,9
1985	27,5	6,5
1986	27,2	6,6
1987	27	6,9
1988	26,9	6,9
1989	26,7	6,3
1990	26,9	6,2
1991	29,7	7
1992	28,8	7,3
1993	27,2	7,7
1994	27,5	7,8
1995	28,5	10,4
1996	28,4	10,2
1997	28,3	10,1
1998	28,3	10,2
1999	28,6	9,5
2000	28,9	9,6

Source:
Cohesion Reports 1996, 2001
Intermediate Cohesion Reports 2002

GDP per capita in PPPs (purchasing power parities) as a percentage of the relevant EU 15 aggregate	
Year	Country
1986	59,2
1987	57,4
1988	58,3
1989	59,1
1990	57,4
1991	60,1
1992	61,9
1993	64,2
1994	65,2
1995	65,9
1996	66,6
1997	65,9
1998	66,9
1999	68,2
2000	67,7
2001	64,7

Source:
Cohesion Reports 1996, 2001
Intermediate Cohesion Reports 2002

GDP change	
Time Period	Country
1986-96	1,6
1986-91	2,2
1991-96	1
1988-98	1,9
1993-98	2,7
1995-2002	3,6

Source:
Report for the situation
Cohesion Reports 2001
Intermediate Cohesion Reports2002

	Real GDP rate of change			Inflation		
Year	Country	EU15	EU25	Χώρα	EE15	EE25
1997	3,6	2,6	2,7	5,4	1,7	2,6
1998	3,4	2,9	2,9	4,5	1,3	2,1
1999	3,4	3	3	2,1	1,2	1,6
2000	4,5	3,9	3,9	2,9	1,9	2,4
2001	5,1	1,9	2	3,7	2,2	2,5
2002	3,8	1,1	1,2	3,9	2,1	2,1
2003	4,8	1,1	1,3	3,4	2,0	1,9
2004	4,7	2,3	2,4	3,0	2,0	2,1
2005	3,7	1,5	1,7	3,5	2,1	2,2

Source:
Eurostat

One could therefore draw a general conclusion, according to which, despite the fact that the country is growing at a relatively faster rate than the community average, especially during recent years, regional disparities persist and lead to considerable differentiation among the country's regions (see table 46, Annex II). This conclusion applies irrespective of how one defines the regions of the country, that is, the 13 administrative regions, on the level of the prefecture, i.e. intra-regional level and on the level of spatial entities. Obviously however, the picture presented as regards the specific indicators is a function of the spatial approach; therefore the differentiations of the values of the indicators are lessened when the spatial reference entities increase.

Based on the criterion of per capita GDP (in current prices) during the same period 1995-2003, the performance of the 13 regions of the country present the following picture:

- The country as a whole grows at a rate faster than the EU average.
- The regions of the country participate in this process in a differentiated way.
- The regions of N. Aegean, Thessaly, S. Aegean, Crete grow at a rate faster than the country's average. The regions of Central Macedonia, Attica and W. Macedonia are quite close to the country's average. The Regions of E. Macedonia-Thrace, Continental Greece and W. Greece are somewhat lagging behind the country's average.

Consequently, taking into account also the eligibility of each region the picture is as follows:

GDP change rate / Eligibility	Below the national average	Around the national average	Above the national average
Converging regions	• Eastern Macedonia - Thrace • Western Greece		• Epirus • Ionian islands • Peloponnese • Thessaly • N. Aegean • Crete
Phasing out regions		• W. Macedonia • Attica • Central Macedonia	
Phasing in regions	• Continental Greece		• S. Aegean

The overall picture of the 13 regions **leads to the conclusion that**:

1)the positive performance of the period under examination is related to a certain precariousness regarding the shaping of established relations in each Region, that would allow us to draw the conclusion that both the problem of regional disparities and the structural weaknesses of its regions have been dealt with.

2)The picture regarding growth is closely linked to the production model in each region, the importance of its urban centers and the potential of these centers, but also with the policies followed during the previous years.

It is therefore imperative to exercise a policy leading to ways to tackle the structural problems of the Greek economy, to mobilize and support investments and to restrict regional disparities. This policy must comprise two elements: one element common for the whole country (reforms, tackling of structural problems, mobilizing and promoting investments) and one element differentiated per region based on their eligibility (weak criterion), on their performance (strong criterion), as well as on the structure of their production model.

Examining the same data on the level of spatial entities, since the entities under examination become larger leads to a softening of the picture presented by regional disparities. Per capita GDP in current prices in the period under consideration, increases above the country's average in the spatial entities of Attica, North and South Aegean and Crete, Thessaly, Epirus and Continental Greece, while it is lagging behind the remaining two spatial entities of Eastern Macedonia and Thrace, Central Macedonia and Western Macedonia on the one hand, and Western Greece, Peloponnese, Continental Greece and Ionian Islands, on the other.

Disparities in population

A key characteristic is the important territorial unbalances (ratio of population concentration between the Regions with the smallest and highest population quota) as a result of the very high concentration of economic activities in Attiki, but also of the particularity of the country's relief (mountainous and insular areas). The population of the various Regions ranges from 4,000,000 in the Region of Attiki to 200,000-250,000 in the island Regions of the Northern Aegean and of the Ionian Islands (data from the 2001 census). The differences in urbanization and geographical relief of the country's Regions are reflected in the density indicators per Region. Thus, Regions without particularly large urban centres and with large massif, i.e. the Regions of Western Macedonia, Epirus, Western Greece and the Peloponnese, show density below 40.0 inhabitants per square km, in contrast to Attiki, where the indicator shows as much as 1025.1 inhabitants per square km. (see Table 47, Annex II).

Disparities in growth performance

Even though the country exhibits a rate of growth of the GDP per capita in purchasing power parities (PPP) over the last years, significantly higher than EU average, this tendency is spread to the Regions in an uneven way, as expected. (see Table 47, Annex II).

As regards regional disparities in the country, which remain, among the lowest in the total of EU-15, it should be noted that, following a period of relative stagnation, from 1983 until 1993, linked to significantly low growth rates, high inflation and raising unemployment trends, a subsequent increase is observed, followed again by a decrease, from 1998 until 2001.

The picture deriving from this data, substantiates the developmental potential at regional level, but also the fact that regional disparities constitute, in a country with structural weaknesses such as Greece, a problem that must be constantly dealt with since it tends to recur even with diversified characteristics, until the reforms incurred produce structures up to the challenges of the market and the recurring regional disparities; this includes a process of reforms, structural changes, set up of institutions, mobilisation of private investments and attraction of foreign direct investments.

The contribution of the three sectors of the economy to the Gross Value Added confirms the picture described here above. According to this picture, the growth performance in the Regions develops to a great extent in the same direction, while the disparities in each Region are directly linked to the factors mentioned before (urbanization, location in the country, policy pursued on infrastructures, special characteristics, etc.) – (see Tables 48 & 49, Annex III).

As a general trend and according to data spanning the years 2000-2003, a decline in the contribution of the primary sector, a relatively limited downturn in the secondary sector and a limited increase in the relative contribution of the tertiary sector is observed. As to the secondary sector, the reduced participation of manufacturing balanced by the increased construction activity, i.e. an activity connected with the residential and tourism development should be considered. Finally, as regards services, it must be noted that their increasing contribution to the GDP involves almost all branches in the sector.

With the exception of Attiki, it can be assumed that the primary sector is particularly important for the Regions of Eastern Macedonia and Thrace, Western Macedonia, Thessaly, Western Greece, the Peloponnese, and relatively important for the Regions of the Northern Aegean and Creta (data from 2003).

The contribution of secondary sector, is particularly important in the Regions of Eastern Macedonia and Thrace, Central Macedonia and Western Macedonia, Thessaly, Central Greece, the Peloponnese and Northern Aegean. The indicator values in this category have to be examined with respect to the structure of the primary sector and agricultural product manufacturing, residential and tourism development as well with constructions, and special characteristics of particular Regions.

The contribution of the tertiary sector to the Gross Added Value is directly related to urbanization and to the development of tourism-related activities. Thus, the value of the relevant indicator is above the national average in the Regions of Central Macedonia, Epirus, the Ionian Islands, Attiki, Southern Aegean and Creta. The indicator of Western Greece is slightly lower than the national average, while the indicator of all the other Regions, although relatively high when compared tothe contribution of the other two sectors, is lower than the national average.

Employment and unemployment

General remarks

Investigating the evolution of employment and unemployment on the regional level, leads to the following conclusion: despite the differences in intensity of the corresponding phenomena in the regions, differences which are quite important in some cases, these phenomena are characterized also by specific common trends.

In all the regions of the country, one can observe common phenomena regarding the comparatively high cost of unemployment, unemployment among the young and the difficulties of access to the labour market by those who seek a job for the first time. Moreover, the percentage is relatively low compared to the community average. Finally, regarding women, all data show comparatively worse values in all corresponding indicators. Obviously, the mass entry of women in the labour market during the last twenty years was not accompanied by the prerequisites to integrate them, at least not under the same terms that exist for men, even though there is a considerable number of jobs held by women.

This picture is completed by the fact that, since 1989, a significant number of economic migrants have been established in the country, many of whom tend to establish with their families permanently.

The picture regarding the structure of employment and unemployment in the country is differentiated by region. This differentiation is obviously related to the specific way each Region grows, that is, after all, to the same factors – economic, natural and geographical – that determine GDP growth, as well as to the human resources available, the level of their education and training and the traditional (i.e. closely linked to the employment model of the parents) or modern (differentiated as regards the employment model of the parents) way of integrating these human resources in the labour market.

Employment structure per Region

Most of the employed people, in the tertiary sector, are concentrated, as expected, in the most dense Region, Attiki by far. Those employed in the secondary sector are concentrated, respectively, in Western Macedonia, while the higher percentage of those employed in the primary sector, are active in the Peloponnese (see Tables 50 & 51, Annex II).

The tertiary sector occupies the first place as to the specific weight in employment, in Greece as a whole and in all Regions. The secondary sector occupies the second place in the whole country, as well as in the Regions of Attiki, Northern Aegean, Western Macedonia, Epirus, Central Macedonia, Central Greece and Southern Aegean. The primary sector varies greatly from Region to Region, accounting only for 0.67% of the employment in Attiki and up to 29.05% in the Peloponnese. It should however be noted that the changes taking place in the country in relation to employment by each sector in each Region are carried out in an integrated way and do not lead to major differences of the prevailing model among Regions, thus altering their relations.

Disparities in employment (see Tables 52 & 53, Annex II)

Performance in the exploitation of the available manpower is an important indicator of development potential at regional level.

In the year 2004, the employment rate rose to over 60% (up to +4.6%) in six Regions, while it was particularly low (53.3%) in only one (Western Macedonia), with the other Regions (Eastern Macedonia – Thrace, Central Macedonia, Epirus, Central Greece, Western Greece, Northern Aegean) ranging slightly lower (up to –4%) than the national average (59.4%), compared to Lisbon Strategy target for a rise in the indicator, to 67% in 2005 and 70% in 2010.

Part-time employment, as it is well known, is particularly limited compared to other European countries. In absolute terms, almost half of part-time employed in the country are located in the

large Regions of Attiki and Central Macedonia. Nevertheless, part-time employment is relatively widespread in Western Macedonia and in Creta, where it reaches 7.1% and 7.0% of total employment, respectively, while in the Regions of Eastern Macedonia and Thrace, it does not exceed 3.5%. In the large Regions of Attiki and Central Macedonia, part-time employment is less important than in the whole country.

A key factor for Greece's low performance in the employment percentage is the particularly low participation of women in the labour market, at levels below 50%, in all Regions, except Creta.

The problem of female access to the labour market occurs particularly in the following Regions: Western Macedonia, Northern Aegean, Epirus, Western Greece, Central Greece, Eastern Macedonia and Thrace, Central Macedonia, Thessaly and Southern Aegean, where female unemployment rate is higher than the national average. On the contrary, the Regions experiencing female unemployment rate lower than the average are the Peloponnese, the Ionian Islands, Attiki and Creta.

Variations between the Regions with respect to self-employment are also characteristic: the Region with the higher percentage of self-employed is the Peloponnese (44.6%), while Attiki is the Region with the lowest percentage.

Disparities in unemployment (see Table 54, Annex II)

Significant variations are also observed between the Greek Regions as regards the unemployment rate, which is an indicator illustrative of the difficulties in the absorption of labour supply, if the latter remains high.

Inter-regional disparities as regards unemployment rate remain high and, for 2005, they range between 18.1%, in Western Macedonia, and 7.1%, in Creta.

The Regions marked by a higher than the national average unemployment rate, in 2003-2005 are: Western Macedonia (17,1%), Eastern Macedonia and Thrace (11.8%), Epirus (11.5%), Central Macedonia (11.2%), Central Greece & Evia (11.1%), Western Greece (10.8%), and the Ionian Islands (10,6%). The Regions with unemployment rate lower than the national average, are Attiki (8.9%), the Peloponnese (8.7%), and Creta (7,4%), while in the Southern and Northern Aegean and in Thessaly, the unemployment rate is almost equal to the unemployment rate for the overall country – 9,9%, 9,2% and 9.9% respectively.

The Regions experiencing lower long-term unemployment rate than national average are Attiki, Creta, Southern Aegean and Ionian Islands.

On the contrary, the problem of long-term unemployment is particularly acute in the Regions of Western Macedonia, Epirus, Eastern Macedonia and Thrace, Central Greece, Northern Aegean, Western Greece and Central Macedonia, while the Regions of Thessaly and Peloponnese are at national average levels.

Unemployment seems to particularly affect specific regions; particularly those, which have not proceeded to an agricultural or manufacture restructuring.

Difficulty of access to employment for the young people

Gaining access to the labour market appears to be a serious problem for young people in the Region of Western Macedonia, where unemployment rate reaches 44%, while unemployment rate for young people in the Regions of Epirus, Northern Aegean, Central Greece, Eastern Macedonia and Thrace, Central Macedonia, Western Greece and Peloponnese is also higher than national average. On the contrary, rates lower than national average are observed in the Regions of Attiki, Ionian Islands, Thessaly and Southern Aegean, while the lowest rates are recorded in Creta (20,4%).

Tables 43,44 and 45 present the relevant employment and unemployment average for 2003-2005.

TABLE 42 -Comparative performance table of the Regions of Greece

Regions	Employment rate	Unemployment rate	Long-term unemployment rate	Women unemployment rate	Young people unemployment rate
Eastern Macedonia Thrace					
Central Macedonia					
Western Macedonia					
Thessaly					
Epirus					
Ionian Islands					
Western Greece					
Central Greece					
Peloponnese					
Attiki					
Northern Aegean					
Southern Aegean					
Creta					

Performance higher than the country's overall average

Performance lower than the country's overall average

TABLE 43 - Labour market (average 2003-2005)

LABOUR MARKET (average 2003-2005)									
REGIONS	GDP per capita (2001-2003 average)	Employment rate (aged 15-64)	Women Employment rate (aged 15-64)	Employment rate of older persons (aged 55-64)	UNEMPLOYMENT %	UNEMPLOYMENT % AMONG THE YOUNG (aged 15-24)	WOMEN UNEMPLOYMENT %	LONG-TERM UNEMPLOYMENT %	Proportion of Population at risk of poverty *
Eastern Macedonia & Thrace	59,9	59,7	46,9	44,9	11,8	28,6	18,2	54,4	32.2
Central Macedonia	76,2	57,5	43,1	38,6	11,2	28,7	17,7	53,6	22.7
Western Macedonia	77,7	53,1	37,3	36,4	17,1	45	27,1	64,4	23.9
Thessaly	69,1	59,8	44,3	46,2	9,9	25,1	16,9	59,7	26,00
Epirus	62,7	56,8	41,6	44,8	11,5	35,1	18,5	62,6	36.2
Central Greece	109,7	58,9	41,6	40	11,1	29,8	18	58,7	29.3
Western Greece	59,5	56,5	40	42,3	10,8	28,2	18,3	62,4	30.3
Peloponnisos	73,4	62,7	47,9	50,5	8,9	28,2	14	57,7	29,0
Ionian Islands	70,9	62,2	48,5	48,6	10,6	32,1	14,9	23,7	24.5
Attica	82,3	60,3	47,4	36,1	8,9	23,3	12,9	53,1	12.2
Nothern Aegean	74,9	55,8	36,8	38,9	9,2	35,2	17,9	58,4	18.9
Southern Aegean	87,2	60,4	41,7	44,4	9,9	22,1	16,2	21,5	25.7
Creta	75,9	64,1	51,8	53,5	7,4	20,4	11,7	33,1	15.7
COUNTRY TOTAL	**77,2**	**59,4**	**45,2**	**40,8**	**10**	**26,6**	**15,5**	**53,4**	**20.97**

Source: New Cronos.

*Source: Kikilias El. and Gazon E. with the collaboration of D. Ntontis Regional Aspects of Poverty in Greece`EKKE Social Cohesion Bulletin, 1/2005

TABLE 44 - Regions ranked according to labour markets aggregates

REGIONS	GDP per capita (2001-2003 average)	Employment rate (aged 15-64)	Women Employment rate (aged 15-64)	Employment rate of older persons (aged 55-64)	UNEMPLOYMENT %	UNEMPLOYMENT % AMONG THE YOUNG (aged 15-24)	WOMEN UNEMPLOYMENT %	LONG-TERM UNEMPLOYMENT %	Proportion of Population at risk of poverty *
Eastern Macedonia & Thrace	12	7	5	5	12	7	10	6	2
Central Macedonia	5	9	7	7	10	8	7	5	10
Western Macedonia	4	13	12	12	13	13	13	13	9
Thessaly	10	6	6	6	5	4	6	10	6
Epirus	11	10	9	10	11	11	12	12	1
Central Greece	1	8	9	9	9	9	9	9	4
Western Greece	13	11	11	11	8	5	12	11	3
Peloponnisos	8	2	3	3	2	5	3	7	5
Ionian Islands	9	3	2	2	7	10	4	2	8
Attica	3	5	4	4	2	3	2	4	13
Nothern Aegean	7	12	13	13	4	12	8	8	11
Southern Aegean	2	4	8	8	6	2	5	1	7
Creta	6	1	1	1	1	1	1	3	12

TABLE 45 - Regions grading according to labour markets aggregates

Employment Criteria	
Creta	3
Ionian Islands	7
Peloponnisos	8
Attica	13
Eastern Macedonia & Thrace	17
Thessaly	18
Southern Aegean	20
Central Macedonia	23
Central Greece	26
Epirus	29
Western Greece	33
Western Macedonia	37
Nothern Aegean	38

Unemployment Criteria	
Creta	6
Attica	11
Southern Aegean	14
Peloponnisos	17
Ionian Islands	23
Thessaly	25
Central Macedonia	30
Nothern Aegean	32
Eastern Macedonia & Thrace	35
Western Greece	36
Central Greece	36
Epirus	46
Western Macedonia	52

Proportion of Population at risk of poverty	
Attica	1
Creta	2
Nothern Aegean	3
Central Macedonia	4
Western Macedonia	5
Ionian Islands	6
Southern Aegean	7
Thessaly	8
Peloponnisos	9
Central Greece	10
Western Greece	11
Eastern Macedonia & Thrace	12
Epirus	13

The comparison between the table presenting the regions' performance regarding growth in combination with their eligibility and the table presenting the situation in the labour market, presented above, leads to the conclusion that the regions' performance regarding growth and the situation in the labour market and employment are not proportionately linked. The reasons have already been mentioned: the structural problems of Greek economy, the specific characteristics of each region, while a considerable part in shaping the picture of each region is played by the size and the potential of its urban centres.

Using these two tables we can draw the following picture:

ELIGIBILITY OF REGIONS / PERFORMANCE IN THE LABOUR MARKET	OBJECTIVE 1	PHASING OUT	PHASING IN
ABOVE THE AVERAGE IN TOTAL	• CRETE • IONIAN ISLANDS	• ATTICA	
IMPORTANT PARAMETERS ABOVE THE AVERAGE	• THESSALY • PELOPONNESE		•S. AEGEAN
IMPORTANT PARAMETERS BELOW THE AVERAGE	• W. GREECE		
BELOW THE AVERAGE IN TOTAL	• E. MACEDONIA-THRACE • EPIRUS • N. AEGEAN	• C. MACEDONIA • W. MACEDONIA	•CONT. GREECE

Disparities in labour productivity

Divergence in productivity from EU-25 average **in the great majority of the Regions (and of the country as a whole)** is broader than the divergence in the GDP per capita, which means that the structural weaknesses of the economy hamper labour productivity in Greece.

Based on both approaches, **satisfactory performance is only registered in Central greece** (approximately 115% of the EU-25 average) and, to a minor degree, in Notio and Voreio Aigaio and in Western macedonia (between 80-90%).

Productive specialisation in sectors and branches of each Region's economy linked to other parameters, such as the educational level and the intensity and quality of productive investment, is considered critical for the improvement of productivity level.

Disparities in the educational level of the population

Based on the figures referring to the share of regional population (aged 25-64) with higher education attainment, Attiki has the highest percentage (23.0%), approximately three times higher than Central greece, the Region with the lowest percentage (7.8%).

The above mentioned data illustrate that there ***is significant variation in the development process and the competitiveness of the Greek Regions.***

The regions of ***Southern Aegean and Creta*** *are in a better position, with tourism as their principal growth factor, along* ***with Attiki****, whose economy, due to its high concentration and scale, and the range of productive and administrative activities it exhibits, makes it a key knob for the Eastern Mediterranean basin.*

The position of the ***Peloponnese*** *has also significantly improved; its economy appears to shift from a traditional orientation towards the primary sector, and it seems able to address the challenges of global competition.*

The picture of Central greece and, to a minor degree, of Western macedonia, is not directly linked to their inner growth potential but is the result of specific conditions *(vicinity to the capital and activities of the Public Electricityr Company, 'PPC', respectively), partially distorting their performance as to the GDP per capita indicator, without the corresponding positive effects inr the labour market.*

Central Macedonia also meets the requirements, *in terms of concentration and scale of productive and entrepreneurial activities, to play a leading role in the economic developments, in SE Europe in particular;* ***However, its mediocre growth performance, particularly in the labour market, results from the severe disruptions of its productive sector due to the increasingly intensive competition as well as to its lag in modern infrastructure that should boost the metropolitan role of Thessaloniki.***

The other Regions are not at the same level yet they are classified under the same category*, in the sense that they do not present satisfactory self-generated growth potential.* ***Western Greece, Thessaly, Eastern macedonia – Thrace, the Ionia Islands, the Northern Aegean and Epirus,*** *although the latter has performed significant progress, are the Regions exhibiting the major development lag in Greece. It must also be noted that some Regions, such as the Northern Aegean and the Ionian Islands, feel more and more the impacts of tourism development.*

The above Regions have not yet established new sectors of production to replace the ones that have become stagnant and outdated due to competition. Even when entrepreneurial cells and other development clusters(e.g. educational institutions) are created, they do not re establish the necessary links with the local productive sector, to sufficiently exploit the endogenous potential and promote regional growth level at expected rates.

1.7 Spatial dimension of the regional disparities

The spatial planning approach enables to introduce further important elements to the discussion about regional disparities and the reasons generating them, such as special territorial units, characterised either by intense developmental dynamics or by extraordinary delay and significant problems, which must be addressed in a specific manner. A typical example of the former is presented by the cities and areas of urban sprawl, the country's urban centres. Similarly, the mountainous areas are an example of a territorial entity facing serious development problems. The islands, finally, form another special category of territory regardless of their significant variations in terms of size and of growth performance. Finally, the islands despite their differences, are ranked as a territorial entity which shows, important growth pace and particular problems. In the same category belongthe country's rural areas.

The combination of spatial planning with regional approach enhances the latter and improves its efficiency, since it provides additional elements, contributing to the awareness of development process and allows for conclusions to be drawn from efforts of the previous periods, that will result in a more efficient planning of the regional policy for the years 2007-2013.

1.7.1 Urban areas

Growth potential is concentrated in urban centres, cities, in the sense that they are the places where most enterprises, administration services, production processes, recreation

and culture stakeholders, including the largest part of the country's population, are established and operate.

The country's urban system is marked by a structure at three levels with the **metropolitan centres, Athens and Thessaloniki** (the entire urban complex) at the top, followed by the country's secondary urban centres, namely **urban centres of over 50,000 residents,** which also include the capitals of the country's 13 Regions. The basis of the structure includes **the country's urban centres at a prefecture level** including the rural area centres of 5,000-10,000 residents. This structure could also develop to include the smaller urban centres of the prefectures

Table 55, Annex II, presents the population of the country's urban centres, that is, cities with ≥10,000 inhabitants and capitals of prefectures. The total population of the specific administrative entities amounts to 59.7% of the country's population and 81.75% of the country's urban population, when this is determined on the basis of the dominant model of production, living and consumption. Although there are no precise data to determine this figure, the country's population in centres with more than 2,000 inhabitants is a good approach. This population amounts to 73% of the country's total population.

Based on their population, the country's urban centres exceeding 40,000 inhabitants (metropolitan and secondary urban centres) are the following: Athens, Thessalonica, Patras, Heraklion, Larissa, Volos, Acharnai, Ioannina, Chalkida, Kavala, Katerini, Serres, Rhodes, Chania, Trikala, Kalamata, Agrinio, Alexandroupolis, Komotini, Xanthi, Veria, Drama, Kerkyra, Kozani.

Athens, Thessaloniki and certain large urban centres have an international appeal due to particular features (country growth poles, border centres, including specific tourist destinations).

Despite the large variations in the size of their population, the country's urban centres have common features in their growth process. These elements are the periodically massive inflows of population and the lag as to the development of modern infrastructure.

Urban disparities, with dysfunctions and degradation of areas (districts) within urban centres where population groups live in, such as poor economic migrants, or people at risk of poverty), result in an increased segregation and social exclusion.

As a result, the malfunction of cities, the downgrade of the urban environment (pollution, wastewater) and urban sprawl are the source of a number of issues summarised as follows:

- lack of infrastructure due to the rapid growth of urban centres and growth pattern that leads to overdevelopment of the private space at the expense of public space;
- malfunctions in transport and lack of extra space, resulting from infrastructure deficiencies;
- urban sprawl and "ex post" planning, as a rule;
- internal restructuring, in cities and their cultural centres, of the residence-production-recreation pattern, which created upheavals in functionality and property prices.
- Specific areas within urban centers, subject to the impact of change of determinative uses in them, are suffering the repercussions of intra-urban change of place of residence and the establishment of new, economically weaker inhabitants and are exposed to particular risks of downgrading; integrated remodeling interventions are therefore necessary.

Despite the relatively significant number of those employed in the primary sector, the urban centres of the first category (capitals of prefectures and cities with over 10,000 inhabitants) present a 19.4% employment in the primary sector for 2001, while the corresponding indicators in the secondary and tertiary sector are 19.7% and 81.4% of the total number of those employed.

Per region and per spatial entity, the values of the specific indicators differentiate in relation to the growth potential of each region and its urbanization. Considering the situation in 2001 and the potential among urban centers of the same category, we are lead to the conclusion that the urban centers of the country have a limited specialization and the importance of those employed in the primary sector in many urban centres is indeed

considerable, while the picture regarding employment in the secondary and tertiary sector is the one expected. The same classification for 2001 allows one to draw certain conclusions regarding the establishment of networks between neighbouring centers either in a hierarchical way or more horizontally (see tables 57, 58, 59, Annex II).

Urban centres also constitute the so-called development axis of the country, such as the Patras-Athens-Thessaloniki–Kavala axis, established in the period of the country's accession to EU. To date, this pattern has been significantly modified as to:

- the establishment of three levels with respect to the urban pattern and towards the development of local networks;
- The expansion of the development axis through the inclusion of emerging development axis, in conjunction with major infrastructure projects;
- The interlinkage of various urban-centre levels of the country to others from abroad.

The trend of networking the country's urban system, even partially in certain areas, is a significant and crucial factor for the growth process as a whole. It also underlines the sensitivity of the entire growth strategy dealing with urban centres and the developments therein, considering that urban centres, as the clusters of activities and residents, constitute also recipients of the negative impact of international competition.

It is obvious that the traditional axis of development of the country, extending from Patras along the northern coast of the Peloponnese to the direction of Athens-Attica and then to the north towards Thessalonica and towards Kavala to the east, tends to expand. This expansion is done in combination with major infrastructure projects.

In combination with major infrastructure projects, the traditional axis of development extends to the east and west towards Alexandroupoli and Ioannina along Egnatia road, to the north and west along the vertical and border connections, while in the south it extends from Athens to Tripoli and Kalamata. To the west, a linear axis of development is emerging: Ioannina, Agrinio, Patras, Kalamata. To the periphery, in the north a networking hub is formed by Kavala-Drama-Xanthi, then there is the daily system of Thessalonica, the linear development of W. Macedonia. In the center of the country, the networking of Thessaly is formed around the centers of Larissa and Volos. More to the south, the daily system of Athens-Attica is emerging. Finally, in the center of the country, the development trunk around planned road axis E65 is emerging. In the islands, there are the following hubs: Heraklion and Hania in Crete, Rhodes, Mytilene and Ermoupoli in the Aegean but also Kerkyra in the Ionian.

1.7.2 Rural Areas

The definition of rural or agricultural areas[87] has been the object of lengthy discussions for the adoption of the most appropriate criterion, both in the country and internationally, whereas in the EU, too, there exist different approaches among the various D.Gs.

In order to have a unified approach for all programming documents (ESPA, ESSAA), so as to define agricultural/rural areas, Greece has accepted the OECD definition, which uses the population density[88] of an area as the criterion to determine its agricultural character.

Based on this definition, 73.9% of the country's territory falls under predominantly rural areas, 23.2% significantly rural, while 2.9% falls under predominantly urban areas.

Corresponding to this, 37.2% of the country's population inhabits predominantly rural areas, 27.2% significantly rural areas and 35.6% predominantly urban areas.

Based on the administrative classification of the country of the NUTS II level, only the Region of Attica is classified as a predominantly urban area, while the majority of the remaining regions – with the exception of certain prefectures – are classified as

[87] In the Greek language, the notion of agricultural is identical to the notion of rural.

[88] Based on this definition, the areas are grouped in three categories, that is: predominantly rural, where more than 50% of the population live in agricultural communities, i.e. communities with a population density less than 150 inhabitants per square km, significantly rural, where between 15% and 50% of the population live in agricultural communities, and predominantly urban where less than 15% of the population live in agricultural communities

predominantly rural areas. Overall, seven prefectures (NUTS III level) are classified as significantly rural areas; namely, the Prefecture of Xanthi in the Region of Eastern Macedonia-Thrace, the prefectures of Pieria and Thessalonica in the Region of Central Macedonia, the Prefecture of Ioannina in the Region of Epirus, the Prefectures of Larissa and Magnisia in the Region of Thessaly, the Prefecture of Achaia in the Region of Western Greece and the Prefectures of Heraklion and Chania in the Region of Crete.

The existence of important urban centers, but also the position of most of the prefectures along the Greek development axis (development "S shape" Patras – Athens –Thessalonica) highlights the fact and explains why the remaining regions of the country are classified as predominantly rural areas, without any important urban centers and with a primary sector playing the first role in the economy of these regions.

Agricultural/rural areas are part of this concern, based on the criterion of population density, but also based on their purely geomorphologic characteristics (mountainous areas, islands) which altogether influence their growth potential. The special features of each area (mountainous – insular on the basis of geomorphologic criteria, and rural areas on the basis of demographic criteria) are presented below.

1.7.2.1 Mountainous areas

Mountainous areas **form the most part of the mainland**, while they also characterize most of the islands' relief. This is a similarity between mountainous and insular areas. The mountainous space, which concentrates a series of valuable environmental elements directly linked to the country's natural resources and their dynamics, involves two.

The **first trend is the abandonment of large areas, both as areas of sustainable residence and as production areas,** or the cutback of these activities to a great extent, resulting, on the one hand, in the respective revival of the ecosystems in certain areas and, on the other hand, in non-sustainable practices in other areas.

The second trend is related to mild tourism development, winter tourism in certain areas, the emerging organic farming, the preservation of certain traditional models, as well as residential development and procedures promoting the construction of major energy production and transport projects, including the construction of major road links and railway transport infrastructure in the mountainous space.

Two additional factors must be considered in an integrated approach. The first is related to the electricity production capacity in the mountainous space, through the appropriate utilisation of the drainage systems and the rivers originating therein. The second factor is directly linked to the fact that the country's mountainous complexes, such as Pindos and its extension to the Peloponnese, constitute significant barriers with respect to the country as a whole and at regional level, whose lifting requires significant infrastructure projects, whose environmental concern leads to a significant increase in expenditure required.

These activities generally involve pressures, which have to be controlled in order to limit the risks to the mountainous space and gradually re-establish within it sustainable production and residence models, which will also limit the risks that uncontrolled development entails. Growth opportunities and risks are directly linked to the fragility of the specific areas of the mountainous space, to its accessibility in relation from the existing national, regional and local road network and to the time scale remoteness of distinct areas from Greece's large population amassments.

The country's mountainous areas can be classified as follows:

A) Mountainous areas in close proximity to the major population concentrations of Athens and Thessalonica.

B) Border mountainous areas.

C) The massif of Pindos and its endings in Continental Greece (Central Greece)

D) The massifs in the Peloponnese

E) Isolated big mountains (e.g. Mount Olympus)

F) Mountainous peninsulas (Mani, Mount Pelion, Eastern Peloponnese, Mount Athos)

G) Massifs in big islands (Crete, Evia, medium size islands)

The main problems faced by the specific entities of mountainous areas are common; depending on their intensity, however, they are differentiated in:

- Areas where productive activities and residence are waning.
- Protected areas (natural parks, "Natura 2000" areas).
- Areas submitted to considerable environmental pressure due to: a) major infrastructure projects, b) a reduction of productive activities, c) the productive activities and the way they are exercised, d) urban and tourist development. Areas facing problems of erosion and desertification.
- Areas facing particular problems of accessibility.
- Areas in need of special protection for their cultural environment (monuments, settlements, complexes) and for their fauna and flora.
- Areas with an intense seasonal character

1.7.2.2 Insular areas

A critical factor for the development of the islands is their urbanization. With the exception of certain large islands that include more than one urban centres, each island involves one urban-type centre, which, regardless to the size of its population, concentrates urban functions.

The size of the islands is a key element when it comes to developing a single growth strategy. This is obviously the case for islands such as Creta, as well as for medium-sized islands, such as some Aegean and Ionian Islands, which could become the **recipients of wide-range comprehensive and sustainable growth interventions**.

Growth potential decreases along with the size of islands, to be low in medium-sized islands and marginal in small islands. The sensitivity of their ecosystems to pressure they receive is reversely proportional to the islands' size. Despite the seasonality of this pressure, the environment of most islands integrated in standard tourism development barely recovers from one period to another.

The country's islands function, others autonomously and other in clusters or spatial units, in conjunction with their size and (actual and seasonal) population, and thus **their accessibility varies significantly**. It can be non-stop for one or more areas of the continental country by sea and air, as it may only be ensured for periods of time via another island, the so-called "double insularity".

The productive and the residential pattern of islands, directly linked to their size and to networking with other islands and with the mainland, has been historically marked by a limited agricultural model, transport and shipping, including certain other fields of expertise in the manufacturing industry or a significant production of specific agricultural products (olives, fruit), and a migration closely linked to the shipping industry and the continental areas.

In conjunction with the modernisation of the economy and with the broader economic and social growth, **the pattern has been diversified: farming is limited in medium and small-sized islands,** and a series of facts such as the lifting by the shipping industry of the barriers set by the islands themselves -as regards entrepreneurship, management, manpower and products transported- as well as gradual disorder in the internal residence systems, and emergence of a tourist and residential development are being observed, which in certain islands reaches the «single culture» dimension.

Disparities among islands have led to significant variations among islands ingiven administrative units, resulting in intense inter-regional disparities even among neighbouring islands.

The islands can be grouped based on their size (big, medium and small size):

- Based on their administrative structure, if they belong to purely insular administrative groups.
- Based on their accessibility and in relation to the transport and telecommunications system of the country.

The problems faced by the islands can be grouped in the following categories:

- Environmental pressures – sensitivity.
- Pressure due to urban and tourist development.
- Dismantling of the productive model.
- Tourist mono-cultivation and differentiation of the productive model.
- Accessibility and internal accessibility.
- Border islands.
- Islands subject to the daily influence of major population concentrations.
- Seasonality.
- Management of water resources and waste.
- Erosion and desertification problems.

1.7.2.3 Other rural areas and areas dependent on fishing

The country's rural areas are characterized by the lowest income level (per capita GDP in predominantly rural areas for the period 1999-2001 was 68.1% of the EU-25, when the corresponding percentage in predominantly urban areas was 77% and in significantly rural areas 72%), and the worst demographic composition (18.74% of inhabitants in predominantly rural areas is above 65 years old, when in significantly rural areas it is 16.7% and in predominantly urban it is 15.9%).

Important differences are observed in relation to the educational level, the lack of social and cultural infrastructure, lower use of new technologies and lack of infrastructure to access broadband networks (in rural areas, the DSL lines connection percentage is less than half the percentage in urban areas), as well as low accessibility.

Important income transfers from the CAP first pillar, the en masse entry of migrants at the beginning of the 1990s, and low wages in combination with: a) the construction of important infrastructure projects in the sectors of transport infrastructure, b) providing incentives for investments in agricultural exploitations, c) manufacturing and marketing of agricultural products, d) construction of land reclamation projects and other lesser scale infrastructure by the CSF contributed in maintaining both employment rate and Gross Added Value (APA) at levels higher than in the other member states; at the same time they contributed in reversing the great rural exodus towards urban centers after 1980.

In Greece, the percentage of employment in the primary sector amounts to 12.6% compared to 5.04% in the EU-25, while the contribution of the primary sector to the Gross Added Value (APA) amounts to 7% compared to 2.1% in the EU-25.

The percentages of employment in the primary sector are differentiated among the Regions: first come the Regions of pure convergence with 23.7%, then the Regions of statistical convergence with 12.44% and then the phasing-in Regions with 14.58%.

The aforementioned factors maintained a satisfactory income level in rural areas; however this could not be preserved, since both the structural features of the primary sector and the rural areas – with the exception of areas in proximity to the two metropolitan centers (Athens, Thessalonica) – did not modify the structure of the local economy. At the same time, the existing production model in the primary sector has exhausted its potential.

Greek agriculture adjusted to the orientations of the Common Agricultural Policy and a production model was adopted placing the emphasis on production volume and products with a significant aid rate. A case in point is the turn towards the cultivation of cotton and

the tripling of expanses with cotton after 1980. It is underlined that after 1990, a new model of multi-employment is formed in rural areas, to a different degree in each Region; as regards **the future of rural areas, an important role is expected to be played by a multi-functional model** of agricultural activity, the preservation of which is important for the development of rural areas and decisive for the protection of the environment and the conservation of landscape.

In conclusion, a balanced spatial development between urban centers and rural areas and the reduction of socio-economic disparities in various spatial entities of the Greek territory, such as mountainous, insular and border areas, as well as the adoption of the appropriate development strategy is to a great extent identical to the development strategy for rural areas and areas linked to fishing. 82.4% of the country's total area and 54% of agricultural areas used (UAA), based on the criteria of EU regulation 75/268, belong to mountainous and disadvantaged areas, where, due to the geomorphologic and climatic conditions, exercising an intense and business-like form of agriculture presents considerable difficulties.

The **primary sector is the dominant** one among the economic activities in the mountainous areas (forestry, stock breeding). In numerous islands, despite the significant tourism development, a significant part of the local population is still employed in agriculture and fisheries, thus creating income, while agriculture remains the principal sector of economic activity in all rural areas.

Moreover, both the coastal and, mainly, the insular areas of the country are characterized by the existence of a significant number of **fishing areas**, i.e. areas, the social and economic growth of which is largely dependent on the progress of the fishing activity. The **decay of fishing activities** over the last years causes the disruption of the productive sector of these areas. However, the fact that some of these areas are located in zones of heavy tourist traffic, combined with the existence of natural resources of outstanding beauty, provides opportunities to develop alternative economic activities in theses areas.

ANNEX II - Tables of analysis

TABLE 46 - Gross Domestic Product per capita 1995-2003 (current prices)

Regions and Prefectures	1995	1996	1997	1998	1999	2000*	2001*	2002*	2003*	% change								AARPC
Country Total	**7516**	**8203**	**9023**	**9762**	**10355**	**11393**	**12148**	**13050**	**14100**	**9,146%**	**9,990%**	**8,195%**	**6,068%**	**10,032%**	**6,625%**	**7,421%**	**8,044%**	**8,181%**
Territorial Entity of East.Mac.Thrace. C. Mac. E.Mac.	**7068**	**8000**	**8883**	**9531**	**10074**	**11005**	**11633**	**12307**	**13105**	**13,179%**	**11,039%**	**7,298%**	**5,694%**	**9,247%**	**5,702%**	**5,794%**	**6,492%**	**8,024%**
Eastern Macedonia & Thrace	**6117**	**6618**	**7130**	**7682**	**8191**	**8859**	**9475**	**10160**	**10842**	**8,179%**	**7,745%**	**7,748%**	**6,625%**	**8,149%**	**6,958%**	**7,223%**	**6,713%**	**7,416%**
Evros	5723	6178	7815	8462	8900	9929	10251	10982	11888	7,955%	26,494%	8,283%	5,176%	11,562%	3,241%	7,135%	8,255%	9,570%
Xanthi	6006	6536	7173	7945	8178	8317	9603	10141	10781	8,821%	9,750%	10,761%	2,930%	1,701%	15,467%	5,603%	6,312%	7,587%
Rodopi	4776	5093	5939	6328	6984	7799	8780	9504	10009	6,648%	16,608%	6,551%	10,352%	11,672%	12,580%	8,250%	5,313%	9,690%
Drama	6422	6883	6301	6811	7115	7454	7794	8285	8686	7,179%	-8,459%	8,096%	4,471%	4,763%	4,562%	6,290%	4,850%	3,848%
Kavala	7454	8149	7904	8357	9175	9969	10325	11177	11995	9,328%	-3,006%	5,727%	9,782%	8,660%	3,573%	8,245%	7,320%	6,127%
Central Macedonia	**7302**	**8420**	**9351**	**9995**	**10570**	**11592**	**12250**	**12828**	**13681**	**15,312%**	**11,049%**	**6,888%**	**5,757%**	**9,668%**	**5,676%**	**4,720%**	**6,646%**	**8,164%**
Imathia	5445	5981	5908	6353	6577	6989	7301	7601	8192	9,840%	-1,223%	7,529%	3,535%	6,267%	4,456%	4,108%	7,781%	5,238%
Thessaloniki	58631	69945	78313	84767	90775	101081	107313	112897	121078	19,297%	11,963%	8,242%	7,088%	11,352%	6,165%	5,203%	7,247%	9,488%
Kilkis	520	570	671	714	768	831	902	966	1032	9,609%	17,575%	6,506%	7,470%	8,299%	8,512%	7,039%	6,867%	8,934%
Pella	11373	12391	13272	13690	13935	14494	15678	15994	16527	8,952%	7,109%	3,147%	1,787%	4,018%	8,166%	2,013%	3,336%	4,783%
Pieria	4949	5496	5985	6267	6701	7194	7509	7852	8241	11,039%	8,902%	4,715%	6,926%	7,357%	4,374%	4,570%	4,951%	6,581%
Serres	8407	9053	10150	10736	11117	12073	12553	13004	13704	7,684%	12,113%	5,777%	3,546%	8,598%	3,981%	3,593%	5,378%	6,298%
Chalkidiki	7276	8196	10341	10873	11328	12480	13121	14098	15556	12,645%	26,168%	5,153%	4,176%	10,172%	5,138%	7,446%	10,343%	9,964%
Western Macedonia	**7545**	**8189**	**9526**	**10393**	**10796**	**11693**	**12131**	**13368**	**14039**	**8,535%**	**16,329%**	**9,101%**	**3,874%**	**8,308%**	**3,751%**	**10,197%**	**5,014%**	**8,071%**
Grevena	5256	5825	8834	9467	10158	10697	10747	11486	12010	10,819%	51,662%	7,165%	7,295%	5,306%	0,473%	6,876%	4,565%	10,882%
Kastoria	6680	7497	8450	9062	9407	10536	11210	12463	13426	12,226%	12,719%	7,239%	3,803%	12,005%	6,400%	11,177%	7,727%	9,118%
Kozani	9031	9656	10601	11641	11900	12694	13094	14367	14995	6,919%	9,781%	9,815%	2,220%	6,678%	3,149%	9,724%	4,371%	6,543%
Florina	5582	6149	7964	8732	9425	10594	11138	12548	13129	10,170%	29,504%	9,648%	7,935%	12,404%	5,132%	12,663%	4,631%	11,284%
Territorial Entity of Thes. Epirus. Central Greece.	**7964**	**8821**	**9693**	**10504**	**10848**	**11741**	**12760**	**13805**	**15007**	**10,768%**	**9,879%**	**8,370%**	**3,271%**	**8,233%**	**8,685%**	**8,189%**	**8,707%**	**8,243%**
Thessaly	**6630**	**7275**	**8069**	**8941**	**9336**	**9743**	**10757**	**11683**	**12722**	**9,735%**	**10,908%**	**10,805%**	**4,418%**	**4,359%**	**10,414%**	**8,606%**	**8,896%**	**8,488%**
Karditsa	6053	6567	7327	8128	8321	8768	9406	10139	10778	8,501%	11,565%	10,932%	2,382%	5,367%	7,284%	7,790%	6,300%	7,479%
Larissa	6719	7386	8560	9272	9900	10211	11329	12184	13292	9,923%	15,907%	8,313%	6,778%	3,141%	10,944%	7,545%	9,099%	8,903%
Magnissia	7291	8025	8762	9570	9799	10247	11785	12968	14321	10,069%	9,191%	9,218%	2,391%	4,579%	15,003%	10,042%	10,434%	8,806%
Trikala	5987	6564	6669	8025	8355	8856	9175	10015	10763	9,635%	1,600%	20,325%	4,120%	5,991%	3,607%	9,147%	7,471%	7,606%
Epirus	**5459**	**5899**	**6976**	**7654**	**8322**	**9069**	**9729**	**10676**	**11545**	**8,077%**	**18,246%**	**9,718%**	**8,725%**	**8,982%**	**7,277%**	**9,733%**	**8,139%**	**9,815%**
Arta	5069	5513	5721	6258	6940	7271	8024	8582	9427	8,756%	3,768%	9,394%	10,901%	4,763%	10,362%	6,953%	9,849%	8,064%
Thesprotia	5196	5644	6387	6932	7617	8427	8981	10089	11063	8,619%	13,181%	8,526%	9,879%	10,639%	6,568%	12,338%	9,659%	9,908%
Ioannina	5630	6055	7700	8512	9200	10055	10743	11796	12706	7,548%	27,173%	10,552%	8,080%	9,293%	6,844%	9,795%	7,723%	10,712%
Preveza	5692	6164	7039	7615	8183	9104	9617	10590	11218	8,297%	14,204%	8,171%	7,470%	11,252%	5,637%	10,110%	5,932%	8,852%
Central Greece	**11232**	**12616**	**13466**	**14277**	**14362**	**15992**	**17236**	**18489**	**20116**	**12,326%**	**6,737%**	**6,023%**	**0,590%**	**11,355%**	**7,778%**	**7,271%**	**8,799%**	**7,557%**
Viotia	20918	25028	24517	25661	25774	29149	31670	33754	36639	19,647%	-2,044%	4,670%	0,438%	13,094%	8,650%	6,580%	8,547%	7,257%
Evia	8586	8768	9574	10378	10476	11721	12703	13673	15089	2,126%	9,182%	8,399%	0,944%	11,885%	8,383%	7,637%	10,350%	7,302%
Evritania	7994	9053	10627	11236	12064	13805	15057	15973	17280	13,245%	17,385%	5,731%	7,363%	14,431%	9,072%	6,087%	8,178%	10,114%
Fthiotida	8228	9170	10856	11526	11452	12406	13086	14155	15261	11,441%	18,396%	6,168%	-0,637%	8,329%	5,477%	8,169%	7,816%	8,028%
Fokida	8306	9411	11092	11746	12160	13338	14324	15102	16023	13,308%	17,869%	5,896%	3,520%	9,691%	7,390%	5,434%	6,093%	8,560%

Territorial Entity Western Greece Peloponnisos Ionian Islands	**6459**	**7070**	**7910**	**8597**	**8965**	**9821**	**10461**	**11221**	**12184**	**9,464%**	**11,875%**	**8,690%**	**4,287%**	**9,539%**	**6,522%**	**7,265%**	**8,579%**	**8,257%**
Western Greece	**6235**	**6842**	**7276**	**7846**	**8028**	**8656**	**9360**	**10065**	**10896**	**9,727%**	**6,346%**	**7,835%**	**2,319%**	**7,827%**	**8,136%**	**7,532%**	**8,256%**	**7,227%**
Etoloakarnania	5951	6566	7040	7627	7801	8391	9171	9834	10398	10,328%	7,223%	8,333%	2,284%	7,554%	9,303%	7,220%	5,741%	7,224%
Achaia	7147	7844	8254	8841	9037	9722	10556	11421	12430	9,752%	5,221%	7,111%	2,214%	7,584%	8,579%	8,190%	8,840%	7,162%
Ilia	5016	5455	5881	6399	6561	7129	7497	7945	8746	8,756%	7,805%	8,813%	2,535%	8,650%	5,173%	5,970%	10,079%	7,197%
Peloponnisos	**6761**	**7371**	**8531**	**9427**	**9951**	**11120**	**11541**	**12344**	**13464**	**9,016%**	**15,744%**	**10,492%**	**5,564%**	**11,748%**	**3,784%**	**6,956%**	**9,076%**	**8,991%**
Argolida	7113	7681	8192	8881	9385	9660	10638	11100	12035	7,980%	6,659%	8,409%	5,676%	2,931%	10,127%	4,338%	8,423%	6,794%
Arkadia	7083	7875	9391	10904	11173	12001	12494	13413	14267	11,183%	19,249%	16,118%	2,463%	7,414%	4,107%	7,354%	6,368%	9,148%
Korinthia	8087	8844	11134	12901	13759	16529	16809	17881	20077	9,356%	25,895%	15,870%	6,650%	20,128%	1,696%	6,379%	12,279%	12,037%
Lakonia	5356	5811	7180	7471	8012	8887	9063	9603	10197	8,505%	23,552%	4,058%	7,234%	10,920%	1,985%	5,958%	6,182%	8,381%
Messinia	6014	6500	6766	7023	7406	8089	8379	9230	9955	8,078%	4,092%	3,801%	5,455%	9,224%	3,576%	10,160%	7,852%	6,502%
Ionian Islands	**6368**	**7000**	**8328**	**8820**	**9385**	**10123**	**11169**	**11992**	**12967**	**9,920%**	**18,977%**	**5,910%**	**6,399%**	**7,868%**	**10,328%**	**7,372%**	**8,129%**	**9,296%**
Zakinthos	5909	6465	7044	7222	7931	8652	9252	9507	10136	9,400%	8,958%	2,532%	9,812%	9,097%	6,931%	2,760%	6,610%	6,977%
Corfu	21159	23102	26287	27674	28797	30225	34264	35875	39385	9,183%	13,788%	5,276%	4,058%	4,959%	13,361%	4,702%	9,785%	8,076%
Kefallinia	1904	2107	2608	2820	3080	3477	3799	3979	4249	10,641%	23,771%	8,153%	9,195%	12,917%	9,254%	4,739%	6,769%	10,552%
Lefkada	5287	5822	9279	9991	10681	11822	12308	16410	18061	10,108%	59,385%	7,669%	6,907%	10,689%	4,107%	33,329%	10,063%	16,597%
TERRITORIAL ENTITY OF ATTICA	**8109**	**8511**	**9218**	**10038**	**10797**	**12052**	**12864**	**13940**	**15063**	**4,956%**	**8,317%**	**8,891%**	**7,561%**	**11,627%**	**6,732%**	**8,364%**	**8,063%**	**8,049%**
Territorial Entity North Aegean Southern Aegean Creta	**7367**	**8293**	**9239**	**9888**	**10704**	**11716**	**12360**	**13215**	**14534**	**12,566%**	**11,405%**	**7,032%**	**8,245%**	**9,461%**	**5,495%**	**6,918%**	**9,981%**	**8,865%**
Nothernh Aegean	**6249**	**6939**	**7989**	**8667**	**9574**	**10994**	**11424**	**12622**	**14110**	**11,035%**	**15,124%**	**8,490%**	**10,466%**	**14,831%**	**3,914%**	**10,486%**	**11,788%**	**10,716%**
Lesvos	6999	7770	8642	9385	10631	12359	12596	14267	16031	11,005%	11,221%	8,603%	13,281%	16,247%	1,918%	13,266%	12,364%	10,914%
Samos	5753	6334	7517	8109	8618	9353	10103	10639	11507	10,094%	18,681%	7,879%	6,277%	8,521%	8,020%	5,310%	8,155%	9,052%
Chios	5144	5759	7056	7672	8216	9571	10122	10886	12308	11,962%	22,520%	8,726%	7,097%	16,483%	5,762%	7,548%	13,061%	11,523%
Southern Aegean	**8121**	**9263**	**10634**	**11292**	**12289**	**13423**	**14148**	**14695**	**15560**	**14,059%**	**14,802%**	**6,190%**	**8,827%**	**9,235%**	**5,397%**	**3,867%**	**5,888%**	**8,468%**
Dodekanisa	8366	9576	11061	11774	13038	14156	14747	14911	15720	14,471%	15,501%	6,448%	10,731%	8,580%	4,173%	1,110%	5,426%	8,204%
Kiklades	7697	8721	9897	10462	11002	12166	13120	14324	15285	13,299%	13,491%	5,707%	5,159%	10,587%	7,836%	9,178%	6,708%	8,954%
Creta	**7395**	**8293**	**8985**	**9616**	**10304**	**11111**	**11784**	**12673**	**14162**	**12,137%**	**8,351%**	**7,018%**	**7,160%**	**7,829%**	**6,062%**	**7,544%**	**11,743%**	**8,460%**
Heraklion	7486	8364	8593	9157	9774	10550	11523	12421	13942	11,730%	2,735%	6,564%	6,740%	7,941%	9,221%	7,791%	12,245%	8,083%
Lassithi	7837	8659	10342	11079	11813	12906	13725	14366	15955	10,495%	19,433%	7,125%	6,631%	9,251%	6,348%	4,668%	11,063%	9,294%
Rethimno	6653	7305	9134	9811	10453	11260	11772	12123	13529	9,810%	25,024%	7,419%	6,543%	7,723%	4,539%	2,986%	11,595%	9,278%
Chania	7375	8482	8983	9664	10494	11213	11315	12603	14025	15,006%	5,913%	7,581%	8,585%	6,854%	0,905%	11,386%	11,279%	8,365%

AVERAGE ANNUAL RATE OF POPULATION CHANGE **AARPC**

	1995	1996	1997	1998	1999	2000*	2001*	2002*	2003*	% change								AARPC
Country Total	**7516**	**8203**	**9023**	**9762**	**10355**	**11393**	**12148**	**13050**	**14100**	**9,146%**	**9,990%**	**8,195%**	**6,068%**	**10,032%**	**6,625%**	**7,421%**	**8,044%**	**8,181%**
Eastern Macedonia - Thrace	6117	6618	7130	7682	8191	8859	9475	10160	10842	8,179%	7,745%	7,748%	6,625%	8,149%	6,958%	7,223%	6,713%	7,416%
Central Macedonia	7302	8420	9351	9995	10570	11592	12250	12828	13681	15,312%	11,049%	6,888%	5,757%	9,668%	5,676%	4,720%	6,646%	8,164%
Western Macedonia	7545	8189	9526	10393	10796	11693	12131	13368	14039	8,535%	16,329%	9,101%	3,874%	8,308%	3,751%	10,197%	5,014%	8,071%
Thessaly	6630	7275	8069	8941	9336	9743	10757	11683	12722	9,735%	10,908%	10,805%	4,418%	4,359%	10,414%	8,606%	8,896%	8,488%
Epirus	5459	5899	6976	7654	8322	9069	9729	10676	11545	8,077%	18,246%	9,718%	8,725%	8,982%	7,277%	9,733%	8,139%	9,815%
Central Greece	11232	12616	13466	14277	14362	15992	17236	18489	20116	12,326%	6,737%	6,023%	0,590%	11,355%	7,778%	7,271%	8,799%	7,557%
Western Greece	6235	6842	7276	7846	8028	8656	9360	10065	10896	9,727%	6,346%	7,835%	2,319%	7,827%	8,136%	7,532%	8,256%	7,227%
Peloponnisos	6761	7371	8531	9427	9951	11120	11541	12344	13464	9,016%	15,744%	10,492%	5,564%	11,748%	3,784%	6,956%	9,076%	8,991%
Ionian Islands	6368	7000	8328	8820	9385	10123	11169	11992	12967	9,920%	18,977%	5,910%	6,399%	7,868%	10,328%	7,372%	8,129%	9,296%
Territorial Entity of Attica	8109	8511	9218	10038	10797	12052	12864	13940	15063	4,956%	8,317%	8,891%	7,561%	11,627%	6,732%	8,364%	8,063%	8,049%
Nothern Aegean	6249	6939	7989	8667	9574	10994	11424	12622	14110	11,035%	15,124%	8,490%	10,466%	14,831%	3,914%	10,486%	11,788%	10,716%
Southern Aegean	8121	9263	10634	11292	12289	13423	14148	14695	15560	14,059%	14,802%	6,190%	8,827%	9,235%	5,397%	3,867%	5,888%	8,468%
Creta	7395	8293	8985	9616	10304	11111	11784	12673	14162	12,137%	8,351%	7,018%	7,160%	7,829%	6,062%	7,544%	11,743%	8,460%
Territorial Entity of East.Mac.Thrace. C. Mac. E.Mac.	7068	8000	8883	9531	10074	11005	11633	12307	13105	13,179%	11,039%	7,298%	5,694%	9,247%	5,702%	5,794%	6,492%	8,024%
Territorial Entity of Thes. Epirus. Central Greece	7964	8821	9693	10504	10848	11741	12760	13805	15007	10,768%	9,879%	8,370%	3,271%	8,233%	8,685%	8,189%	8,707%	8,243%
Territorial Entity of Western Greece Peloponnisos Ionian Islands	6459	7070	7910	8597	8965	9821	10461	11221	12184	9,464%	11,875%	8,690%	4,287%	9,539%	6,522%	7,265%	8,579%	8,257%
Territorial Entity of Attica	8109	8511	9218	10038	10797	12052	12864	13940	15063	4,956%	8,317%	8,891%	7,561%	11,627%	6,732%	8,364%	8,063%	8,049%
Territorial Entity of Nothern Aegean Southern Aegean Creta	7367	8293	9239	9888	10704	11716	12360	13215	14534	12,566%	11,405%	7,032%	8,245%	9,461%	5,495%	6,918%	9,981%	8,865%

AVERAGE ANNUAL RATE OF POPULATION CHANGE **AARPC**

Relative Position Coefficient	1995	1996	1997	1998	1999	2000*	2001*	2002*	2003*	% change								AARPC
Country Total	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00
Eastern Macedonia - Thrace	0,81	0,81	0,79	0,79	0,79	0,78	0,78	0,78	0,77	0,89	0,78	0,95	1,09	0,81	1,05	0,97	0,83	0,91
Central Macedonia	0,97	1,03	1,04	1,02	1,02	1,02	1,01	0,98	0,97	1,67	1,11	0,84	0,95	0,96	0,86	0,64	0,83	1,00
Western Macedonia	1,00	1,00	1,06	1,06	1,04	1,03	1,00	1,02	1,00	0,93	1,63	1,11	0,64	0,83	0,57	1,37	0,62	0,99
Thessaly	0,88	0,89	0,89	0,92	0,90	0,86	0,89	0,90	0,90	1,06	1,09	1,32	0,73	0,43	1,57	1,16	1,11	1,04
Epirus	0,73	0,72	0,77	0,78	0,80	0,80	0,80	0,82	0,82	0,88	1,83	1,19	1,44	0,90	1,10	1,31	1,01	1,20
Central Greece	1,49	1,54	1,49	1,46	1,39	1,40	1,42	1,42	1,43	1,35	0,67	0,73	0,10	1,13	1,17	0,98	1,09	0,92
Western Greece	0,83	0,83	0,81	0,80	0,78	0,76	0,77	0,77	0,77	1,06	0,64	0,96	0,38	0,78	1,23	1,01	1,03	0,88
Peloponnisos	0,90	0,90	0,95	0,97	0,96	0,98	0,95	0,95	0,95	0,99	1,58	1,28	0,92	1,17	0,57	0,94	1,13	1,10
Ionian Islands	0,85	0,85	0,92	0,90	0,91	0,89	0,92	0,92	0,92	1,08	1,90	0,72	1,05	0,78	1,56	0,99	1,01	1,14
Territorial Entity of Attica	1,08	1,04	1,02	1,03	1,04	1,06	1,06	1,07	1,07	0,54	0,83	1,08	1,25	1,16	1,02	1,13	1,00	0,98
Nothern Aegean	0,83	0,85	0,89	0,89	0,92	0,96	0,94	0,97	1,00	1,21	1,51	1,04	1,72	1,48	0,59	1,41	1,47	1,31
Southern Aegean	1,08	1,13	1,18	1,16	1,19	1,18	1,16	1,13	1,10	1,54	1,48	0,76	1,45	0,92	0,81	0,52	0,73	1,04
Creta	0,98	1,01	1,00	0,98	1,00	0,98	0,97	0,97	1,00	1,33	0,84	0,86	1,18	0,78	0,91	1,02	1,46	1,03
Territorial Entity of East.Mac.Thrace. C. Mac. E.Mac.	0,94	0,98	0,98	0,98	0,97	0,97	0,96	0,94	0,93	1,44	1,11	0,89	0,94	0,92	0,86	0,78	0,81	0,98
Territorial Entity of Thes. Epirus. Central Greece	1,06	1,08	1,07	1,08	1,05	1,03	1,05	1,06	1,06	1,18	0,99	1,02	0,54	0,82	1,31	1,10	1,08	1,01
Territorial Entity of Western Greece Peloponnisos Ionian Islands	0,86	0,86	0,88	0,88	0,87	0,86	0,86	0,86	0,86	1,03	1,19	1,06	0,71	0,95	0,98	0,98	1,07	1,01
Territorial Entity of Attica	1,08	1,04	1,02	1,03	1,04	1,06	1,06	1,07	1,07	0,54	0,83	1,08	1,25	1,16	1,02	1,13	1,00	0,98
Territorial Entity of Nothern Aegean Southern Aegean Creta	0,98	1,01	1,02	1,01	1,03	1,03	1,02	1,01	1,03	1,37	1,14	0,86	1,36	0,94	0,83	0,93	1,24	1,08

AVERAGE ANNUAL RATE OF POPULATION CHANGE **AARPC**

Source: National Statistics Office -ESYE, National Accounts, interim data

TABLE 47 - Population per Region 1995-2004

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	AARPC
COUNTRY TOTAL	**10.634.391**	**10.709.150**	**10.776.531**	**10.834.910**	**10.882.607**	**10.917.457**	**10.949.953**	**10.987.559**	**11.023.532**	**11.061.735**	**0,44%**
Territorial Entity of East.Macedonia-Thrace Centr.Mac West.Mac.	**2.691.757**	**2.711.245**	**2.729.025**	**2.744.976**	**2.759.045**	**2.771.135**	**2.783.218**	**2.796.470**	**2.806.196**	**2.811.621**	**0,49%**
EASTERN MACEDONIA & THRACE	**591.833**	**595.277**	**598.495**	**601.373**	**603.916**	**606.055**	**606.833**	**606.476**	**605.945**	**606.708**	**0,28%**
EVROS	147.120	147.518	147.950	148.349	148.723	149.083	149.119	148.847	148.504	148.881	0,13%
XANTHI	99.154	100.022	100.780	101.442	102.042	102.606	103.107	103.576	104.027	104.704	0,61%
RODOPI	108.396	108.960	109.482	109.976	110.455	110.943	111.205	111.175	111.069	111.186	0,28%
DRAMA	99.400	100.024	100.598	101.105	101.564	101.985	102.045	101.825	101.564	101.200	0,20%
KAVALA	137.763	138.753	139.685	140.501	141.132	141.438	141.357	141.053	140.781	140.737	0,24%
CENTRAL MACEDONIA	**1.807.495**	**1.822.944**	**1.837.050**	**1.849.776**	**1.861.023**	**1.870.783**	**1.881.933**	**1.895.281**	**1.905.612**	**1.910.418**	**0,62%**
SERRES	191.220	192.064	192.834	193.487	194.007	194.377	194.297	193.820	193.095	191.894	0,04%
IMATHIA	141.135	141.547	141.867	142.109	142.288	142.424	142.774	143.382	143.738	143.793	0,21%
THESSALONIKI	1.036.137	1.046.463	1.055.976	1.064.702	1.072.594	1.079.554	1.088.131	1.098.912	1.108.602	1.114.655	0,81%
KILKIS	82.969	83.729	84.433	85.054	85.616	86.149	86.616	86.976	87.021	86.873	0,51%
PELLA	140.989	141.612	142.178	142.704	143.188	143.652	144.341	145.283	145.686	145.488	0,35%
PIERIA	121.472	122.655	123.719	124.655	125.435	126.096	126.667	127.231	127.520	127.728	0,56%
CHALKIDIKI*	93.573	94.874	96.043	97.065	97.895	98.531	99.107	99.677	99.950	99.987	0,74%
WESTERN MACEDONIA	**292.429**	**293.024**	**293.480**	**293.827**	**294.106**	**294.297**	**294.452**	**294.713**	**294.639**	**294.495**	**0,08%**
GREVENA	32.861	32.834	32.796	32.746	32.686	32.613	32.506	32.353	32.152	31.972	-0,30%
KASTORIA	53.658	53.713	53.729	53.749	53.766	53.736	53.675	53.662	53.624	53.695	0,01%
KOZANI	152.450	152.829	153.153	153.406	153.639	153.855	154.061	154.280	154.342	154.365	0,14%
FLORINA	53.460	53.648	53.802	53.926	54.015	54.093	54.210	54.418	54.521	54.463	0,21%
Territorial Entity of Thes. Epirus Central Greece	**1.631.956**	**1.635.820**	**1.638.523**	**1.639.801**	**1.639.497**	**1.637.303**	**1.635.870**	**1.636.601**	**1.637.301**	**1.637.746**	**0,04%**
THESSALY	**740.817**	**741.901**	**742.515**	**742.557**	**742.092**	**741.115**	**739.772**	**738.666**	**737.797**	**737.477**	-0,05%
KARDITSA	122.456	122.185	121.915	121.565	121.162	120.684	120.027	119.298	118.630	117.975	-0,41%
LARISSA	280.238	281.031	281.543	281.863	282.026	282.117	282.251	282.522	282.874	283.604	0,13%
MAGNISIA	201.792	202.910	203.845	204.557	204.992	205.089	204.886	204.745	204.694	204.409	0,14%
TRIKALA	136.331	135.775	135.212	134.572	133.912	133.225	132.608	132.101	131.599	131.489	-0,40%
EPIRUS	**333.285**	**334.301**	**335.158**	**335.881**	**336.334**	**336.468**	**336.856**	**337.649**	**339.442**	**341.351**	**0,27%**
ARTA	75.017	74.854	74.653	74.424	74.150	73.831	73.412	72.901	72.415	72.072	-0,44%
THESPROTIA	42.747	42.917	43.103	43.302	43.443	43.549	43.524	43.372	43.225	43.031	0,07%
IOANNINA	157.725	158.613	159.397	160.063	160.589	160.927	161.882	163.526	166.143	168.669	0,75%
PREVEZA	57.796	57.917	58.005	58.092	58.152	58.161	58.038	57.850	57.659	57.579	-0,04%
CENTRAL GREECE & EVIA	557854	**559.618**	**560.850**	**561.363**	**561.071**	**559.720**	**559.242**	**560.286**	**560.062**	**558.918**	**0,02%**
VIOTIA	126.396	126.422	126.271	125.935	125.424	124.644	124.560	125.350	125.679	125.670	-0,06%
EVIA	205.400	206.226	206.952	207.450	207.698	207.600	207.478	207.618	207.555	207.260	0,10%
EVRITANIA	20.058	19.974	19.848	19.745	19.632	19.542	19.489	19.459	19.340	19.566	-0,28%
FTHIOTIDA	168.448	169.297	169.964	170.325	170.365	170.021	169.648	169.449	169.073	168.208	-0,02%
FOKIDA	37.552	37.699	37.815	37.908	37.952	37.913	38.067	38.410	38.415	38.214	0,19%

TERRITORIAL ENTITY OF WEST.GREECE PELOPONNISOS IONIAN ISLANDS	**1.507.153**	**1.514.600**	**1.520.623**	**1.525.102**	**1.528.063**	**1.529.186**	**1.533.313**	**1.541.514**	**1.546.853**	**1.549.440**	**0,31%**
WESTERN GREECE	**715.309**	**717.899**	**719.794**	**721.113**	**721.825**	**721.878**	**723.203**	**726.372**	**729.169**	**731.273**	**0,25%**
ETOLOAKARNANIA	223.249	222.764	222.174	221.497	220.732	219.815	219.577	220.226	220.383	219.453	-0,19%
AHAIA	311.178	313.015	314.542	315.864	317.069	318.204	320.321	323.475	326.794	330.272	0,66%
ILIA	180.882	182.120	183.078	183.752	184.024	183.859	183.305	182.671	181.992	181.548	0,04%
PELOPONNISOS	**589.276**	**592.351**	**595.039**	**596.948**	**598.103**	**598.201**	**598.797**	**600.470**	**600.255**	**598.673**	**0,18%**
ARGOLIDA	99.124	100.042	100.864	101.508	102.003	102.301	102.553	102.876	102.993	102.843	0,41%
ARKADIA	94.289	93.890	93.478	93.022	92.514	91.861	91.397	91.240	90.868	90.035	-0,51%
KORINTHIA	140.233	141.582	142.678	143.541	144.135	144.442	144.942	145.726	145.989	146.097	0,46%
LAKONIA	91.237	91.623	92.064	92.412	92.688	92.839	93.156	93.681	93.698	93.643	0,29%
MESSINIA	164.393	165.214	165.955	166.465	166.763	166.758	166.749	166.947	166.707	166.055	0,11%
IONIAN ISLANDS	**202.568**	**204.350**	**205.790**	**207.041**	**208.135**	**209.107**	**211.313**	**214.672**	**217.429**	**219.494**	**0,90%**
ZAKINTHOS	36.403	36.946	37.416	37.832	38.235	38.623	39.157	39.814	40.113	40.053	1,07%
KEFALONNIA	35.607	36.126	36.585	36.990	37.355	37.653	37.943	38.288	38.372	38.187	0,78%
CORFU	109.024	109.634	110.065	110.407	110.682	110.939	112.134	114.139	116.412	118.802	0,96%
LEFKADA	21.534	21.644	21.724	21.812	21.863	21.892	22.079	22.431	22.532	22.452	0,46%
TERRITORIAL ENTITY OF ATTICA	**3.752.583**	**3.785.957**	**3.817.009**	**3.844.701**	**3.867.884**	**3.885.366**	**3.898.400**	**3.910.096**	**3.928.006**	**3.956.707**	**0,59%**
TERRITORIAL ENTITY OF NOTHERN AEGEAN SOUTHERN AEGEAN CRETA	**1.050.942**	**1.061.528**	**1.071.351**	**1.080.330**	**1.088.118**	**1.094.467**	**1.099.152**	**1.102.878**	**1.105.176**	**1.106.221**	**0,57%**
NOTHERN AEGEAN	**203.088**	**203.548**	**203.984**	**204.443**	**204.837**	**205.080**	**204.885**	**204.332**	**203.629**	**202.795**	-0,02%
LESVOS	106.787	107.034	107.294	107.573	107.845	108.098	108.168	108.086	107.859	107.355	0,06%
SAMOS	43.288	43.441	43.571	43.690	43.788	43.831	43.699	43.454	43.248	43.079	-0,05%
CHIOS	53.013	53.073	53.119	53.180	53.204	53.151	53.018	52.792	52.522	52.361	-0,14%
SOUTHERN AEGEAN	**280.215**	**284.378**	**288.145**	**291.535**	**294.493**	**296.995**	**299.050**	**300.852**	**302.130**	**302.827**	**0,87%**
DODEKANISA	177.592	180.110	182.374	184.395	186.153	187.627	188.967	190.346	191.424	192.268	0,89%
KIKLADES	102.623	104.268	105.771	107.140	108.340	109.368	110.083	110.506	110.706	110.559	0,83%
CRETA	**567.639**	**573.602**	**579.222**	**584.352**	**588.788**	**592.392**	**595.217**	**597.694**	**599.417**	**600.599**	**0,63%**
HERAKLIO	280.341	282.953	285.313	287.411	289.178	290.505	291.672	293.005	294.240	295.305	0,58%
LASITHI	72.819	73.568	74.294	74.939	75.415	75.678	75.713	75.658	75.517	75.460	0,40%
RETHIMNO	73.962	75.076	76.185	77.190	78.028	78.662	79.105	79.365	79.549	79.827	0,85%
CHANIA	140.517	142.005	143.430	144.812	146.167	147.547	148.727	149.666	150.111	150.007	0,73%
Source: ESYE											
Average Annual Rate of Population Change	**AARPC**										

TABLE 48 - Gross Added Value per Sector, current prices, million Euro

	Primary Sector				Secondary Sector				Tertiary Sector				Total			
	2000	2001	2002	2003	2000	2001	2002	2003	2000	2001	2002	2003	2000	2001	2002	2003
Country total	**7924**	**8204**	**8864**	**9233**	**23180**	**25874**	**27251**	**29990**	**77429**	**82172**	**88889**	**97114**	**108533**	**116250**	**125004**	**136337**
Eastern Macedonia & Thrace	801	805	865	895	1130	1340	1412	1525	2754	2880	3094	3343	4685	5025	5371	5763
Central Macedonia	1460	1525	1649	1717	4042	4477	4468	4820	13420	14145	15079	16331	18922	20147	21196	22868
Western Macedonia	450	434	468	485	766	799	899	925	1787	1888	2067	2218	3003	3121	3434	3628
Northern Greece	**2711**	**2764**	**2982**	**3097**	**5938**	**6616**	**6779**	**7270**	**17961**	**18913**	**20240**	**21892**	**26610**	**28293**	**30001**	**32259**
Thessaly	1058	1093	1186	1234	1342	1611	1790	2045	3901	4249	4548	4954	6301	6953	7524	8233
Epirus	257	266	287	299	396	472	527	528	2009	2126	2329	2610	2662	2864	3143	3437
Central Greece	788	805	863	893	3241	3622	3904	4356	3781	3996	4264	4634	7810	8423	9031	9883
Central Greece	**2103**	**2164**	**2336**	**2426**	**4979**	**5705**	**6221**	**6929**	**9691**	**10371**	**11141**	**12198**	**16773**	**18240**	**19698**	**21553**
Ionian Islands	162	174	185	192	154	196	264	316	1531	1692	1795	1966	1847	2062	2244	2474
Western Grece	713	746	816	856	897	1017	1080	1164	3842	4154	4478	4949	5452	5917	6374	6969
Peloponnisos	858	887	959	998	1656	1705	1848	2130	3290	3447	3654	3961	5804	6039	6461	7089
Western Greece	**1733**	**1807**	**1960**	**2046**	**2707**	**2918**	**3192**	**3610**	**8663**	**9293**	**9927**	**10876**	**13103**	**14018**	**15079**	**16532**
Attica	223	249	274	294	8285	9194	9395	10157	32348	34381	37849	41451	40856	43824	47518	51902
Attica	**223**	**249**	**274**	**294**	**8285**	**9194**	**9395**	**10157**	**32348**	**34381**	**37849**	**41451**	**40856**	**43824**	**47518**	**51902**
Northern Aegean	256	259	271	277	413	427	537	664	1298	1360	1441	1580	1967	2046	2249	2521
Southern Aegean	257	298	322	342	258	312	364	416	2964	3087	3169	3365	3479	3697	3855	4123
Creta	637	662	719	751	602	703	763	943	4503	4766	5122	5752	5742	6131	6604	7446
Greek Islands	**1150**	**1219**	**1312**	**1370**	**1273**	**1442**	**1664**	**2023**	**8765**	**9213**	**9732**	**10697**	**11188**	**11874**	**12708**	**14090**

Source: ESYE Website, National Accounts, interim data

TABLE 49 - Gross Added Value per Sector – Percentile composition

	Primary Sector				Secondary Sector				Tertiary Sector			
	2000	2001	2002	2003	2000	2001	2002	2003	2000	2001	2002	2003
Country Total	**7,3%**	**7,1%**	**7,1%**	**6,8%**	**21,4%**	**22,3%**	**21,8%**	**22,0%**	**71,3%**	**70,7%**	**71,1%**	**71,2%**
Eastern Macedonia & Thrace	17,1%	16,0%	16,1%	15,5%	24,1%	26,7%	26,3%	26,5%	58,8%	57,3%	57,6%	58,0%
Central Macedonia	7,7%	7,6%	7,8%	7,5%	21,4%	22,2%	21,1%	21,1%	70,9%	70,2%	71,1%	71,4%
Western Macedonia	15,0%	13,9%	13,6%	13,4%	25,5%	25,6%	26,2%	25,5%	59,5%	60,5%	60,2%	61,1%
Northern Greece	**10,2%**	**9,8%**	**9,9%**	**9,6%**	**22,3%**	**23,4%**	**22,6%**	**22,5%**	**67,5%**	**66,8%**	**67,5%**	**67,9%**
Thessaly	16,8%	15,7%	15,8%	15,0%	21,3%	23,2%	23,8%	24,8%	61,9%	61,1%	60,4%	60,2%
Epirus	9,7%	9,3%	9,1%	8,7%	14,9%	16,5%	16,8%	15,4%	75,5%	74,2%	74,1%	75,9%
Central Greece	10,1%	9,6%	9,6%	9,0%	41,5%	43,0%	43,2%	44,1%	48,4%	47,4%	47,2%	46,9%
Central Greece	**12,5%**	**11,9%**	**11,9%**	**11,3%**	**29,7%**	**31,3%**	**31,6%**	**32,1%**	**57,8%**	**56,9%**	**56,6%**	**56,6%**
Ionian Islands	8,8%	8,4%	8,2%	7,8%	8,3%	9,5%	11,8%	12,8%	82,9%	82,1%	80,0%	79,5%
Western Grece	13,1%	12,6%	12,8%	12,3%	16,5%	17,2%	16,9%	16,7%	70,5%	70,2%	70,3%	71,0%
Peloponnisos	14,8%	14,7%	14,8%	14,1%	28,5%	28,2%	28,6%	30,0%	56,7%	57,1%	56,6%	55,9%
Western Greece	**13,2%**	**12,9%**	**13,0%**	**12,4%**	**20,7%**	**20,8%**	**21,2%**	**21,8%**	**66,1%**	**66,3%**	**65,8%**	**65,8%**
Attica	0,5%	0,6%	0,6%	0,6%	20,3%	21,0%	19,8%	19,6%	79,2%	78,5%	79,7%	79,9%
Attica	**0,5%**	**0,6%**	**0,6%**	**0,6%**	**20,3%**	**21,0%**	**19,8%**	**19,6%**	**79,2%**	**78,5%**	**79,7%**	**79,9%**
Northern Aegean	13,0%	12,7%	12,0%	11,0%	21,0%	20,9%	23,9%	26,3%	66,0%	66,5%	64,1%	62,7%
Southern Aegean	7,4%	8,1%	8,4%	8,3%	7,4%	8,4%	9,4%	10,1%	85,2%	83,5%	82,2%	81,6%
Creta	11,1%	10,8%	10,9%	10,1%	10,5%	11,5%	11,6%	12,7%	78,4%	77,7%	77,6%	77,2%
Greek Islands	**10,3%**	**10,3%**	**10,3%**	**9,7%**	**11,4%**	**12,1%**	**13,1%**	**14,4%**	**78,3%**	**77,6%**	**76,6%**	**75,9%**

TABLE 50 -Workers in each sector, 2005

	Workers in each sector, 2005						
	Workers %				Relative Position Coefficient		
	Primary Sector	Secondary Sector	Tertiary Sector		Primary Sector	Secondary Sector	Tertiary Sector
Country Total	12,60%	22,50%	64,90%	100%	1	1	1
Eastern Macedonia & Thrace	28,04%	20,52%	51,43%	100%	2,23	0,91	0,79
Central Macedonia	13,69%	24,21%	62,10%	100%	1,09	1,08	0,96
Western Macedonia	17,68%	34,18%	48,15%	100%	1,40	1,52	0,74
Thessaly	24,60%	21,29%	54,11%	100%	1,95	0,95	0,83
Epirus	19,01%	21,50%	59,49%	100%	1,51	0,96	0,92
Central Greece	17,64%	29,76%	52,60%	100%	1,40	1,32	0,81
Western Greece	23,86%	18,09%	58,04%	100%	1,89	0,80	0,89
Peloponnisos	29,05%	19,09%	51,86%	100%	2,31	0,85	0,80
Ionian Islands	15,36%	14,07%	70,58%	100%	1,22	0,63	1,09
TERRITORIAL ENTITY OF ATTICA	0,67%	23,81%	75,52%	100%	0,05	1,06	1,16
Northern Aegean	16,35%	16,57%	67,08%	100%	1,30	0,74	1,03
Southern Aegean	9,43%	20,52%	70,05%	100%	0,75	0,91	1,08
Creta	20,68%	15,73%	63,59%	100%	1,64	0,70	0,98
TER.ENTITY OF EAST.MAC.-THRACE CENTRAL MAC. WEST. MAC.	17,20%	24,37%	58,42%	100%	1,37	1,08	0,90
TER. ENTITY THESSALONIKI EPIRUS CENTRAL GREECE	21,21%	24,09%	54,70%	100%	1,68	1,07	0,84
TER.ENTITY WESTERN GREECE PELOPONNISOS IONIAN ISLANDS	24,73%	17,91%	57,36%	100%	1,96	0,80	0,88
TERRITORIAL ENTITY OF ATTICA	0,67%	23,81%	75,52%	100%	0,05	1,06	1,16
TER. ENTITY NORTHERN AEGEAN SOUTHERN AEGEAN CRETA	16,96%	17,16%	65,88%	100%	1,35	0,76	1,02

TABLE 51 - Workers in each sector, 2002

	Workers in each sector, 2002						
	Workers %				Relative Position		
	Primary Sector	Secondary Sector	Tertiary Sector		Primary Sector	Secondary Sector	Tertiary Sector
Country Total	16,1	22,5	61,5	100,1	1,00	1,00	1,00
Eastern Macedonia & Thrace	35,5	20	44,5	100	2,20	0,89	0,72
Central Macedonia	16,2	24,9	58,9	100	1,01	1,11	0,96
Western Macedonia	20,4	33,5	46,1	100	1,27	1,49	0,75
Thessaly	29,7	16,8	51,6	98,1	1,84	0,75	0,84
Epirus	25,8	21,1	53,1	100	1,60	0,94	0,86
Central Greece	24,8	29,9	45,3	100	1,54	1,33	0,74
Western Greece	32,8	17	50,2	100	2,04	0,76	0,82
Peloponnisos	36,5	15,7	47,8	100	2,27	0,70	0,78
Ionian Islands	23,2	12,5	64,4	100,1	1,44	0,56	1,05
TERRITORIAL ENTITY OF ATTICA	1,2	24,5	74,3	100	0,07	1,09	1,21
Northern Aegean	22,4	18	59,6	100	1,39	0,80	0,97
Southern Aegean	7,1	21,8	71,2	100,1	0,44	0,97	1,16
Creta	34,9	14,7	50,4	100	2,17	0,65	0,82

TABLE 52 - Participation share in manpower, by region, 2nd semester: 1999-2005

Regions	1999	2000	2001	2002	2003	2004	2005	+/_ 2005/1999*
Eastern Macedonia & Thrace	54,7	53,9	52,5	53,1	52,7	53,5	52,1	-2,6
Central Macedonia	51,0	51,4	51,1	50,5	52,1	51,8	52,0	1,0
Western Macedonia	50,6	50,0	50,8	50,1	50,3	50,3	49,1	-1,5
Epirus	49,0	50,0	47,9	48,5	49,3	49,7	48,3	-0,7
Thessaly	51,7	51,9	50,9	50,2	51,0	54,2	53,4	1,7
Ionian Islands	56,1	54,7	54,6	53,3	54,3	52,8	54,5	-1,6
Western Greece	51,6	51,6	43,9	49,8	50,3	49,7	50,4	-1,2
Central Greece	52,0	50,4	48,9	49,9	52,1	49,8	51,8	-0,2
Attiki	51,9	52,1	51,9	52,9	53,1	55,3	55,0	3,1
Peloponnisos	51,7	54,0	51,4	52,7	53,7	52,1	52,8	1,1
Northern Aegean	44,7	42,8	43,1	45,3	43,8	46,0	46,7	2,0
Southern Aegean	55,4	55,5	54,7	56,5	56,4	56,2	56,7	1,3
Crete	59,7	59,3	58,0	57,2	56,7	56,9	57,4	-2,3
Total	52,4	52,3	51,5	51,9	52,5	53,3	53,3	0,9

* Own calculations

Source: NSOG, www.statistics.gr

TABLE 53 - Percentage of employed by region*, 2nd semester: 1999-2005.

Regions	1999	2000	2001	2002	2003	2004	2005	+/- 2005/1999
Eastern Macedonia & Thrace	47,6	49,1	47,7	47,9	47,3	46,2	46,3	-1,3
Central Macedonia	45,8	45,8	45,5	45,0	46,9	45,7	46,2	0,4
Western Macedonia	43,3	42,5	42,5	43,1	42,2	42,0	40,1	-3,2
Epirus	42,0	44,6	41,8	42,8	43,7	43,9	42,8	0,8
Thessaly	44,9	45,2	44,7	44,6	45,5	48,9	48,5	3,6
Ionian Islands	52,8	51,7	50,6	49,7	48,7	47,3	49,9	-2,9
Western Greece	45,4	46,2	48,9	44,4	45,6	43,7	44,9	-0,5
Central Greece	44,1	43,1	42,0	44,9	47,1	43,6	46,4	2,3
Attiki	45,4	45,7	46,5	48,0	48,5	50,3	50,3	4,9
Peloponnisos	47,6	48,7	46,9	48,6	49,1	47,7	48,3	0,7
Northern Aegean	39,4	39,5	40,4	40,8	40,5	41,7	41,9	2,5
Southern Aegean	51,2	49,6	49,3	47,7	50,2	51,4	52,1	O,9
Crete	55,1	55,1	54,4	53,4	53,7	53,5	53,9	-1,2
Total	46,1	46,4	46,1	46,8	47,6	47,8	48.1	2,0

* Own calculations

Source: NSOG, www.statistics.gr

TABLE 54 - Unemployment rate per region, β' trimester: 1999-2005

Regions	1999	2000	2001	2002	2003	2004	2005	+/- 2005/1999*
Eastern Macedonia & Thrace	13,0	8,8	9,3	9,7	10,2	13,1	11,0	-2,0
Central Macedonia	11,8	10,9	10,9	10,9	10,0	11,6	11,1	-0,7
Western Macedonia	14,4	15,0	16,3	13,9	16,0	16,4	18,4	4,0
Epirus	14,2	10,9	12,6	11,8	11,5	11,6	11,5	-2,7
Thessaly	13,1	13,0	12,2	11,1	10,6	9,8	9,3	-3,8
Ionian Islands	5,8	5,6	7,3	6,9	10,3	10,4	8,4	2,6
Western Greece	12,0	10,6	10,3	10,8	9,5	12,1	11,0	-1,0
Central Greece	15,2	14,4	14,2	10,0	9,5	12,4	10,5	-4,7
Attiki	12,6	12,3	10,4	9,3	8,7	9,1	8,6	-4,0
Peloponnisos	7,9	9,7	8,7	7,8	8,5	8,5	8,6	0,7
Northern Aegean	11,7	7,7	6,3	9,8	7,6	7,3	10,4	-1,3
Southern Aegean	7,6	10,5	9,8	15,7	10,9	8,5	8,1	0,5
Crete	7,6	7,2	6,3	6,7	5,2	5,9	6,1	-1,5
Total	11,9	11,2	10,4	9,9	9,3	10,2	9,6	-2,3

* Own calculations

Source: NSOG, www.statistics.gr

TABLE 55 - Population situation in the country's urban centres, 2001

No	NAME	MAIN SETTLEMENT POPULATION 2001	POPULATION OF MUNICIPALITY (NEW) OR CONURBATION 2001	Active population 2001						
				Total	Working Population	Unemployed persons	Primary Sector	Secondary Sector	Tertiary Sector	Others
1	ATHENS (CONURBATION)	3.111.632	3.111.632	1.512.925	1.371.651	141.274	7.042	301.028	985.240	78.341
2	THESSALONIKI (CONURBATION)	816.364	816.364	361.975	319.869	42.106	3.237	83.912	215.347	17.373
3	PATRA (CONURBATION)	185.009	185.009	79.340	66.582	12.758	1.232	13.944	47.358	4.048
4	HERAKLIO (CONURBATION)	144.642	144.642	67.309	60.047	7.262	2.240	11.517	43.268	3.022
6	LARISSA	124.786	124.786	54.983	49.102	5.881	2.369	11.352	34.181	1.200
5	VOLOS (CONURBATION)	119.280	119.280	50.720	44.292	6.428	1.534	11.060	28.682	3.016
10	ACHARNAI	75.341	75.341	35.279	30.700	4.579	779	10.764	16.147	3.010
8	IOANNINA (CONURBATION)	70.315	70.315	34.325	29.969	4.356	638	5.644	22.222	1.465
9	CHALKIDA (CONURBATION)	67.091	67.091	28.824	25.786	3.038	1.233	7.996	15.057	1.500
11	KAVALA	60.802	63.103	24.478	21.486	2.992	515	5.005	15.357	609
15	KATERINI (CONURBATION)	54.941	54.941	22.751	19.683	3.068	1.641	4.056	13.044	942
13	SERRES	54.666	54.666	22.604	19.459	3.145	833	3.734	13.967	925
18	RHODES	53.709	53.709	25.837	21.788	4.049	298	3.661	16.594	1.235
7	CHANIA (CONURBATION)	82.357	82.357	34.670	30.816	3.854	1.259	6.071	21.651	1.835
16	TRIKALA	51.862	51.862	23.542	20.925	2.617	1.486	4.417	14.599	423
14	KALAMATA (CONURBATION)	51.660	51.660	23.800	20.895	2.905	1.369	4.387	14.119	1.020
12	AGRINIO (CONURBATION)	56.458	56.458	21.727	18.919	2.808	1.824	4.142	12.494	459
23	ALEXANDROUPOLI	49.176	49.176	20.222	18.398	1.824	829	3.869	13.219	481
22	KOMOTINI	46.586	46.586	18.253	16.276	1.977	1.409	3.888	10.006	973
17	LAMIA	46.406	51.128	20.120	17.727	2.393	662	3.736	11.920	1.409
24	XANTHI	45.118	48.688	19.503	16.699	2.804	835	4.350	10.395	1.119
20	VERIA	43.683	43.683	18.516	16.092	2.424	1.409	3.539	10.747	397
21	DRAMA	43.485	48.887	18.063	14.890	3.173	575	3.382	10.039	894
19	CORFU (CONURBATION)	39.048	39.048	17.819	15.355	2.464	317	2.281	11.656	1.101
26	KOZANI	35.942	35.942	15.538	13.673	1.865	175	3.816	9.347	335
25	SALAMINA (CONURBATION)	35.676	35.676	11.062	9.609	1.453	525	2.187	6.448	449
27	KARDITSA	32.252	34.511	14.545	12.588	1.957	698	2.221	9.393	276
31	KORINTHOS	29.787	29.787	13.256	11.961	1.295	647	3.732	7.321	261
36	GIANNITSA	29.364	29.364	12.123	10.509	1.614	1.820	2.376	5.846	467
32	RETHIMNO (CONURBATION)	28.987	28.987	14.060	12.329	1.731	412	2.653	8.669	595
33	PTOLEMAIDA	28.942	28.942	11.153	9.788	1.365	155	4.054	5.321	258
34	MYTILINI	28.879	28.879	12.148	10.888	1.260	498	1.672	7.856	862
28	CHIOS (CONURBATION)	30.477	30.477	11.633	10.460	1.173	545	2.067	7.278	570
40	MEGARA	28.195	28.195	11.044	9.753	1.291	1.740	3.095	4.314	604
49	ASPROPYRGOS	27.741	27.741	11.555	10.095	1.460	658	4.203	4.630	604
39	ANO LIOSSIA	26.423	26.423	11.760	10.137	1.623	82	2.963	6.229	863
35	ELEFSINA	25.863	25.863	11.198	9.639	1.559	97	3.284	5.206	1.052
37	TRIPOLI	25.570	25.570	12.165	10.888	1.277	413	2.466	7.497	512
53	KOROPI	25.325	25.325	11.063	10.156	907	774	3.499	5.151	732
38	ARGOS	24.700	24.700	11.236	9.964	1.272	1.298	2.175	5.736	755
29	PYRGOS	23.791	23.791	10.086	8.420	1.666	568	1.654	5.503	695
43	ARTA	21.642	21.642	9.593	8.397	1.196	605	1.682	5.636	474
30	AEGIO (CONURBATION)	29.080	29.080	11.090	9.594	1.496	1.291	2.547	5.395	361
42	THIVA	21.211	21.211	9.797	8.580	1.217	1.159	2.535	3.940	946
44	LIVADIA	20.769	20.769	9.247	8.103	1.144	483	2.138	5.090	392
41	NAOUSSA	20.176	20.176	8.292	6.918	1.374	901	2.115	3.649	253
48	AMALIADA	20.030	20.030	8.406	6.757	1.649	1.192	1.214	3.556	795
56	KILKIS	18.958	18.958	8.420	7.278	1.142	282	2.076	4.438	482
45	EDESSA	18.832	18.832	7.528	6.511	1.017	551	1.494	4.184	282
51	KOS	17.890	17.890	8.542	7.406	1.136	174	1.215	5.611	406
52	PREVEZA	17.724	17.724	7.876	7.049	827	892	1.222	4.667	268
54	ORESTIADA	17.194	17.194	7.295	6.469	826	794	1.140	4.189	346
63	KALIMNOS	16.441	16.441	5.841	4.681	1.160	716	1.049	2.630	286
50	KASTORIA	16.218	16.218	7.448	5.899	1.549	278	1.921	3.569	131
47	SPARTI (CONURBATION)	15.828	15.828	7.820	7.360	460	1.065	1.302	4.832	161
57	NEA MAKRI	14.809	14.809	5.532	4.942	590	190	1.123	3.360	269
55	FLORINA	14.555	14.555	5.950	5.353	597	126	971	4.074	182
58	ALEXANDRIA	14.370	14.370	6.034	4.967	1.067	917	1.268	2.620	162
60	NAFPLIO	13.822	13.822	5.903	5.317	586	276	873	3.926	242
61	MESOLOGHI	13.791	13.791	5.265	4.501	764	456	868	2.914	263
62	NAFPAKTOS	12.924	12.924	5.048	4.393	655	296	1.059	2.825	213
65	MANDRA	12.792	12.792	5.228	4.666	562	84	1.938	2.416	228
59	TYRNAVOS	12.451	12.451	5.156	4.576	580	1.532	871	2.078	95
46	ERMOUPOLI (CONURBATION)	15.353	15.353	6.124	5.509	615	106	1.604	3.580	219
64	ZAKYNTHOS	11.254	11.254	5.047	4.111	936	199	978	2.601	333
67	AGHIOS NIKOLAOS	10.906	10.906	5.615	4.777	838	199	692	3.606	280
66	GREVENA	10.447	10.447	5.072	4.370	702	348	932	2.935	155
69	ARGOSTOLI	9.522	9.522	4.013	3.531	482	151	805	2.429	146
70	IGOUMENITSA	9.104	9.104	4.176	3.661	515	212	607	2.734	108
71	LEFKADA	7.548	7.548	3.335	2.962	373	148	507	2.218	89
68	AMFISSA	6.946	6.946	2.739	2.380	359	155	489	1.581	155
72	KARPENISSI	6.775	6.775	2.933	2.547	386	131	458	1.758	200
73	SAMOS	6.275	9.150	2.737	2.544	193	76	358	2.065	45
74	POLYGYROS	6.232	6.232	2.823	2.602	221	435	461	1.630	76
75	LOUTRAKI (PERAHORA)	13.239	13.239	5.386	4.813	573	261	1.143	2.992	417
76	IALISSOS	10.107	10.107	4.602	3.811	791	99	642	2.763	307
78	IERAPETRA	15.323	15.323	7.981	7.315	666	2.808	904	3.283	320
	TOTAL	**6.502.869**	**6.523.998**	**2.987.104**	**2.662.913**	**324.191**	**66.258**	**609.053**	**1.840.828**	**146.774**

TABLE 56 - Employment in each sector in urban centres

Urban Areas	Active poplulation							Non-active population	Unemployed persons %	Total employed persons	Workers % in primary sector	Workers % in secondary sector	Workers % in tertiary sector
	Total	Employed					Unemployed						
		Total	Primary Secotr	Secondary Sector	Tertiary Sector	Others	Total						
COUNTRY TOTAL	4.614.499	4.102.089	591.669	892.187	2.401.168	217.065	512.410	5.245.094	11,10%	3.885.024	15,23%	22,96%	61,81%
EASTERN MACEDONIA & THRACE	243.578	214.998	62.962	45.265	98.417	8.354	28.580	301.569	11,73%	206.644	30,47%	21,90%	47,63%
	87.074	75.821	6.682	18.565	46.596	3.978	11.253	106.035	12,92%	71.843	9,30%	25,84%	64,86%
	0,3575	0,3527	0,1061	0,4101	0,4735	0,4762	0,3937	0,3516	0,3575	0,3527	0,1061	0,4101	0,4735
CENTRAL MACEDONIA	788.516	696.065	114.100	167.053	381.425	33.487	92.451	896.103	11,72%	662.578	17,22%	25,21%	57,57%
	484.255	425.585	17.171	107.709	278.952	21.753	58.670	529.515	12,12%	403.832	4,25%	26,67%	69,08%
	0,6141	0,6114	0,1505	0,6448	0,7313	0,6496	0,6346	0,5909	61,41%	61,14%	15,05%	64,48%	73,13%
WESTERN MACEDONIA	112.232	93.981	18.059	27.808	45.181	2.933	18.251	151.336	16,26%	91.048	19,83%	30,54%	49,62%
	53.562	46.246	2.565	14.290	28.182	1.209	7.316	67.639	13,66%	45.037	5,70%	31,73%	62,58%
	0,4772	0,4921	0,1420	0,5139	0,6238	0,4122	0,4009	0,4469	0,4772	0,4921	0,1420	0,5139	0,6238
TERRITORIAL ENTITY TOTAL	1.144.326	1.005.044	195.121	240.126	525.023	44.774	139.282	1.349.008	12,17%	960.270	20,32%	25,01%	54,67%
	624.891	547.652	26.418	140.564	353.730	26.940	77.239	703.189	12,36%	520.712	5,07%	26,99%	67,93%
	0,5461	0,5449	0,1354	0,5854	0,6737	0,6017	0,5546	0,5213	54,61%	54,49%	13,54%	58,54%	67,37%
THESSALY	298.777	266.460	74.424	51.751	132.047	8.238	32.317	366.991	10,82%	258.222	28,82%	20,04%	51,14%
	177.229	156.301	12.889	35.734	101.677	6.001	20.928	212.656	11,81%	150.300	8,58%	23,78%	67,65%
	0,5932	0,5866	0,1732	0,6905	0,7700	0,7285	0,6476	0,5795	59,32%	58,66%	17,32%	69,05%	77,00%
EPIRUS	130.465	114.425	25.348	22.580	60.994	5.503	16.040	175.789	12,29%	108.922	23,27%	20,73%	56,00%
	61.798	54.062	3.318	10.260	37.969	2.515	7.736	70.093	12,52%	51.547	6,44%	19,90%	73,66%
	0,4737	0,4725	0,1309	0,4544	0,6225	0,4570	0,4823	0,3987	47,37%	47,25%	13,09%	45,44%	62,25%
CENTRAL GREECE	222.696	198.114	46.668	49.342	89.453	12.651	24.582	282.670	11,04%	185.463	25,16%	26,60%	48,23%
	81.241	71.892	6.110	18.853	41.799	5.130	9.349	93.007	11,51%	66.762	9,15%	28,24%	62,61%
	0,3648	0,3629	0,1309	0,3821	0,4673	0,4055	0,3803	0,3290	36,48%	36,29%	13,09%	38,21%	46,73%
TERRITORIAL ENTITY TOTAL	651.938	578.999	146.440	123.673	282.494	26.392	72.939	825.450	11,19%	552.607	26,50%	22,38%	51,12%
	320.268	282.255	22.317	64.847	181.445	13.646	38.013	375.756	11,87%	268.609	8,31%	24,14%	67,55%
	0,4913	0,4875	0,1524	0,5243	0,6423	0,5171	0,5212	0,4552	49,13%	48,75%	15,24%	52,43%	64,23%

WESTERN GREECE	281.946	238.831	61.149	42.298	119.579	15.805	43.115	364.966	15,29%	223.026	27,42%	18,97%	53,62%
	178.809	151.825	14.248	31.779	97.382	8.416	26.984	219.273	15,09%	143.409	9,94%	22,16%	67,91%
	0,6342	0,6357	0,2330	0,7513	0,8144	0,5325	0,6259	0,6008	63,42%	63,57%	23,30%	75,13%	81,44%
IONIAN ISLANDS	85.326	72.645	13.737	12.541	42.156	4.211	12.681	103.892	14,86%	68.434	20,07%	18,33%	61,60%
	35.002	30.193	1.749	5.384	21.208	1.852	4.809	38.223	13,74%	28.341	6,17%	19,00%	74,83%
	0,4102	0,4156	0,1273	0,4293	0,5031	0,4398	0,3792	0,3679			12,73%	42,93%	50,31%
PELOPONNISOS	246.603	223.405	76.208	38.383	98.028	10.786	23.198	294.865	9,41%	212.619	35,84%	18,05%	46,11%
	139.106	124.524	22.203	25.345	70.108	6.868	14.582	151.483	10,48%	117.656	18,87%	21,54%	59,59%
	0,5641	0,5574	0,2913	0,6603	0,7152	0,6368	0,6286	0,5137	56,41%	55,74%	29,13%	66,03%	71,52%
TERRITORIAL ENTITY TOTAL	613.875	534.881	151.094	93.222	259.763	30.802	78.994	763.723	12,87%	504.079	29,97%	18,49%	51,53%
	352.917	306.542	38.200	62.508	188.698	17.136	46.375	408.979	13,14%	289.406	13,20%	21,60%	65,20%
	0,5749	0,5731	0,2528	0,6705	0,7264	0,5563	0,5871	0,5355	57,49%	57,31%	25,28%	67,05%	72,64%
ATTICA	1.746.101	1.579.189	20.939	362.994	1.100.586	94.670	166.912	1.788.261	9,56%	1.484.519	1,41%	24,45%	74,14%
	1.606.433	1.452.819	11.847	332.727	1.021.528	86.717	153.614	1.628.655	9,56%	1.366.102	0,87%	24,36%	74,78%
	0,9200	0,9200	0,5658	0,9166	0,9282	0,9160	0,9203	0,9107	92,00%	92,00%	56,58%	91,66%	92,82%
NOTHERN AEGEAN	73.446	65.798	14.570	11.449	36.521	3.258	7.648	112.189	10,41%	62.540	23,30%	18,31%	58,40%
	49.434	44.165	3.837	7.977	29.846	2.505	5.269	75.256	10,66%	41.660	9,21%	19,15%	71,64%
	0,6731	0,6712	0,2633	0,6967	0,8172	0,7689	0,6889	0,6708	67,31%	67,12%	26,33%	69,67%	81,72%
NOTHERN AEGEAN	73.446	65.798	14.570	11.449	36.521	3.258	7.648	112.189	10,41%	62.540	23,30%	18,31%	58,40%
	38.328	32.465	1.177	6.464	23.056	1.768	5.863	39.773	15,30%	30.697	3,83%	21,06%	75,11%
	0,3047	0,3039	0,1261	0,2749	0,3379	0,3069	0,3098	0,2886	52,19%	49,34%	8,08%	56,46%	63,13%
CRETA	259.041	231.333	54.170	37.213	128.542	11.408	27.708	268.671	10,70%	219.925	24,63%	16,92%	58,45%
	202.166	179.968	12.080	33.241	124.836	9.811	22.198	193.272	10,98%	170.157	7,10%	19,54%	73,37%
	0,7804	0,7780	0,2230	0,8933	0,9712	0,8600	0,8011	0,7194	78,04%	77,80%	22,30%	89,33%	97,12%
TERRITORIAL ENTITY TOTAL	405.933	362.929	83.310	60.111	201.584	17.924	43.004	493.049	10,59%	345.005	24,15%	17,42%	58,43%
	289.928	256.598	17.094	47.682	177.738	14.084	33.330	308.301	11,50%	242.514	7,05%	19,66%	73,29%
	0,7142	0,7070	0,2052	0,7932	0,8817	0,7858	0,7750	0,6253	71,42%	70,70%	20,52%	79,32%	88,17%
COUNTRY TOTAL	4.562.173	4.061.042	596.904	880.126	2.369.450	214.562	501.131	5.219.491	10,98%	3.846.480	15,52%	22,88%	61,60%
	3.194.437	2.845.866	115.876	648.328	1.923.139	158.523	348.571	3.424.880	10,91%	2.687.343	4,31%	24,13%	71,56%
	0,7002	0,7008	0,1941	0,7366	0,8116	0,7388	0,6956	0,6562	70,02%	70,08%	19,41%	73,66%	81,16%

Source: ESYE/ National Statistic Office

TABLE 57 - Urban centers ranked according to 2001 employment indicators

KMM	MMM	AMM
Athens, Thessaloniki	Kavala	**Larissa, Volos, Katerini, Hania**
Patra		Xanthi, Trikala, Kalamata
		Agrinio, Alexandroupoli
		Komotini, Lamia, Veria, Drama
		Salamina, Rethimno, Hios, Argos
		Tripoli, Pyrgos, Arta, Mesolonghi
		Livadia, Edessa, Nea Makri
		Zakynthos, Grevena, Argostoli
		Amfissa, Loutraki, Nafpaktos
KKM	**MKM**	**AKM**
Rhodes, Corfu	Ioannina, Kos, Florina	**Heraklio, Karditsa, Mitilini**
	Samos, Ialissos	Serres, Preveza, Orestiada
		Sparti, Nafplio, Igoumenitsa
		Polygiros, Karpenissi
		Asgios Nikolaos, Lefkada
KAM	**MAK**	**AAM**
Ano Liossia	Acharnai	Halkida, Korinthow, Kilkis
Kozani, Ermoupoli		Kastoria
KAK	**AMK**	**AAK**
Ptolemaida, Elefsina, Mandra	Giannitsa, Aegio	Megara, Aspropyrgos
	Alexandria, Kalymnos	Koropi, Thiva, Naousa
AKK	**KKA**	**MKA**
Tirnavos, Ierapetra, Amaliada		

Source: Study Group Processing

TABLE 58 - Urban centers ranked according to 1991 employment indicators

KMM	MMM	AMM
Athens **Patra** Kozani	Kavala Karpenissi	**Heraklio, Larissa,** Volos Serres, Trikala, Kalamata Xanthi, Agrinio Korinthos, Lamia, Veria Salamina, Hios Kilkis, Arta Edessa, Nea Makri Pyrgos Amfissa, Loutraki
KKM	**MKM**	**AKM**
Rhodes, Corfu	Ioannina Ialissos, Tripoli	Karditsa, Mitilini, Kos, Zakinthos Nafpaktos, Komotini,Chania, Preveza Sparti, Nafplio, Igoumenitsa, Alexandroupoli Poligyros, Rethimno Argostoli Lefkada, Mesolonghi, Amaliada, Grevena
KAM	**MAK**	**AAM**
Thessaloniki Ermoupoli	Kastoria, Mandra	Chalkida, Drama Livadia
KAK	**AMK**	**AAK**
Elefsina Ptolemaida, Ano Lossia	Ekaterini, Giannitsa, Aigio, Argos Alexandria, Kalimnos	Acharnai, Megara, Aspropyrgos Koropi, Thiva, Naoussa
AKK	**KKA**	**MKA**
Tyrnavos, Ierapetra, Orestiada	Samos	Florina, Aghios Nikolaos

Source: Study Group Processing

TABLE 59 - Urban centers ranked according to 1981 employment indicators

KMM	MMM	AMM
Athens, Kavala Kozani	Patra, Nea Makri	**Thessaloniki, Larissa, Katerini** Heraklio, Trikala, Kalamata Xanthi, Serres, Veria Lamia, Drama, Ermoupoli Salamina, Kalymnos Kos, Arta, Korinthos Edessa, Karditsa Zakinthos Amfissa, Loutraki, Nafpaktos
KKM	**MKM**	**AKM**
	Ialissos, Chania Tripoli	Chios, Grevena Preveza, Alexandroupoli Komotini, Rethimno, Sparti Pyrgos, Karpenissi Mesolonghi, Kilkis
AKA	**MAK**	**AAM**
Mytilini, Florina, Nafplio, Samos Argostoli, Lefkada, Igoumenitsa	Aharne, Ptolemaida, Kastoria	Volos
KAK	**AMK**	**AAK**
Chalkida, Elefsina Ano Liossia	Giannitsa, Aegio, Argos Agrinio, Alexandria, Polygiros	Megara, Aspropyrgos, Livadia Koropi, Thiva, Noussa, Mandra
AKK	**KKA**	**MKA**
Tyrnavos, Ierapetra, Amaliada Orestiada	Rhodes, Ioannina	Aghios Nikolas, Corfu

Source: Study Group Processing

TABLE 60 - Employment models in urban centres

No	Year	NAME	Primary	Secondary	Tertiary	Indicator D1	Indicator D2	Indicator D3
1	2001	ATHENS (CONURBATION)	0,21	0,96	1,04	K	M	M
	1991		0,17	0,94	1,06	K	M	M
	1981		0,01	0,98	1,08	K	M	M
2	2001	THESSALONIKI (CONURBATION)	0,41	1,15	0,97	K	M	M
	1991		0,32	1,20	0,94	K	A	M
	1981		1,48	1,11	0,89	A	M	M
3	2001	PATRA (CONURBATION)	0,75	0,92	1,04	K	M	M
	1991		0,81	1,08	0,97	K	M	M
	1981		1,10	1,14	0,89	M	M	M
4	2001	HERAKLIO (CONURBATION)	1,49	0,83	1,04	A	K	M
	1991		1,20	0,85	1,05	A	M	M
	1981		1,65	0,94	1,00	A	M	M
6	2001	LARISSA	1,88	0,98	0,98	A	M	M
	1991		1,68	1,05	0,95	A	M	M
	1981		1,52	1,02	0,95	A	M	M
5	2001	VOLOS (CONURBATION)	1,41	1,11	0,95	A	M	M
	1991		1,51	1,14	0,92	A	M	M
	1981		1,33	1,18	0,85	A	A	M
10	2001	ACHARNAI	1,07	1,61	0,80	M	A	K
	1991		1,22	1,60	0,74	A	A	K
	1981		0,95	1,41	0,71	M	A	K
8	2001	IOANNINA (CONURBATION)	0,85	0,82	1,07	M	K	M
	1991		1,11	0,82	1,07	M	K	M
	1981		0,56	0,77	1,20	K	K	A
9	2001	CHALKIDA (CONURBATION)	1,93	1,36	0,85	A	A	M
	1991		2,08	1,26	0,85	A	A	M
	1981		0,60	1,32	0,80	K	A	K
11	2001	KAVALA	0,94	0,99	1,01	M	M	M
	1991		0,99	1,07	0,97	M	M	M
	1981		0,65	1,08	0,97	K	M	M
15	2001	KATERINI (CONURBATION)	3,33	0,89	0,95	A	M	M
	1991		3,85	1,11	0,84	A	M	K
	1981		3,15	0,95	0,87	A	M	M
13	2001	SERRES	1,71	0,83	1,03	A	K	M
	1991		1,56	0,95	1,00	A	M	M
	1981		1,47	0,94	1,01	A	M	M
18	2001	RHODES	0,55	0,74	1,10	K	K	M
	1991		0,38	0,75	1,13	K	K	M
	1981		0,29	0,60	1,34	K	K	A
7	2001	CHANIA (CONURBATION)	1,65	0,87	1,02	A	M	M
	1991		1,83	0,83	1,04	A	K	M
	1981		1,06	0,81	1,13	M	K	M
16	2001	TRIKALA	2,75	0,89	0,97	A	M	M
	1991		3,10	0,90	0,96	A	M	M
	1981		2,84	0,88	0,94	A	M	M
14	2001	KALAMATA (CONURBATION)	2,62	0,91	0,97	A	M	M
	1991		2,43	1,13	0,89	A	M	M
	1981		2,32	1,02	0,88	A	M	M
12	2001	AGRINIO (CONURBATION)	3,75	0,93	0,93	A	M	M
	1991		5,64	0,91	0,85	A	M	M
	1981		5,31	0,90	0,75	A	M	K
23	2001	ALEXANDROUPOLI	1,76	0,89	1,01	A	M	M
	1991		2,28	0,73	1,06	A	K	M
	1981		2,50	0,70	1,10	A	K	M

22	2001	KOMOTINI	3,50	1,05	0,89	A	M	M
	1991		4,61	0,82	0,93	A	K	M
	1981		4,09	0,76	0,94	A	K	M
17	2001	LAMIA	1,54	0,95	1,00	A	M	M
	1991		1,48	0,87	1,03	A	M	M
	1981		1,16	0,92	1,05	A	M	M
24	2001	XANTHI	2,04	1,15	0,91	A	M	M
	1991		2,06	1,09	0,92	A	M	M
	1981		1,58	1,11	0,88	A	M	M
20	2001	VERIA	3,41	0,93	0,94	A	M	M
	1991		4,15	1,00	0,88	A	M	M
	1981		3,34	0,96	0,85	A	M	M
21	2001	DRAMA	1,56	1,00	0,98	A	M	M
	1991		1,62	1,16	0,91	A	A	M
	1981		1,77	0,93	0,99	A	M	M
19	2001	CORFU (CONURBATION)	0,84	0,66	1,12	K	K	M
	1991		0,81	0,67	1,14	K	K	M
	1981		0,90	0,57	1,31	M	K	A
26	2001	KOZANI	0,50	1,18	0,96	K	A	M
	1991		0,42	1,14	0,96	K	M	M
	1981		0,42	1,09	0,98	K	M	M
25	2001	SALAMINA (CONURBATION)	2,18	0,99	0,96	A	M	M
	1991		1,58	0,92	1,01	A	M	M
	1981		2,08	1,01	0,91	A	M	M
27	2001	KARDITSA	2,15	0,75	1,04	A	K	M
	1991		1,78	0,73	1,08	A	K	M
	1981		2,60	0,85	0,99	A	M	M
31	2001	KORINTHOS	2,10	1,32	0,86	A	A	M
	1991		1,80	1,14	0,91	A	M	M
	1981		1,57	1,14	0,85	A	M	M
36	2001	GIANNITSA	6,88	0,98	0,80	A	M	K
	1991		8,32	0,98	0,72	A	M	K
	1981		7,70	0,86	0,60	A	M	K
32	2001	RETHYMNO (CONURBATION)	1,33	0,93	1,01	A	M	M
	1991		1,45	0,78	1,07	A	K	M
	1981		2,04	0,76	1,09	A	K	M
33	2001	PTOLEMAIDA	0,62	1,76	0,76	K	A	K
	1991		0,73	1,79	0,68	K	A	K
	1981		0,90	1,53	0,63	M	A	K
34	2001	MYTILINI	1,89	0,69	1,07	A	K	M
	1991		1,31	0,73	1,10	A	K	M
	1981		1,75	0,70	1,16	A	K	A
28	2001	CHIOS (CONURBATION)	2,09	0,86	1,01	A	M	M
	1991		1,99	0,92	0,99	A	M	M
	1981		2,43	0,73	1,08	A	K	M
40	2001	MEGARA	7,22	1,40	0,64	A	A	K
	1991		7,05	1,31	0,63	A	A	K
	1981		4,57	1,32	0,51	A	A	K
49	2001	ASPROPYRGOS	2,63	1,83	0,67	A	A	K
	1991		6,59	1,40	0,61	A	A	K
	1981		5,05	1,44	0,38	A	A	K
39	2001	ANO LOSSIA	0,34	1,32	0,92	K	A	M
	1991		0,31	1,48	0,83	K	A	K
	1981		0,41	1,57	0,64	K	A	K
35	2001	ELEFSINA	0,43	1,58	0,83	K	A	K
	1991		0,51	1,66	0,75	K	A	K
	1981		0,59	1,78	0,47	K	A	K

37	2001	TRIPOLI	1,51	0,98	0,99	A	M	M
	1991		0,90	0,83	1,08	M	K	M
	1981		0,90	0,83	1,13	M	K	M
53	2001	KOROPI	3,12	1,53	0,75	A	A	K
	1991		4,78	1,27	0,74	A	A	K
	1981		4,79	1,18	0,59	A	A	K
38	2001	ARGOS	5,35	0,98	0,85	A	M	M
	1991		5,65	1,00	0,82	A	M	K
	1981		3,71	1,05	0,76	A	M	K
29	2001	PYRGOS	2,79	0,88	0,97	A	M	M
	1991		3,02	0,85	0,98	A	M	M
	1981		3,07	0,71	1,05	A	K	M
43	2001	ARTA	2,90	0,88	0,97	A	M	M
	1991		2,26	0,87	1,00	A	M	M
	1981		2,57	0,88	0,97	A	M	M
30	2001	AEGIO (CONURBATION)	5,31	1,14	0,80	A	M	K
	1991		6,11	0,97	0,81	A	M	K
	1981		5,76	0,95	0,68	A	M	K
42	2001	THIVA	5,77	1,37	0,71	A	A	K
	1991		5,03	1,23	0,75	A	A	K
	1981		3,07	1,21	0,70	A	A	K
44	2001	LIVADIA	2,38	1,15	0,90	A	M	M
	1991		1,96	1,28	0,85	A	A	M
	1981		1,95	1,23	0,77	A	A	K
41	2001	NAOUSSA	5,13	1,31	0,75	A	A	K
	1991		4,94	1,52	0,63	A	A	K
	1981		3,83	1,30	0,57	A	A	K
48	2001	AMALIADA	7,59	0,84	0,82	A	K	K
	1991		7,47	0,70	0,87	A	K	M
	1981		7,06	0,66	0,78	A	K	K
56	2001	KILKIS	1,58	1,26	0,89	A	A	M
	1991		2,05	1,03	0,95	A	M	M
	1981		4,19	0,77	0,93	A	K	M
45	2001	EDESSA	3,36	0,99	0,92	A	M	M
	1991		2,97	1,02	0,91	A	M	M
	1981		2,93	0,93	0,90	A	M	M
51	2001	KOS	0,94	0,72	1,10	M	K	M
	1991		1,51	0,78	1,07	A	K	M
	1981		2,06	0,88	1,01	A	M	M
52	2001	PREVEZA	5,00	0,74	0,94	A	K	M
	1991		6,50	0,70	0,91	A	K	M
	1981		4,52	0,66	0,98	A	K	M
54	2001	ORESTIADA	4,92	0,77	0,94	A	K	M
	1991		8,19	0,80	0,80	A	K	K
	1981		8,09	0,80	0,61	A	K	K
63	2001	KALIMNOS	6,19	0,99	0,82	A	M	K
	1991		5,21	1,11	0,79	A	M	K
	1981		3,57	0,93	0,86	A	M	M
50	2001	KASTORIA	1,83	1,38	0,85	A	A	M
	1991		1,07	1,95	0,61	M	A	K
	1981		1,11	1,68	0,51	M	A	K
47	2001	SPARTI (CONURBATION)	5,62	0,75	0,92	A	K	M
	1991		5,86	0,68	0,94	A	K	M
	1981		5,06	0,68	0,93	A	K	M
57	2001	NEA MAKRI	1,54	0,99	0,98	A	M	M
	1991		1,29	0,92	1,02	A	M	M
	1981		1,11	0,96	1,02	M	M	M

55	2001	FLORINA	0,93	0,78	1,08	M	K	M
	1991		1,03	0,61	1,16	M	K	A
	1981		2,04	0,53	1,26	A	K	A
58	2001	ALEXANDRIA	7,25	1,09	0,75	A	M	K
	1991		7,97	1,11	0,68	A	M	K
	1981		6,90	0,91	0,62	A	M	K
60	2001	NAFPLIO	2,07	0,71	1,06	A	K	M
	1991		1,53	0,67	1,12	A	K	M
	1981		1,50	0,70	1,18	A	K	A
61	2001	MESOLONGHI	4,09	0,85	0,94	A	M	M
	1991		4,49	0,70	0,99	A	K	M
	1981		3,77	0,65	1,04	A	K	M
62	2001	NAFPAKTOS	2,69	1,05	0,92	A	M	M
	1991		3,38	0,81	0,98	A	K	M
	1981		2,97	0,90	0,92	A	M	M
65	2001	MANDRA	0,72	1,80	0,74	K	A	K
	1991		1,09	1,90	0,63	M	A	K
	1981		1,25	1,53	0,60	A	A	K
59	2001	TIRNAVOS	12,98	0,80	0,63	A	K	K
	1991		13,75	0,80	0,58	A	K	K
	1981		12,00	0,53	0,51	A	K	K
46	2001	ERMOUPOLI (CONURBATION)	0,76	1,25	0,93	K	A	M
	1991		0,77	1,35	0,86	K	A	M
	1981		1,48	1,07	0,91	A	M	M
64	2001	ZAKINTHOS	2,00	1,07	0,94	A	M	M
	1991		2,41	0,84	1,01	A	K	M
	1981		2,85	0,86	0,96	A	M	M
67	2001	AGIOS NIKOLAOS	1,68	0,64	1,10	A	K	M
	1991		1,01	0,54	1,19	M	K	A
	1981		0,98	0,43	1,41	M	K	A
66	2001	GREVENA	3,14	0,91	0,95	A	M	M
	1991		2,22	0,72	1,07	A	K	M
	1981		3,47	0,83	0,93	A	K	M
69	2001	ARGOSTOLI	1,69	0,98	0,98	A	M	M
	1991		1,97	0,82	1,04	A	K	M
	1981		1,84	0,67	1,17	A	K	A
70	2001	IGOUMENITSA	2,27	0,71	1,05	A	K	M
	1991		2,28	0,64	1,10	A	K	M
	1981		1,25	0,66	1,22	A	K	A
71	2001	LEFKADA	1,96	0,73	1,06	A	K	M
	1991		2,35	0,69	1,08	A	K	M
	1981		2,74	0,47	1,25	A	K	A
68	2001	AMFISSA	2,65	0,91	0,97	A	M	M
	1991		2,00	1,06	0,94	A	M	M
	1981		3,62	0,88	0,89	A	M	M
72	2001	KARPENISSI	2,12	0,81	1,02	A	K	M
	1991		1,12	1,03	0,98	M	M	M
	1981		3,49	0,77	0,98	A	K	M
73	2001	SAMOS	1,15	0,59	1,13	M	K	M
	1991		0,72	0,60	1,18	K	K	A
	1981		1,28	0,66	1,22	A	K	A
74	2001	POLYGYROS	6,54	0,75	0,88	A	K	M
	1991		5,36	0,76	0,93	A	K	M
	1981		4,35	0,88	0,83	A	M	K
75	2001	LOUTRAKI (PERAHORA)	2,25	1,07	0,93	A	M	M
	1991							
	1981							

76	2001	IALISSOS	1,07	0,76	1,08	M	K	M
	1991							
	1981							
78	2001	IERAPETRA	15,24	0,53	0,64	A	K	K
	1991							
	1981							
	K:	*below average*						
	M:	*near average*						
	A:	*Above average*						

TABLE 61 -Urban centers ranked according to Average Rate of Population Change 91-01 in comparison with country average

No	NAME	POPULATION OF MUNICIPALITY (OLD) OR 1991 CONURBATION	POPULATION OF MUNICIPALITY (NEW) OR 2001 CONURBATION	Municipality change 91-01	Average Annual Rate of Municipality Population Change 91-01	Average Annual Rate of Municipality Population Change/country average	No. of urban centers
Negative value							
29	PYRGOS	28.660	23.791	-16,99	-1,84	-2,97	5
46	ERMOUPOLI (CONURBATION)	15.940	15.353	-3,68	-0,37	-0,60	
19	CORFU (CONURBATION)	40.502	39.048	-3,59	-0,36	-0,59	
68	AMFISSA	7.189	6.946	-3,38	-0,34	-0,55	
41	NAOUSSA	20.279	20.176	-0,51	-0,05	-0,08	
Below country average							
1	ATHENS (CONURBATION)	3.072.922	3.111.632	1,26	0,13	0,20	12
43	ARTA	21.286	21.642	1,67	0,17	0,27	
47	SPARTI (CONURBATION)	15.531	15.828	1,91	0,19	0,31	
59	TIRNAVOS	12.197	12.451	2,08	0,21	0,33	
5	VOLOS (CONURBATION)	116.031	119.280	2,80	0,28	0,45	
30	AIGIO (CONURBATION)	28.212	29.080	3,08	0,30	0,49	
50	KASTORIA	15.710	16.218	3,23	0,32	0,51	
8	IOANNINA (CONURBATION)	68.072	70.315	3,30	0,32	0,52	
63	KALIMNOS	15.842	16.441	3,78	0,37	0,60	
28	HIOS (CONURBATION)	29.135	30.477	4,61	0,45	0,73	
12	AGRINIO (CONURBATION)	53.945	56.458	4,66	0,46	0,74	
16	TRIKALA	48.962	51.862	5,92	0,58	0,93	

			Above country average				
45	EDESSA	17.659	18.832	6,64	0,65	1,04	
9	CHALKIDA (CONURBATION)	62.837	67.091	6,77	0,66	1,06	
44	LIVADIA	19.295	20.769	7,64	0,74	1,19	
58	ALEXANDRIA	13.319	14.370	7,89	0,76	1,23	
14	KALAMATA (CONURBATION)	47.641	51.660	8,44	0,81	1,31	
13	SERRES	50.390	54.666	8,49	0,82	1,32	
3	PATRA (CONURBATION)	170.452	185.009	8,54	0,82	1,33	
66	GREVENA	9.619	10.447	8,61	0,83	1,34	
31	KORINTHOS	27.412	29.787	8,66	0,83	1,35	
42	THIVA	19.509	21.211	8,72	0,84	1,35	
11	KAVALA	58.025	63.103	8,75	0,84	1,36	
2	THESSALONIKI (CONURBATIC	749.048	816.364	8,99	0,86	1,39	
74	POLYGIROS	5.684	6.232	9,64	0,92	1,49	
72	KARPENISSI	6.178	6.775	9,66	0,93	1,49	
64	ZAKINTHOS	10.237	11.254	9,93	0,95	1,53	
6	LARISSA	113.090	124.786	10,34	0,99	1,59	
38	ARGOS	22.289	24.700	10,82	1,03	1,66	
25	SALAMINA (CONURBATION)	31.899	35.676	11,84	1,13	1,81	
26	KOZANI	32.010	35.942	12,28	1,17	1,88	
71	LEFKADA	6.721	7.548	12,30	1,17	1,88	
40	MEGARA	25.061	28.195	12,51	1,19	1,91	
7	HANIA (CONURBATION)	73.073	82.357	12,71	1,20	1,94	**43**
65	MANDRA	11.343	12.792	12,77	1,21	1,95	
20	VERIA	38.713	43.683	12,84	1,22	1,96	
35	ELEFSINA	22.793	25.863	13,47	1,27	2,05	
37	TRIPOLI	22.463	25.570	13,83	1,30	2,10	
57	NEA MAKRI	13.009	14.809	13,84	1,30	2,10	
27	KARDITSA	30.289	34.511	13,94	1,31	2,12	
61	MESOLOGHI	12.103	13.791	13,95	1,31	2,12	
4	HERAKLIO (CONURBATION)	126.907	144.642	13,97	1,32	2,12	
33	PTOLEMAIDA	25.195	28.942	14,87	1,40	2,25	
55	FLORINA	12.622	14.555	15,31	1,44	2,31	
32	RETHIMNO (CONURBATION)	25.135	28.987	15,33	1,44	2,32	
36	GIANNITSA	25.392	29.364	15,64	1,46	2,36	
34	MYTILINI	24.953	28.879	15,73	1,47	2,37	
17	LAMIA	44.084	51.128	15,98	1,49	2,41	
60	NAFPLIO	11.897	13.822	16,18	1,51	2,44	
54	ORESTIADA	14.783	17.194	16,31	1,52	2,45	
22	KOMOTINI	39.927	46.586	16,68	1,55	2,51	
15	KATERINI (CONURBATION)	47.011	54.941	16,87	1,57	2,53	
52	PREVEZA	15.119	17.724	17,23	1,60	2,58	
62	NAFPAKTOS	10.854	12.924	19,07	1,76	2,84	
75	LOUTRAKI (PERAHORA)	11.068	13.239	19,62	1,81	2,91	

			Significantly above country average				
51	KOS	14.714	17.890	21,58	1,97	3,18	
77	IERAPETRA	12.519	15.323	22,40	2,04	3,29	
10	ACHARNAI	61.352	75.341	22,80	2,08	3,35	
18	RHODES	43.558	53.709	23,30	2,12	3,41	
39	ANO LOSIA	21.397	26.423	23,49	2,13	3,44	
48	AMALIADA	15.857	20.030	26,32	2,36	3,81	
21	DRAMA	38.546	48.887	26,83	2,41	3,88	
67	AGHIOS NIKOLAOS	8.574	10.906	27,20	2,43	3,93	
69	ARGOSTOLI	7.402	9.522	28,64	2,55	4,11	**17**
23	ALEXANDROUPOLI	38.220	49.176	28,67	2,55	4,12	
70	IGOUMENITSA	7.022	9.104	29,65	2,63	4,24	
24	XANTHI	37.463	48.688	29,96	2,66	4,28	
76	IALISSOS	7.193	10.107	40,51	3,46	5,58	
56	KILKIS	13.128	18.958	44,41	3,74	6,03	
53	KOROPI	16.813	25.325	50,63	4,18	6,74	
73	SAMOS	5.824	9.150	57,11	4,62	7,45	
49	ASPROPYRGOS	15.715	27.741	76,53	5,85	9,43	
	TOTAL	**6.132.820**	**6.523.998**	**6,38**	**0,62**	**1,00**	**76**
Source: ESYE /National Statistic Office 1991-2001 Population census, Study Group Processing							

TABLE 62 - R&D expenditures as % of GDP, 2002

Country Total	0.67
Regions	
Eastern Macedonia & Thrace	0.54
Central Macedonia	0.61
Western Macedonia	0.08
Thessaly	0.3
Epirus	0.89
Central Greece	0.2
Western Greece	0.94
Peloponnisos	0.44
Ionian Islands	0.12
Territorial Entity of Attica	0.96
Northern Aegean	0.22
Southern Aegean	0.05
Creta	1.02

ANNEX III - Context indicators and quantified objectives per thematic priority

INDICATOR SYSTEM

The indicator system that follows was formulated based on the thematic priorities and the general objectives of the NSRF 2007-13 and after deliberation with the competent authorities charting sectoral and regional policy and responsible for the compilation of the Operational Programs. The indicators are discerned in two categories: Context Indicators that are influenced by factors beyond the NSRF and, therefore, are not targeted, but are monitored and quantified objectives that are expected to be achieved through the interventions of the Operational Programs.

In their majority, the Context Indicators are in coherence with the targets set in the Lisbon Strategy. The benchmarks that are set per sector are those that are influenced significantly by the operations that will be utilized in the framework of the Programming Period 2007-13.

The selection of the quantified objectives was done with the principle of ensuring the simultaneous fulfillment of the following criteria:

- To be as much as possible, representative of the major objectives and priorities that are set, adhering also to the principle of proportionality
- To be measurable within the referenced programming period as far as baseline values and objective values are concerned
- The objectives and their values are feasible to be achieved with the economic resources allocated to the various priorities through the Operational Programs
- To be able to form the base for the monitoring and evaluation of the implementation of the NSRF and the Operational Programs

Some of the quantified objectives are marked with an asterisk, since, despite the fact that their achievement is important in the framework of the strategy for the new programming period 2007-13, they refer to the national effort and are not only the result of the Structural Funds. For this category, one must bear in mind, that the objectives are influenced by the broader economic and social circumstance.

THEMATIC PRIORITY: INVESTMENT IN THE PRODUCTIVE SECTOR OF THE ECONOMY

	INDICATOR	SOURCE / YEAR	BASELINE	REMARKS
CONTEXT INDICATORS	Value of business investments as a % of GDP (Lisbon indicator)	NSSG / 2005	20%	The indicator measures the total value of annual investments (from domestic and foreign enterprises) as percentage of GDP.
	GDP (PPP) / employee (as % of EU 25 average) (Lisbon indicator)	Eurostat / 2007 Forecast	99,7%	The indicator measures the productivity of work (in an annual basis) expressed in Person Purchasing Power reflected in a comparative scale at to the E.E. 25 average.
	Annual value of exports / annual value of imports	NSSG /2005	71,99%	The indicator measures the degree of coverage of income of imports from the income of exports.
	Foreign Direct Investments as a percentage of GDP	Competitiveness Report 2005/ 2003	0,70%	The indicator measures the total value of annual foreign direct investment as a percentage of GDP.
	Percentage of High-Potential Entrepreneurship	Competitiveness Report 2005/2004	16,14%	The indicator reflects the percentage of entrepreneurship that is expected to have significant impact in economic development (jobs and potential exports of the country).
	Average time of business start-up	Competitiveness Report 2005	45 ημέρες	The indicator reflects the number of days required to complete the relative actions in Greece.

	INDICATOR	SOURCE / YEAR	BASE VALUE	OBJECTIVES 2013	REMARKS
QUANTIFIED OBJECTIVES	Number of enterprises that will receive grants through the programs	NSSG/ 2003	798.000	50.000	The base line refers to the total existing enterprises. The target includes all the foreseeable enterprises that will be created, upgraded / modernised. The target is derived from relative operations in the ROPs, the OP «Competitiveness and Entrepreneurship » and the OP «Digital Convergence ».
	Number of new jobs created through the financing of enterprises	-	-	20.000	The target includes the number of jobs that will be created from the actions for entrepreneurship in the ROPs, the OP «Competitiveness and Entrepreneurship» and the OP «Digital Convergence ».
	Number of new / supported knowledge intensive enterprises (spin- off και spin out)	Min. Of Dev / GSRT 2006	14	30	The base line refers to the enterprises that were co-financed in the Programming Period CSF 2000-2006 and in the objective are included only the number of enterprises that will be financed in the programming period 2007-13. The objective is derived from the OP «Competitiveness and Entrepreneurship" and the 5 phasing –in and phasing out regions.
	Number of enterprises supported through Support Structures	Min. Of Dev /2006	38.840	50.000	The base value refers only to the results of the CSF 2000-2006. The target will be covered by the relative action in the OP «Competitiveness and Entrepreneurship" and the 5 phasing –in and phasing out regions and refers to the number of enterprises that will be supported in the period 2007-13.
	Percentage of tourists accommodations upgraded	NSSG /2005	682.000	14%	The base value refers to the number of tourist beds as they are accounted by the National Statistic Service of Greece and in the objective value are counted the objectives of the ROPs and the OP «Competitiveness and Entrepreneurship".
	Number of business plans regarding alternative tourism	Min. Of Dev / 2006	43	30	The indicator refers to the large scale projects in alternative tourism (eg. Conference centers, thalassotherapy, spa, winter tourism etc.) The base value include all the investment plans that ere financed the CSF 2000-2006 and the objective value the new investment plans that will be financed by the OP «Competitiveness and Entrepreneurship and the 5 phasing –in and phasing- out regions.

THEMATIC PRIORITY: SOCIETY OF KNOWLEDGE AND INNOVATION

	INDICATOR	SOURCE / YEAR	BASELINE	REMARKS
CONTEXT INDICATORS	Gross Domestic Expenditures (Public and Private) for Research and Technological Innovations as a percentage of the Gross Domestic Product **(Lisbon Indicator)**	GSRT / 2004 (temporary figures)	0,61%	From the General Secretariat of Research and Technology (temporary results)
	Percentage of the total expenditures for Research and Technological Development that derives from the enterprises **(Lisbon Indicator)**	Eurostat/2004	28,23%	
	Cumulative Innovation Index **(Lisbon Indicator)**	European Innovation Scoreboard /2005	0.21	The indicator is cumulative and indicates the effectiveness of innovation in the country.
	Percentage of enterprises that undertake innovative activities in the total of enterprises	GSRT / 2004	35,8%	From the General Secretariat of Research and Technology (temporary results)
	Percentage of Innovative businesses in manufacturing that report cooperation with other businesses or business organizations with a view to innovation, as a percentage of total innovative businesses	GSRT / 2004	21,4%	From the General Secretariat of Research and Technology (temporary results)
	Innovative businesses in the service sector that report cooperation with other businesses or business organizations with a view to innovation, as a percentage of total innovative businesses	GSRT / 2004	30,1%	From the General Secretariat of Research and Technology (temporary results)
	Employees in knowledge intensive sectors as a percentage of total workforce	Eurostat / 2003	22,16%	
	Percentage of workforce employed in research or technological activities	GSRT 2003	1,17%	From the General Secretariat of Research and Technology
	Researchers employed by business, as a percentage of total researchers	GSRT 2003	26,40%	From the General Secretariat of Research and Technology

	INDICATOR	SOURCE / YEAR	BASE VALUE	OBJECTIVES 2013	REMARKS
QUANTIFIED OBJECTIVES	Public Expenditures for Education as a percentage of GDP **(Lisbon Indicator)***	State Budget 2006	3,5%	5%	Based on the state budget that was submitted to the Parliament in December of 2006. (GDP before revision)
	Percentage of the general population aged 25-64 years that participates in life-long learning programmes (formal, non-formal and informal) **(Lisbon Indicator)***	Eurostat/2005/ Joint Review	1,80%	6%	
	Percentage of the population aged 18-24 that has only completed mandatory education and is not in studies or training **(Lisbon Indicator)***	Eurostat/2005/ Joint Review	13,30%	10%	
	Percentage of population aged 20-24 that are graduates of higher secondary education (Lycea, Technical Schools**(Lisbon Indicator)***	Eurostat/2005/ Joint Review	84%	86%	
	Percentage of the sections of institutions of highest learning being evaluated	MA of O.P. E.& I.V.T. /2006	0%	100%	The indicator will be enhanced only from the OP «Education and Life-Long Learning» and refers to the total sections of the tertiary educations that will be evaluated. The section accounts to 455 (Tertiary Educational Institutions and Technological Educational Institutions).
	Percentage of education-sector workforce trained and certified in ICT	MA of O.P. E.& I.V.T. /2006	36,6%	75%	The base value refers to the percentage of educators of primary and secondary education that have been certified in ICT in the period CSF 2000-2006 and is the result of the 50.000 certified to the total of educators. The objective value refers to that plus the certification of 55.000 more educators to the total of educators that exist today (136.000). The indicator is the result of the OP «Education and Life-Long Learning».
	Number of programs (primary and secondary education) being reformed	MA of O.P. E.& I.V.T. /2006	325	600	The base value includes those that were reformed in the period of the CSF 2000-2006, the objective refers to the number of programs that will be reformed in the programming period 2007-13. The indicator is derived from the OP «Education and Life-Long Learning».

* It refers to the projection/ target that refers to the total national effort, it is not an exclusive result of the contribution of the Structural Funds and the Operational Programs and is influenced by the economic and social circumstance.

QUANTIFIED OBJECTIVES	Number of participations in life-long learning actions	-	500.000	1.300.000	The base value and objective are derived form the OPs «Education and Life – Long Learning», «Improving Public Administration's Administrative Capacity 2007-13» και «Development of Human Resources». (Objective approximately 480.000, 370.000. 450.000 correspondingly).
	Number of enterprises benefiting from R & D and Innovation actions	GSRT/2004	136	700	The base value is derived from the number of enterprises that benefited during the period of CSF 2000-2006. The objective refers to the total number of enterprises that will benefit from services / grants for research and development in the period 2007-13.
	Number of Regional Innovation Centers for R&D being created	Min. Of Dev. / GSRT /2006	5	4	The base value comes from the number of innovation centers that were created in the period of CSF 2000-2006, the objective refers to the number of innovation centers that will be created in the period 2007-13.
	Percentage of businesses able to receive orders electronically	Observatory for the Greek Information Society /2006	7,6%	10,0%	The base value is the percentage of enterprises that were recipients of orders electronically on a national level to the total of enterprises. The value was calculated from research of the Observatory. The progress of the objective will be monitored and recorded through research that will be undertaken by the Information Society Observatory on a sample of enterprises financed by the OP «Digital Convergence » in the actions of supporting enterprises for incorporating ICT in their daily operations. To determine the objective, the European average (EE-25) was taken into account.
	Percentage of businesses with the capability to sell through the internet	Observatory for the Greek Information Society /2006	0,70%	1,5%	The base value of the indicator is the percentage of the enterprises that were recipients of electronic payments for sales through the internet to the total of enterprises. The objective will be recorded on a regional and national level through research will be undertaken by the Information Society Observatory. To determine the objective, the European average (EE-25) was taken into account.
	Percentage of businesses that use public sector services that are fully available electronically	Observatory for the Greek Information Society /2006	81,4%	90%	The base value of the indicator is set at 81,40% that is the percentage of enterprises that use the internet in their transactions with public bodies in the total of enterprises. To determine the objective the European average (EE-25) was taken into account as well as the fact the obligatory nature of the foreseen services to be developed in the OP «Digital Convergence».

	Percentage of citizens that use public sector services that are fully available electronically	Observatory for the Greek Information Society /2006	8%	15%	The base value of the indicator is the measured percentage of citizens that use the internet in their transaction with public authorities. To determine the objective the European average (EE-25) was taken into account as well as the fact the obligatory nature of the foreseen services in the OP «Digital Convergence». The indicator will be monitored on a regional and national level through research that will be undertaken by the Information Society Observatory.
	Percentage of "basic" public services that are fully available on the Internet	Observatory for the Greek Information Society /2006	25%	60%	The indicator measures the number of public sector services that are fully available electronically. The base value refers to the basic services that are available electronically now (5 out of the total of 20)**. The target was calculated based on the 12 basic services that will be a available electronically.

** It refers to the 20 basic public services that were designated by the European Commission: Taxation, Seeking Employment , Social Welfare (Unemployment Benefits, Child Benefits, Medical Expenditures, Scholarships), Personal Documents (Passport, Driving License), Car -use Taxation, Building Permits, Police Statements, Public Libraries, Certificates (Birth and Family Status), Registering for Tertiary Education institutions, Declaration of Change of Address, Health Services, Employees Insurance, Business Taxation, VAT, Start-up of Business, Submittal of Data to the Statistical Service, Declaration of Customs, Environmental Licensure, Public Procurements

THEMATIC PRIORITY: EMPLOYMENT AND SOCIAL COHESION

QUANTIFIED OBJECTIVES	INDICATOR	SOURCE / YEAR	BASE VALUE	OBJECTIVES 2013	REMARKS
	General Employment Indicator **(Lisbon Indicator)***	NSSG /2nd trimester 2006	61,04%	65%	
	Percentage employment of women **(Lisbon Indicator)***	NSSG /2nd trimester 2006	47,60%	52%	
	General unemployment Indicator **(Lisbon Indicator)***	NSSG /2nd trimester 2006	8,8%	6,9%	
	Percentage unemployment of women **(Lisbon Indicator)***	NSSG /2nd trimester 2006	13,4%	12,4%	
	Percentage of long – term unemployed that will benefit from active labour market policies in the total of registered long term unemployed that seek employment.			25%	The indicator refers to the activation rate of the registered long term unemployed that seek employment.
	Percentage of the registered unemployed youth aged 15-24 that benefit from active labour market policies			100%	The indicator refers to the Decision of Council on 12th July 2005 on the Guidelines of employment policies of the member states that reflects the following objective: to every registered unemployed youth that seeks employment, an opportunity is offered for a new beginning before he / she reaches 6 months of unemployment, in the form of training, re-training, on the job training or any other measure of employability in combination if need be with continuous support in seeking employment.
	Expenditures for Active Labour Market Policies as a percentage of GDP	Observatory of Employment /2006	0,17%	0,5%	Based on the budget that was submitted in Parliament in December 2006.(GDP before revision)
	Percentage of population at poverty risk before the social transfers *	Eurostat /2004	20%	16%	

	Percentage of employed (excepting the public sector) that participate in training actions	MA of Empl./2006	0,9%	7%	The base value includes those utilized in the CSF 2000-2006 whereas the objective refers to those that will be utilized from the OP «Development of Human Resources» in the new period.
	Percentage of employed (excepting the public sector) that are certified following their participation in training actions as to the total of participants	MA of Empl /2006	-	20%	The objective will be the result of the OP «Development of Human Resources».
	Percentage of unemployed benefiting from active policies for employment as to annual average of unemployed that are seeking employment	MA of Empl /2006	4-5%	10%	The base value and target refer to the annual percentage of unemployed that will benefit to the total of unemployed in the referenced year. The objective value will be the result of the OP «Development of Human Resources».
	Percentage of unemployed in vulnerable groups that benefit from active employment policies as to the total beneficiaries of active employment policies	MA of Empl /2006	9%	15%	The base value and the objective refer to the percentage of benefiting unemployed from socially vulnerable groups to the total of socially vulnerable unemployed for the periods of 2000-2006 and 2007-2013 correspondingly. The objective will be the result of the OP «Development of Human Resources».
	Number of socially vulnerable persons benefiting from actions / measures od the ESF			175.000	The objective counts: 120.000 approximately benefiting from the OP "Education and Life – Long learning", 55.000 approximately from the OP «Development of Human Resources» (from which approximately 2.000 refer to the actions for mental health).
	Number of women benefiting from measures aiming at reconciling the working and family life	MA of Empl /2006	8.300	15.700	The base value is derived from a research on the Structures and refers to the total of women benefiting from day care, centers for creative activities in the CSF 2000-2006. The target refers to the foreseen number of women that will benefit from actions aiming at reconciling professional and family life in the period 2007-13. The objective will be the result of the OP «Development of Human Resources».
	Number of structures for mental health	Min. of Health /2006	172	126	The base value is the number of structures that will exist in the end of the period of CSF 2000-2006 and the target to the number of new structures that will be created in the period 2007-13. The objective will be the result of the OP «Development of Human Resources».

THEMATIC PRIORITY: INSTITUTIONAL ENVIRONMENT

	INDICATOR	SOURCE / YEAR	BASE VALUE
CONTEXT INDICATORS	Efficiency of governance	World Bank, 2005	78,5%
	Quality of measures	World Bank, 2005	74,9%

	INDICATOR	SOURCE / YEAR	BASE VALUE	OBJECTIVES 2013	REMARKS
QUANTIFIED OBJECTIVES	Penetration of continuing education in the population of civil servants	Min. of Int. & Public Admin. /2006	23.571	126%	Base value: Total number of participations in the period CSF 2000-2006: 165.000. Annual average of participations in the period CSF 2000-2006: 165000 / 7 = 23.571 Objective: Total number of participations in continuing education programs: 373.000 Annual average or participations in continuing education programs:373.000/ 7 = 53.285 . Τιμή Στόχος = 53.285/ 23.571= 126%
	Certified possession of basic ICT skills by civil servants	Min. of Int. & Public Admin. /2006	350.000	50%	Objective = 180.000 / 350.000 approximately public sector employees
	Number of public entities and horizontal operations where organizational and operational redesign and administrative reorganization has been implemented	Min. of Int. & Public Admin. /2006	-	30	It regards a new type of intervention and therefore no base value is calculated.
	Rate of implementation of Community Directives in the National law*	General Secretariat of the European Community /2006	97,9%	99,5%	The base value and objective refer to the total of EU Directives that should have been implemented in the year in reference.
	Percentage of women occupying high level managerial posts (manager, general manager) in the public sector	Min. of Int. & Public Admin. /2006	43%	46%	The target refers to the percentage of women that will occupy high level managerial posts in the public sector in the end of the programming period.
	Percentage decrease of the administrative cost to business that derives from the requirement of the legal framework	Min. of Int. & Public Admin. /	-	25%	The base value will be calculated by a study that will be undertaken by the OP «Improvement of Administrative Capacity of the Public Administration 2007-13». The objective target will be monitored though a methodology that will be proposed in the framework of the aforementioned study.

THEMATIC PRIORITY: ATTRACTIVENESS OF GREECE AND THE REGIONS AS A PLACE TO INVEST, WORK AND LIVE

	INDICATOR	SOURCE / YEAR	BASE VALUE
CONTEXT INDICATORS	Total annual movement of passengers (number/year) from country's ports	NSSG / 2004	17.306.000 passengers
	Total annual movement of dry cargo (ktn/year) from country's ports	NSSG / 2004	40.174 thousand metric tons
	Total annual passenger movement from country's airports	NSSG /2004	35.387.000
	Metro Transport Performance (number of passengers transported annually)	NSSG/2004	169.548.030 passengers
	Freight moved by railroads annually	NSSG/ 2004	2.968 thousand tons
	Annual number of deaths through road accidents per 1,000,000 inhabitants	NSSG / 2005	146
	Energy intensity of the economy (EE-25=100**) (Lisbon Indicator)**	Eurostat/2004	117,3
	Natural Gas penetration	Development Ministry National Energy Balance/ 2005	7,56%
	Percentage of electric power from RES in total energy consumption	Development Ministry (3rd National Report)	12,2%
	Percentage of energy derived from fossil fuel in the Total Gross Domestic \energy Consumption	Development Ministry National Energy Balance/ 2005	86%
	Percentage of hazardous industrial wastes that are used/recycled	Study by Environment, Land Planning and Public Works Ministry / 2005	20,06%
	Per capita GDP in PPP in the Region of Macedonia – Thrace (EU25=100)	Eurostat/2003	62,4
	Per capita GDP in PPP in the Region of Central Macedonia (EU25=100)	Eurostat/2003	78,7
	Per capita GDP in PPP in the Region of Western Macedonia (EU25=100)	Eurostat/2003	80,8

	Per capita GDP in PPP in the Region of Thessaly (EU25=100)	Eurostat/2003	73,2
	Per capita GDP in PPP in the Region of Ipeiros (EU25=100)	Eurostat/2003	66,4
	Per capita GDP in PPP in the Region of Sterea Ellada (EU25=100)	Eurostat/2003	115,7
	Per capita GDP in PPP in the Region of Western Greece (EU25=100)	Eurostat/2003	62,7
	Per capita GDP in PPP in the Region of Peloponnisos (EU25=100)	Eurostat/2003	77,5
	Per capita GDP in PPP in the Region of Ionian Islands (EU25=100)	Eurostat/2003	74,6
	Per capita GDP in PPP in the Region of Northern Aegean (EU25=100)	Eurostat/2003	81,2
	Per capita GDP in PPP in the Region of Southern Aegean (EU25=100)	Eurostat/2003	89,5
	Per capita GDP in PPP in the Region of Crete (EU25=100)	Eurostat/2003	81,5
	Per capita GDP in PPP in the Region of Attica (EU25=100)	Eurostat/2003	86,7

	INDICATOR	SOURCE / YEAR	BASE VALUE	OBJECTIVES 2013	REMARKS
QUANTIFIED OBJECTIVES	Construction and Completion of mass transit rail line (Metro)	Environment, Land Planning and Public Works Ministry /2006	39,28 km	61 km	The base value refers to existing conditions after the completion of the CSF 2000-2006 whereas the target value refers to the kms that will be completed and in operation with the completion of the NSRF 2007-2013 and include the Metro of Athens and Thessaloniki (including the base value).
	Construction and Completion of mass transit rail line (Suburban, Suburban)	YME /2006	55 km	125 km	The base value refers to existing conditions after the completion of the CSF 2000-2006 whereas the target value refers to the kms that will be completed and in operation with the completion of the NSRF 2007-2013 and include the Suburban rail line and the Electric rail line (including the base value).
	Construction and Completion of double electric movement rail line within TEN-T.	YME/ 2006	624 km	798 km	The base value refers to the km of rail line within TEN-T whereas the target value in the km of double electric movement rail line in the end of the 2007-13 period (including the base value).
	Patras-Athens-Thessaloniki journey time (by rail)	YME/2006	7:35	5:50	The base value is the time required in the completions of the CSF 2000-2006. The target value refers to the time that will be required in the completion of the 2007-13 period.
	New freight centres	YME / 2006	0	2	The base value are the existing completed freight centers upon the completion of the CSF 2000-6 and the target value to the ones completed upon the completion of the 2007-13 period.
	Construction and Completion of motorways within TEN-T	Environment, Land Planning and Public Works Ministry /2006	1573 km	2385 km	The base value are the klm of motorways within TEN-T in the country and the target value the km that will be completed and operational upon the completion of the 2007-13 period (including the base value).
	Patras-Athens-Thessaloniki – Euzoni journey time	Environment, Land Planning and Public Works Ministry /2006	7:25	6:27	The base value is the time required in the completions of the CSF 2000-2006. The target value refers to the time that will be required in the completion of the 2007-13 period.

	Egnatia – Kipoi – Igoumenitsa journey time	Environment, Land Planning and Public Works Ministry /2006	7:00	6:00	The base value is the time required in the completions of the CSF 2000-2006. The target value refers to the time that will be required in the completion of the 2007-13 period.
	Percentage of equivalent population served by sewage-treatment plants	Environment, Land Planning and Public Works Ministry /2006	84,8%	100%	The base value is the percentage of the population that is served by sewage treatment plants to the total population that is required based on the EU directives to be connected to sewage treatment plants (Priorities A, B and C) in the end of CSF 2000-6 and the target value is the percentage of population that will be served upon the completion of the NSRF (Processing of data by the Unit of Technical Support of the Environment, Land Planning and Public Works Ministry.)
QUANTIFIED OBJECTIVES	Percentage of population served by landfills and re-loading stations	Environment, Land Planning and Public Works Ministry (Unit of Technical Support)/ 2006	83%	100%	The base value is the percentage of the population that is served by landfills and re-loading stations to the total population in the end of CSF 2000-6 and the target value is the percentage of population that will be served upon the completion of the NSRF. (Processing of data by the Unit of Technical Support of the Environment, Land Planning and Public Works Ministry.)
	Percentage of the areas NATURA 2000 complying with Article 6 of the Directive HABITAT	Environment, Land Planning and Public Works Ministry /2006	18%	50%	The base value and target value refer to the areas under protection according to Article 6 of the Directive (and especially paragraphs 6.1 and 6.2 of the Directive)
	Percentage of the population covered by natural gas	Min of Dev. /2006	36%	43,3%	The base value is the percentage of population that has the capability to be connected with natural gas in the end of the CSF 2000-6 and the target value is the percentage of the population that will have the capability to be connected with natural gas at the end of the NSRF.
	Total installed power from RES (MW)	Min of Dev. /2006	860	700	The base value is the total installed wattage from RES (MW) at the end of the CSF 2000-2006 and the target value is the extra installed wattage from RES after the completion of the NSRF.

ANNEX IV - SWOT analysis per Region and spatial entity

TABLE 63 - Quantitative data

REGIONS	Eastern Macedonia & Thrace	Thessaly	Epirus	Ionian Islands	Western Greece	Peloponnese	Northern Aegean	Crete	**Total Pure Convergence**	Central Macedonia	Western Macedonia	Attica	**Total Phasing Out**	**Total Objective 1 Regions**	Sterea Ellada	Northern Aegean	**Total Phasing In**	**COUNTRY TOTAL**
GDP per capita (2001-2003 average)	59,9	69,1	62,7	70,9	59,5	73,4	74,9	75,9	**68,3**	76,2	77,7	82,3	**78,7**	**73,5**	109,7	87,2	**98,5**	**77,2**
LABOUR MARKET (2003-2005 average)																		
Employment rate (15-64 years)	59,7	59,8	56,8	62,2	56,5	62,7	55,8	64,1	**59,7**	57,5	53,1	60,3	**57,0**	**58,3**	58,9	60,4	**59,6**	**59,4**
Employment rate of women (15-64 years)	46,9	44,3	41,6	48,5	40,0	47,9	36,8	51,8	**44,7**	43,1	37,3	47,4	**42,6**	**43,7**	41,6	41,7	**41,6**	**45,2**
Employment rate of older people (55-64 years)	44,9	46,2	44,8	48,6	42,3	50,5	38,9	53,5	**46,2**	38,6	36,4	36,1	**37,0**	**41,6**	40,0	44,4	**42,2**	**40,8**
% UNEMPLOYMENT	11,8	9,9	11,5	10,6	10,8	8,9	9,2	7,4	**10,0**	11,2	17,1	8,9	**12,4**	**11,2**	11,1	9,9	**10,5**	**10,0**
% YOUTH UNEMPLOYMENT (15-24)	28,6	25,1	35,1	32,1	28,2	28,2	35,2	20,4	**29,1**	28,7	45,0	23,3	**32,3**	**30,7**	29,8	22,1	**25,9**	**26,6**
% WOMEN UNEMPLOYMENT	18,2	16,9	18,5	14,9	18,3	14,0	17,9	11,7	**16,3**	17,7	27,1	12,9	**19,2**	**17,8**	18,0	16,2	**17,1**	**15,5**
% LONG-TERM UNEMPLOYMENT	54,4	59,7	62,6	23,7	62,4	57,7	58,4	33,1	**51,5**	53,6	64,4	53,1	**57,0**	**54,3**	58,7	21,5	**40,1**	**53,4**

TABLE 64 - SWOT analysis of the Western Greece, Peloponnese and Ionian Islands spatial entity

STRENGTHS	WEAKNESSES
• Nodal position of the Programming Region (Western Gate, position in the Adriatic – Ionian axis, proximity to Balkan countries). • Major development projects in the Programming Region (Rio – Antirrio bridge, Patras-Athens-Thessaloniki-Evzoni (PATHE) motorway) or in neighbouring Regions (Ionian Road, Egnatia). • Presence of Urban Centres that can become strategy development point (Patras, Tripoli, prefectural capitals in the Ionian Islands Region). • International tourist destination. • Tourism and cultural resources, with Olympia as the world-famous main pole of attraction. • Developed tourism sector contributing to the creation-maintaining of jobs. • Large number of areas of particular environmental and aesthetic value. • Important bio-diversity with rich local flora and fauna. • Environmental resources protected under international conventions (NATURA, RAMSAR). • Important popular and cultural heritage. • Able number of quality local agricultural products (olive oil, wine, table olives, citruses, etc.). • Operation of Universities Foundations and Research Institutes of international range. • Rich water resources. • Important port infrastructures connecting with commercial networks and serving passenger traffic.	• Low GDP per capita. • The geographic features of a large section of the Programming Region (mountainous and semi-mountainous areas, insularity), resulting in geographic discontinuity and desertification trends. • Intra-regional and inter-prefectural disparities, with the presence of pockets of low development. • Insufficient organization of urban development and production activities in urban and semi-urban centres of the spatial unit, resulting in their dysfunction as poles of development • Low competitiveness of products and markets. • Significant dependence on tourism (mainly in the RII) without provisions for dealing with ensuing problems (pollution, over-pumping of water, climatic changes, etc.). • Low degree of diversification of the tourism product, lack of organized areas and infrastructures for tourism-related activities (agro-tourism infrastructures, moorings, marinas, etc.) • Lack of high quality tourism infrastructures and organization of the tourism sector. • Progressive departure from the mass tourism model. • De-industrialisation trends. • Insufficient dissemination of the results of research programmes in the production process. • Low entrepreneurial spirit in the whole of the socio-economic fabric of the spatial unit. • Small sized «internal» market for economic activities outside tourism.

	• Low degree of interconnection of production sectors resulting in the inability to absorb products and services (e.g. agricultural). • Low degree of familiarization with and use of ICT. • Structural problems in the labour market (long-term unemployment, women's unemployment, etc.) • High rates of employment in the primary sector (mainly in the Peloponnese) • High seasonal unemployment due to the involvement with tourism. • High rate of ageing of the population. • Low level of education and specialization of human resources. • Lack of organized sanitary landfills (XYTA) and waste management infrastructure. • Erosion of soils / loss of topsoil due to deforestation, overgrazing. • Pollution and contamination of soil due to the use of pesticides and fertilizers. • Degradation of the aquifers in the Programming Region, with insufficient water collection and management infrastructure. • Qualitative insufficiencies in social infrastructures (education- health). • Absence of natural gas network. • Qualitative insufficiencies in transport infrastructures (road – rail – sea network). • Deficiencies in land planning (local level) and town planning. • Increased traffic and access problems in major urban centres.

OPPORTUNITIES	THREATS
• Creation and operation of the Western Axis, of PATHE (Corinth – Patras segment) and of modern railway line. • Creation of the Adriatic – Ionian transport axis (all the way to Cyprus) within the framework of the TEN-T. • Implementation of large scale transport projects in neighbouring Regions (e.g. Egnatia). • Upgrading of the role of Patras as Greece's Western Gate to E.U. countries. • Valorisation of the research structures in the Programming Region and dissemination of results in the production fabric. • Increase of worldwide demand for quality services in the field of special / thematic or alternative Tourism. • Development of Aeolian, hydro-electric energy (energy networks). • Attraction of investments thanks to the proximity with Athens and the facilitation of accessibility through the existence of a suitable motorways network (Western Greece - Peloponnese). • Possibility for substantial interventions for the upgrading of Public Administration organization and operation during the 4th Programming Period • The SME Charter within the European Council's decisions of Lisbon. • Valorisation of dynamic urban – tourism centres. • Strengthening Euro-Mediterranean cooperation in tourism-related matters. • Change of alimentary patterns and general consumer turn to products of acknowledged quality and origin. • The Gothenburg European strategy on «sustainable development». • Valorisation of new technologies, Information Society and results of survey on how to deal with structural problems (improvement of administrative operation, elimination of economic and social isolation,	• Delays in establishing the links to the Egnatia and to Trans-European Networks. • Persistent deficiencies in basic infrastructures, with consequent concentration of public funds and hindering of production / business activities. • Intense competition in production fields from E.U. countries after the 2004 and 2007 enlargements. • Entrance of new (non-EU) competitors in the tourism market. • Significant pressures exercised on land uses and natural and built environment from the seasonal tourism activity. • Domination of a fragmentary model of economic activity development and widespread urban development model. • Arbitrary tourism development, placing the economy of several economic classes at risk in the event of a recession period. • High dependency on tourism from two European countries (mainly in the Ionian Islands). • The international competitiveness of the tourism product is based on low prices and mass tourism. • Brain-drain of scientific staff due to lack of opportunities. • Production / business base dependent on state aid and public investments in general. • Desertification of the countryside. • Environmental pressures due to the concentration of tourism activities in pockets of sea and land tourism development. • Further degradation of the aquifers in the Programming Region due to over-pumping of irrigation water and the lack of enrichment projects with the use / exploitation of surface waters. • The application of the new CAP.

boosting competitiveness, etc.) • Possibilities offered by E.U. policies for the upgrading of human resources (training, life-long learning). • The structure of local society creates – under specific conditions – an environment favourable to the preservation and increase of jobs. • Tertiary sector's potential to absorb local products (hotel units, restaurants). • Integration of economic migrants, strengthening manpower.	• Excessive specialization of the production base in the primary and tertiary sector. • High and increasing rate of ageing population. • Rapid decrease of the number of people working in the primary sector. • Increasing inflow of economic migrants and risk of exacerbating social exclusion, that create needs for their integration in the local economy and society. • Growing trends of unemployment in the last 10-15 years, particularly among youth, women and people with limited skills.

TABLE 65 - SWOT Analysis for the Region of Western Greece

STRENGTHS	WEAKNESSES
• Rio – Antirrio Bridge. • Nodal position of Patras as the country's Western Gate. • Operation of internationally renowned Research Institutes. • Tourism and cultural resources, with Olympia as the world-famous main pole of attraction. • Environmental resources protected under international conventions (NATURA, RAMSAR). • High rates of employment in agriculture.	• De-population of the countryside. • Low level of economic activity – low per capita GDP • Lower percentages of employment in relation to the national average, with the exception of senior citizens • High rate of unemployment (overall, women, youth, long-term) • Low labour productivity • Relatively high concentration of socially vulnerable population (ROM) • Lack of dissemination of results of research programs in the production process. • Intra-regional disparities in high technology, informatics and communication infrastructure. • Difficult access to mountainous areas.
OPPORTUNITIES	**THREATS**
• Creation and operation of the Western Axis, of PATHE (Corinth – Patras) and of modern railway line • Increase of worldwide demand for quality services in the field of special or alternative Tourism. • Development of Aeolian, hydro-electric energy. • Development of tourism, particularly in its alternative forms.	• Intense competition in production fields from E.U. countries after the 2004 enlargement. • Unfavourable provisions of the new CAP • Delays in establishing the links to the Egnatia and to Trans-European Networks. • Rapid decrease of the number of people working in the primary sector.

STRATEGIC GUIDELINES for Western Greece

	Strengths	**Weaknesses**
	ACCELERATION POLICIES	**STRUCTURAL POLICIES**
Opportunities	• Acceleration of transport infrastructure completion • Valorisation of the region's education institutions for the creation of innovative local products • Reinforcing production and business initiatives in organized areas • Investments in Renewable Sources of Energy (RSE)	• Combined transports-freight centres • Development of enterprises – research centres networks • FACILITATE ACCESS TO EMPLOYMENT THROUGH ACTIVE MEASURE INCREASING EMPLOYMENT & EMPLOYABILITY • INCENTIVES TO ATTRACT WOMEN IN THE LABOUR MARKET • STRENGTHENING VIABLE WOMEN & YOUTH ENTREPRENEURSHIP • SOCIAL AND PROFESSIONAL INTEGRATION OF VULNERABLE GROUPS OF THE POPULATION
	CONSOLIDATION POLICIES	**PREVENTIVE POLICIES**
Threats	• Development of qualitative special-alternative tourism • Identification & promotion of innovative agricultural products • Interventions upgrading and protecting the built – urban environment	• INCREASE THE ADAPTABILITY OF WORKERS, ENTERPRISES AND EMPLOYERS BY SPREADING THE USE OF ICT, R&T AND INNOVATION • STRENGTHEN, INFORM AND TRAIN RURAL POPULATIONS IN NEW EXPLOITATION METHODS AND USE OF TECHNOLOGY • Integrated management-enrichment of pastures and forests • Protection of marine environment and development of sustainable fishing and fish-farming methods

TABLE 66 - SWOT Analysis for the Region of the Peloponnese

STRENGTHS	WEAKNESSES
• Geographic position dominated by the immediate proximity to Athens • Presence of major road axis to and from Athens and connection with trans-European networks • Averagely satisfactory level of economic activity with strong presence of the primary sector. • Sufficiently sized manpower. • Noteworthy / renowned natural and archaeological / cultural resources • Natural environment relatively pressure-free • High rates of employment (overall, women, elderly) • Relatively low rates of unemployment (overall, women)	• Low entrepreneurial spirit in the whole of the socio-economic fabric of the spatial unit • High rate of ageing population • Low level of training and specialization of the agricultural manpower in business activities • Lack in environmental protection infrastructures and basic technical and social infrastructures in rural areas • Pollution and contamination of the soil due to the use of pesticides and fertilizers • Lack of high quality tourism infrastructures and organization of the tourism sector • Deficiencies in the Region's rail transports & port infrastructure • Low level of familiarization with and use of Information Technology services • Gaps in land planning (local level) and town planning • Special structural problems in the labour market (long term unemployment, youth unemployment, under-employment in the primary sector) • Manpower exiting the agricultural sector without corresponding employment opportunities in the other sectors of the Region's economy
OPPORTUNITIES	THREATS
• Development of road and sea connections with trans-European networks • Increased demand for alternative / thematic forms of tourism • Existence of a suitable institutional framework for the development of	• Environmental pressures due to the concentration of tourism activities in pockets of sea tourism development • Further degradation of the Region's aquifers due to over-pumping of irrigation water and the lack of enrichment projects with the use/valorisation of surface waters.

organized business reception areas • Multi-employment programmes under implementation in rural areas	• High and increasing rate of ageing population • The application of the new CAP leading to the shrinking of the primary sector, where a large part of the Region's manpower is employed or under-employed

STRATEGIC GUIDELINES for the Peloponnese

	Strengths	**Weaknesses**
	ACCELERATION POLICIES	**STRUCTURAL POLICIES**
Opportunities	• Completion of basic road axis • Development of cottage industry organic – traditional agricultural products, creation of producers' networks and connection with tourism product • Preservation and valorisation of historical areas – monuments – participation in transnational thematic networks (particularly Mediterranean) • Private quality tourism infrastructures	• Cooperation of collective agricultural bodies with research centres for the development of innovative agricultural products and/or innovative production methods – dissemination among farmers • Promotion of ICT use by citizens, particularly in remote areas, for commercial transactions, public administration services and complementary education • STRENGTHENING VIABLE YOUTH ENTREPRENEURSHIP • PROMOTION OF LIFE LONG LEARNING IN THE NON-RURAL SECTOR & AMONG UNEMPLOYED YOUTH
	CONSOLIDATION POLICIES	**PREVENTIVE POLICIES**
Threats	• Improvement of intra-regional road infrastructures, particularly in mountain areas • Strengthening and further spreading of environment-friendly agriculture – valorisation of EU support – common structures for the information of farmers (collective agricultural bodies, institutes, agricultural products transformation enterprises)	• TRAINING OF FARMERS IN AGRICULTURE-STOCK BREEDING MANAGEMENT ISSUES – ON-GOING TRAINING AND SUPPORT STRUCTURES • Dealing with pollution from agricultural products transformation units through relocation in organized areas & application of modern waste treatment technologies

TABLE 67 - SWOT Analysis for the Region of the Ionian Islands

STRENGTHS	WEAKNESSES
• The Region's central geographic position in the Adriatic – Ionian axis. • Strong, boosting and internationally acknowledged tourism sector that contributes to the creation-maintaining of high employment rates (overall, women, the elderly). • Relatively low rate of unemployment among women, particularly in the long-term unemployment category**.** • Significant port infrastructure serving the connection of islands. • Relative quantitative sufficiency in basic infrastructures, compared to the national average • Important environmental and cultural reserves - resources	• Small sized «internal» market for economic activities outside tourism. • Mass tourism stretched to the limits • Qualitative – mainly – deficiencies in basic technical and social infrastructures. • Time-consuming and costly sea and land «internal» transport connection. • Problems linked to insularity exacerbated in the small islands of the R.I.I. • Relatively high overall unemployment rates, as well as youth unemployment. • The local population's level of education is significantly lagging behind national standards. • The seasonality of the labour market creates increased seasonal unemployment.
OPPORTUNITIES	THREATS
• Strengthening Euro-Mediterranean cooperation in sustainable tourism issues • Increased international demand for local quality products and alternative forms of tourism, • Implementation of large scale transport works in neighbouring mainland regions • The creation of the Adriatic – Ionian sea transport axis (all the way to Cyprus) • Valorisation of the full operation of the Ionian University, of new technologies and of innovation.	• High dependency on tourism from two European countries. • Population outflow, particularly in small islands and the hinterland of the RII. • Significant pressures on the natural and urban environment • Increasing inflow of economic migrants and risk of increasing social exclusion.

STRATEGIC GUIDELINES for the Ionian Islands

	Strengths	**Weaknesses**
	ACCELERATION POLICIES	**STRUCTURAL POLICIES**
Opportunities	• Re-definition of the tourism product – link to cultural heritage and local products • Networking of agencies for joint promotion actions • Promotion of innovative forms of complementary «traditional» - «organic» agricultural activity • Valorisation of ICT for the preservation and enhancement of cultural resources	• STRENGTHENING INFRASTRUCTURES AT ALL LEVELS OF EDUCATION • FACILITATING ACCESS TO EMPLOYMENT WITH ACTIVE MEASURES TO ICNREASE EMPLOYMENT & EMPLOYABILITY • STRENGTHENING VIABLE YOUTH ENTREPRENEURSHIP • Sea connections (intra-regional and inter-regional) and port infrastructures • Development of e-services useful for the daily life of citizens in remote areas • Management & enrichment of water resources – new water treatment technologies (RSE & desalination)
	CONSOLIDATION POLICIES	**PREVENTIVE POLICIES**
Threats	• Quality upgrading and certification of tourism and accompanying services offered • Protection of the seas from phenomena of depletion of the flora and fauna • Interventions for the improvement and protection of the natural environment	• SPECIALIZATION PROGRAMMES FOR NEW ENTREPRENEURS AND SELF-EMPLOYED FOCUSED ON THE OFFER OF INNOVATIVE TOURISM SERVICES • SOCIAL AND PROFESSIONAL INTEGRATION OF VULNERABLE GROUPS OF THE POPULATION • Waste management - rehabilitation of areas

TABLE 68 - SWOT Analysis of the Sterea Ellada, Thessaly and Epirus spatial entity

Sector	Sub-sector	STRENGTHS (S)	WEAKNESSES (W)	OPPORTUNITIES (O)	THREATS (T)
Development - Competitiveness - Innovation (DCI)	Research structures – Universities – Technical Institutes (TEI)		There are some research infrastructures, but they do not suffice to support a dynamic policy in the direction of the Lisbon Strategy		
	Geographic-spatial position	The central position of the "super-region" in Greece has already made it into a node of development axis and networks, a situation that can be reinforced	The "super-region" faces significant problems of cohesion that make it difficult to transform it into a single economic and functional space	The geographic contact with Attica constitutes at the same time a source of real side-effects and a source of real potential advantages. The decrease of negative and increase of positive factors requires a conscious strategy as well as inter-regional coordination	
	Intra-regional disparities	Intra-regional disparities are usually not very intense, but they do exist and have a multi-faceted nature			
	Tourism	The tourism sector, quite developed in some places, is characterized by structural problems (low quality services, pressures on the environment, insufficient diversification)		There are resources that allow the development of new forms of tourism as well as the facing of quality and environmental problems	
	Extrovertedness - enterprise networking		The extrovertedness of the entrepreneurial sector remains insufficient, just as the attractiveness of the "super-region" in relation to external investments		
	Development of Balkans-EU enlargement-Internationalization			The Balkans and SE Europe can function as a privileged hinterland for the enterprises of the "super-region"	

Sector	Sub-sector	STRENGTHS (S)	WEAKNESSES (W)	OPPORTUNITIES (O)	THREATS (T)
	Digital convergence and ICT		Digital convergence remains insufficient for a modern and innovative society	There are large margins for digital convergence and development of ICT (by now a mature technology) and for their use to improve enterprise competitiveness	
	Business infrastructure		The deficit in business infrastructure and organized activity receptors remains high, in spite of some exceptions	A significant development of business infrastructures remains possible from the viewpoint of financing resources as well as elimination of pre-existing institutional obstacles. It will have a positive impact on both competitiveness and the environment	
	Agriculture		The weight of agriculture remains high for a modern economy	There are possibilities to maintain/structure a smaller but dynamic and viable (financially and environmentally) agriculture (natural resources, CAP regulations, tradition)	A potential weakness for an active adaptation to the CAP might lead, particularly after the beginning of next decade, to a fast and uncontrolled shrinking of agriculture with dismal social, land planning, environmental and economic impacts
	Transformation	The current industrial base has some strong and viable poles	The overall participation of transformation in the economic base of the "super-region" is limited, and there are problems related to competitiveness and scale		There is a possibility of a new de-industrialization phase if structural problems are not offset (need for innovation and quality) something which is possible under certain conditions
	RTD and enterprises		Both RTD infrastructures and their penetration in enterprises remain clearly insufficient	There are prerequisites for the improvement of RTD infrastructure and the connection of research-business sector, the second being more difficult. A possible non exploitation thereof will have dismal medium and long term repercussions on the economy.	

Sector	Sub-sector	STRENGTHS (S)	WEAKNESSES (W)	OPPORTUNITIES (O)	THREATS (T)
	Productivity		In spite of some exceptions (geographic and sectoral), productivity and the exploitation of the margins offered by innovation remain clearly low, with dismal repercussions on competitiveness	There are financing conditions for the improvement of the weaknesses in productivity and entrepreneurship, but such a strategy faces real difficulties (traditional sectors competing for resources, limited receptivity of both the private and the public sector) and presupposes a systematic effort	
	Entrepreneurship	Entrepreneurship, in spite of some improvement, remains low, at different levels (investments, suitable financing tools, mentalities)			
	Services to enterprises		The fundamental services to enterprises for a modern extrovert development have a small presence in the economic base		
	Traditional/ innovative economic sectors				The traditional sectors of the economy will suffer serious decreases, for a number of reasons ultimately linked to the internationalization of the economy
General economic purpose infrastructure including transports (GPS)	Large – supra-local transport infrastructure	The "super-region" has by now significant supra-local transport infrastructure. However, there are still important needs to be covered: completion of the network of major interregional roads, insufficient rail infrastructure, insufficient (in many areas) coverage by regular air transport			Any further delay in the completion of large transport projects, as well as the possible limitation of financing of similar projects in Sterea Ellada (phasing in), constitute real dangers that must be timely dealt with
	Digital convergence and ICT	The improvement of telecommunications infrastructure is real but not yet sufficient			
	Energy-RSE	Basic energy infrastructure is relatively developed but there are still deficiencies (electricity networks, natural gas networks) in various areas, while the development of RSE is particularly low			
	regional transport infrastruc	Intra-regional transport infrastructures have improved, but deficiencies			

Sector	Sub-sector	STRENGTHS (S)	WEAKNESSES (W)	OPPORTUNITIES (O)	THREATS (T)
		are not fully covered (to different extents depending on the area)			
Environment (ENV)	Large city(ies) – poles of development	The system of the "super-region's" large cities does not cover homogeneously the territory. The absence of large cities in some areas constitutes a comparative disadvantage for them, given the central role of large urban centres in a modern globalized and innovative economy		When present, large cities can be valorised as a factor of competitiveness, while there are also opportunities for a significant reinforcement of urban centres networking	
	Cultural heritage	The "super-region" has a significant cultural heritage, constituting an end in itself as well as a resource to be valorised			
	Integration of sustainability in planning / development			The integration of sustainability in both the development model of all sectors and the various planning categories constitutes a decisive precondition for long-term economic and environmental viability. In the short term, it can lead to new activities and jobs, but also exercise strong pressures on activities traditionally relying on the externalization of their environmental cost	
	Natural resources and ecosystems	The "super-region" has important and varied natural resources and ecosystems	The level of protection/valorisation of natural resources / ecosystems is clearly low		The perpetuation of existing problems in terms of protection of natural resources and ecosystems will lead to their further, non-reversible degradation as well as to institutional difficulties ensuing from corresponding commitments (financing, territorial distribution of investments)
	Social infrastructures	Significant improvements have taken place in the field of social infrastructure (health, welfare, education) but there are still facility-related and operational deficiencies			

Sector	Sub-sector	STRENGTHS (S)	WEAKNESSES (W)	OPPORTUNITIES (O)	THREATS (T)
	Uses of land		Land use planning remains exceptionally limited and presents a low efficiency (illegal construction being the main problem), with negative impacts on the environment, le landscape, the territorial distribution of investments, the competitiveness of some sectors and urban development.		There are institutional and, to a smaller extent, financing opportunities for land use planning and the completion of the necessary relevant infrastructure (e.g. Land Registry). A delay in these fields will exacerbate the present negative consequences
	Solid waste	In spite of real improvements, there are still deficiencies in basic waste infrastructure (sanitary landfills XYTA), and an even greater insufficiency in an integrated approach to waste management			
	Liquid waste	In spite of real improvements, there is still a shortage of liquid waste treatment units, while the existing units present problems in their operation			
	Land planning	The existence by now of a regional land planning constitutes a positive element. There is however a clear need to modernize and upgrade existing Regional Land Planning & Sustainable Development Frameworks (XSAA)			
	Urban development	Problems in urban areas are particularly crucial: very low percentage of green areas, problematic management of public areas, parking, traffic, noise pollution, aesthetic weaknesses. They can be found, proportionally, in all the levels of the urban network. They have negative consequences for the quality of life and, as they grow, undermine the development role of cities			
	Town planning		Town planning remains cumbersome, rigid, slow and inefficient. The problems of urban development are partly linked to these weaknesses		
Administration (A)	Weaknesses of the administration	In spite of the improvement of some Services, Public Administration as a whole (central, regional, local) presents major weaknesses in infrastructure and efficiency, with dismal repercussions on development and on the daily life of citizens			

Sector	Sub-sector	STRENGTHS (S)	WEAKNESSES (W)	OPPORTUNITIES (O)	THREATS (T)
	Institutional framework for enterprises - SMEs		The institutional framework for enterprises remains rigid and complex in spite of some reforms. SMEs have added difficulties in adapting to these conditions, but also large investment schemes face very serious difficulties		
	Digital convergence and ICT			The valorisation of ICT can contribute to the rapid improvement of some weaknesses of the Public Administration (not all, as their causes are not only technical related)	
	Regional administration – the role of Regions	The role of Regions and their accumulated experience are reinforced through time			
Territorial Cooperation (TC)	Administrative weaknesses		The interregional (and intersectoral) coordination of the administration and of planning remains insufficient		
	Geographic – territorial position			There are the conditions (geographic, financing, institutional, in part political) for its development	
	Development of the Balkans – Enlargement - Internationalization			The improvement of political situations facilitates transnational cooperation (important in terms of supporting an extrovert development strategy) and the joint dealing with cross-border environmental problems	

Sector	Sub-sector	STRENGTHS (S)	WEAKNESSES (W)	OPPORTUNITIES (O)	THREATS (T)
Human Resources (HR)	% active population - ageing				The ageing of the population (and consequent decrease of active population) already constitutes a weakness and a serious medium-long term threat
	% unemployment		The high unemployment rate, in spite of intra/ supraregional differentiations, has been constituting a serious weakness for several years, usually with higher percentages among women, youth and long term unemployed.		
	Pro-active employment interventions			Pro-active employment policies are necessary, although – for the record – they registered a limited effectiveness in the past	
	Training			It is necessary continue training interventions, with concurrent improvement of some weaknesses registered in the past (effectiveness, connection with development priorities…)	
	Development programmes resources				
	Education – specialization of human resources	Education, combined with specialization of human resources has been improved although there are still serious weaknesses (infrastructures, contents, flexibility…)			

TABLE 69 - SWOT Analysis for the Region of Central Greece (Sterea Ellada)

STRENGTHS	WEAKNESSES
• Highest level of economic activity in Greece. • High level of labour productivity. • Presence of large sized enterprises in the secondary sector, high productivity • Rich mineral resources • Natural and cultural resources, able to sustain tourism. • Presence of resources for the production of solar and Aeolian energy. • Employment rates lower than the national average (overall, women, elderly). • Proximity to the large market of Attica and access to its important infrastructure. • Relatively good coverage in primary infrastructure for urban waste, know-how from the operation of management installations. • Polymorphic environmental resources (mountains, islands, lakes) • Cultural resources of international interest.	• Distorted image of prosperity due to the establishment of production units employing personnel that resides outside the Region of Sterea Ellada. • Absence of R&T structures, limited presence of innovation. • Lack of human resources specialization. • High unemployment rates (overall, women, youth, long term). • Tourism product quality. Failure to offer high quality services. • Difficult access to mountain and insular areas of the Region. • Saturated road axis within the Region. High incidence of road accidents. • Insufficient exploitation of RSE in Greece. • Dismal positioning of the Region in some categories of general and social infrastructures in relation to the living conditions offered in Athens. • Uncontrolled spreading of constructions and urban development activities on the coastal zone. • Lack of infrastructure for professional specialization in state-of-the-art technologies.
OPPORTUNITIES	**THREATS**
• Completion of Trans-European Network as well as of its access roads and connections with the country's main gates • Valorisation of opportunities to invest in innovation • Expected increase of the demand for alternative forms of tourism • Matching of agricultural sector with secondary and tertiary with added value products • Development of activities linked to the management, operation and maintenance of networks. • EU priority to RSE use – investment opportunities • Absorption of residents from the capital thanks to better housing conditions, inflow of capital generated outside the region. • Correlation of environmental protection issues with competitiveness, so as to generate financially viable management plans.	• Reduction of competitiveness of secondary sector in relation to new/acceding member states – Asia. • Dependency on aid, reduced competitive position of the country in the primary sector. • Risk that Sterea Ellada will become the "tunnel" of the Athens-Thessaloniki axis, risk of greater concentration of activities on the Attica borders. • Decrease of competitiveness in sectors such as tourism due to the downgrading and competitive use of environmental resources. • Increased degradation and exploitation of natural resources to cover Attica's needs, without substantial offsets.

STRATEGIC GUIDELINES for Central Greece

	Strengths	Weaknesses
	ACCELLERATION POLICIES	**STRUCTURAL POLICIES**
Opportunities	• Combined transports – freight centres • Joint structures of collective bodies in the primary and secondary sector for the development of new industrial products that will valorise agricultural production. Support to farmers towards changes in cultivations. • Integration of RSE and energy-saving methods in the operation of the secondary and tertiary sector. • Networking of established enterprises for joint logistics management • Intra-regional networking of development and/or tourist agencies for the creation of a complex tourist «package»	• Completion of Trans-European Network and its access roads and connections with the country's main gates. • Structure promoting among SMEs transnational technological cooperation and valorisation of national and international research • ENTERPRISE NETWORKING ON MATTERS RELATED TO HUMAN RESOURCES TRAINING-SPECIALIZATION (MATCHING DEMAND WITH OFFER OF SPECIALTIES). • STRENGTHENING VIABLE WOMEN AND YOUTH ENTREPRENEURSHIP. • REINFORCING INFRASTRUCTURES AT ALL LEVELS OF EDUCATION • FACILITATING ACCESS TO EMPLOYMENT WITH ACTIVE MEASURES TO INCREASE EMPLOYMENT & EMPLOYABILITY • Improvement of intra-regional road infrastructure particularly in mountain and remote areas • Protection of marine environment and development of sustainable fishing and fish-farming methods
	CONSOLIDATION POLICIES	**PREVENTIVE POLICIES**
Threats	• Creation of networks of social policy agencies and coordination of their action • Sustainable exploitation of mineral resources - maximization of local added value produced • Creation of new RSE units – integration in the tourism product	• SPECIALIZATION OF LONG-TERM UNEMPLOYED - PROMOTION OF SELF-EMPLOYMENT – LOCAL EMPLOYMENT PACTS IN POCKETS OF UNEMPLOYMENT • Dealing with industrial pollution-rehabilitation of natural resources • Protection – rehabilitation of natural environment from illegal construction activities

TABLE 70 - SWOT Analysis for the Region of Thessaly

STRENGTHS	WEAKNESSES
• Barycentric geographic position in the Greek territory and transit of the country's main development axis (Athens-Thessaloniki). • Positive population size and satisfactory level of education strengthen local production and demand. • Connection with large national (trans-European) transport networks infrastructure (e.g. PATHE, railways) • Possibilities for direct international connections (e.g. airports at N. Aghialos, Larissa and Skiathos, regional ports) and combined transports. • The variety and relatively good condition of the natural and marine environment, particularly in mountain and insular areas. • Satisfactory built environment in many rural, semi-urban and urban areas. • Presence of several institutionally protected areas (e.g. NATURA 2000, Alonissos Marine Park, forests of particular beauty, biotopes, landscapes, etc.) • Large part of the industry is located in organized collectors (more so in eastern Thessaly). • Possibilities to develop more environment-friendly forms of energy (e.g. natural gas, Aeolian potential, hydro-electric potential, bio-gas, bio-fuels). • Employment rate approximately equal to (overall, women) or greater than (elderly) the national average. • Unemployment rate (overall, youth) comparable to national average. • Satisfactory social and welfare infrastructures (e.g. education, health). • Presence of important education and training infrastructure (e.g.	• Relatively low level of development in relation to EU average, average level of development in relation to the country's average. • Relatively limited population base in the region's hinterland limits investments directed to the local market. • Absence of efficient direct road and rail connections with western Greece. • The delayed completion of PATHE and the problems caused by the Gulf of Malliakos and Tempi. • Very limited sea connections (at regional, national and international level). • Lack of modern freight centres and transhipment services • Problems of accessibility to mountain and insular areas • Lack of environmental infrastructure in some urban and/or sensitive areas (e.g. coastal, forest) in the management of solid and liquid waste, as well as problems in the replacement of uncontrolled dumps and in the management of special waste. • Polluting operation of some transformation units and limited application of environmental management systems by enterprises. • Environmental burden due to intensive agricultural exploitation (e.g. fertilizers, pesticides). • Increased pressure on the land and the natural environment due to the penetration/infiltration of the urban in the country space, arbitrary construction and arbitrary establishment of productive installations in the territory, threats to landscapes. • Problems in the management of the Region's water resources (e.g. depletion of the aquifer, qualitative degradation of waters in plain and coastal areas, deterioration of sea water from boats, oil mills and urban waste waters and lack of strong management agencies). • Significant rate of long-term and women's unemployment, on-going reduction

schools, junior high-schools, high schools, university, TEI, IEK, KEK). • Presence of Employment support centres as well as of the Hellenic Manpower Employment Organization (OAED) as well as other structures supporting employment. • Considerable number of social economy enterprises relying of the cooperative mentality of Thessaly. • Rich cultural heritage as well as important modern cultural structures. • Proximity to large urban centres (Larissa-Volos, Trikala-Karditsa, Trikala-Larissa) leaves room for the development of complementary actions and scale economies (bipolar). • Insular, coastal and mountain areas with great development potential. • Presence of important productive and research infrastructure (e.g. Industrial Areas [VIPE], Technological Park, Innovation Pole, the Research, Technology & Development Centre of Thessaly [ΚΕΤΕΑΘ], university laboratories and TEI workshops, the Hellenic Company for Industrial Research & Technological Development of Metals [EBETAM], research institutes, VIPE and Small Industry Parks [VIOPA] under construction) • Large number of agricultural raw materials, food & drinks processing industries, as well as of large industries in eastern Thessaly. • Presence of sufficient scientific resources as well as of specialized resources with an important industrial and agricultural tradition. • Presence of important tourism resources and infrastructure, development potential for all forms of tourism. • Tradition and variety of agricultural production, large number of products, presence of mountain, semi-mountain, plain and coastal agriculture, stock-breeding, fishing.	of industrial occupation, low rate of active population – unemployment rate higher than the national average. • Limited sectoral and geographic mobility of human resources. • Incomplete valorisation of on-going training and education structures, insufficient connection between programmes and the needs of local economy. • Employment tends to be concentrated in the Region's large urban centres and towns with concurrent ageing and decrease of the population in the other areas. • Presence of informal work, part-time work and occasional valorisation of employment promotion programmes. • Low training level in new technologies among human resources • Presence of social exclusion phenomena of special groups (disabled, Rom, etc.) • Absence of local employment observatory and of labour market surveys • Significant intra-regional development disparities (e.g. between mountain and plain areas, urban and rural areas). • Degradation of coastal zones due to uncontrolled, fragmentary constructions and of some sub-urban areas by unplanned construction / arbitrary urban sprawl. • Structural problems in agriculture and transformation, problems in the development and operation of small and medium size enterprises and strong orientation on the local market, lacking supra-local cooperation, occasional sub-contracting. • Law pace of development of private investments in knowledge and technology intense products (new economy), as well as limited innovative investments in transformation, tourism and agriculture. • Comparatively low indicators of innovation, limited degree of connection between research and production. • Structural weaknesses in the tourism sector (e.g. small enterprises, high costs and prices, failure to valorise specialized human resources, lack of cooperation with important tour operators, seasonality, non-application of

	plans for integrated sustainable tourism development). • Lack of enterprise support services (e.g. consulting, financing, technological) and very limited development of innovative services. • Limited dissemination of ICT infrastructure and technologies • Limited participation in specialized European networks as well as in Eastern Mediterranean and Balkan networks.
OPPORTUNITIES	**THREATS**
• The creation of numerous small ports to attract tourist and fishing boats • The possibility to directly link the port of Volos with ports in Turkey, as well as in the Black Sea and the Eastern Mediterranean. • Application of the European environmental legislation and policy as well as the new environmental provisions of the new CAP • Higher awareness among enterprises, residents and greater focus on environmental education • Increase in the demand for cultural tourism • Development of new forms of demand addressed in agriculture (e.g. quality certified agricultural, traditional and innovative products) and tourism (e.g. alternative forms, experience tourism, combined tourism) • Constant technological progress and the transfer of technology and know-how • The EU enlargement to 10 new countries as well as to the new Balkan ones expands export potential and the opportunity to attract visitors • The globalization of the economy and the opening of new markets worldwide as well as the constant increase of direct foreign investments and of business cooperation • The emerging trend for the creation or establishment of large enterprises in industry, trade and tourism	• The non-viable exploitation of some infrastructure (e.g. airports, ports) and the increase competition form the use of infrastructure in other regions of the country or abroad • Threats to the coastal and marine environment from tourism activities, over-fishing, boats, oil mills, etc. • Risks of destruction due to forest fires, floods and industrial accidents etc. • Further concentration of tourism activities in saturated areas • Increase of urban development pressures in sub-urban and tourist areas • The growing external commercial and investment competition due to the enlargement of the EU and to the further globalization of the economy, combined with the final loss of comparative advantages in labour intensive productions • The growing competition in tourism from domestic or foreign regions • The further strengthening of the concentration of economic activities around the country's two poles of development (Attica pole, Thessaloniki pole) • Lack of adaptation by the local agriculture to the new environment set up by the new CAP and the foreseen further deregulation of international trade of agricultural products after the new Doha Round of the WTO, CAP financing at risks after 2013 • Non timely resolution of the widespread digital and technological «illiteracy».

• Improvement of the region's image thanks to the organization of major events (e.g. Olympic Games) with a view to attracting investments and visitors (provided the application of a valorisation plan).	

STRATEGIC GUIDELINES for Thessaly

	Strengths	**Weaknesses**
	ACCELERATION POLICIES	**STRUCTURAL POLICIES**
Opportunities	• Improvement of infrastructure in agriculture, stock-breeding and transformation of agricultural products. • Reinforcement of collective forms of action for farmers and enterprises aiming at exports – development of brand products of origin • Organization of tourist development of developed and developing areas on the basis of sustainability and the protection of the natural environment. • Restructuring of cultivations – implementation of pilot programmes – creation of experimental – showcase fields	• Promotion of innovation through the cooperation of education institutions and production agencies • Special programmes for the specialization & support on new-comers in the labour market and long-term unemployed • Agricultural pollution control programme • FACILITATING ACCESS TO EMPLOYMENT WITH ACTIVE MEASURES TO INCREASE EMPLOYMENT & EMPLOYABILITY • STRENGTHENING VIABLE WOMEN AND YOUTH ENTREPRENEURSHIP. • PROMOTION OF LIFE LONG LEARNING IN THE NON-RURAL SECTOR & AMONG UNEMPLOYED YOUTH. • Valorisation of agricultural waste for the production of bio-fuels • Efficient valorisation of training, education and life-long learning programmes, as well as active employment, entrepreneurship and self-employment etc.
	CONSOLIDATION POLICIES	**PREVENTIVE POLICIES**
Threats	• Provision of consulting services to farmers aiming at the creation of a new form of knowledge / labour / technology / quality intensive agriculture • Protection of the seas against phenomena of depletion of the flora and fauna and of pollution	• TRAINING OF FARMERS IN AGRICULTURE-STOCK BREEDING MANAGEMENT ISSUES – ON-GOING TRAINING AND SUPPORT STRUCTURES. • SPECIALIZATION OF LONG-TERM UNEMPLOYED – PROMOTION OF SELF-EMPLOYMENT - LOCAL EMPLOYMENT PACTS IN POCKETS OF UNEMPLOYMENT. • TRAINING AND SOCIAL INTEGRATION OF MIGRANTS

	Strengths	Weaknesses
		• Integrated interventions in disadvantaged areas • Programmes for the development of flexibility in agricultural production • Control of drills and rational management of surface and ground waters

TABLE 71 - SWOT Analysis of the Region of Epirus

STRENGTHS	WEAKNESSES
• Natural location of Epirus (Greece's Western Gateway to the EU and the Balkans) and construction of major transport infrastructures of supralocal importance (Egnatia Motorway, Western Axis, Port of Igoumenitsa). • Existence of basic prerequisites for the development of a primary sector producing quality – biological / agricultural products (especially in the sector of cattle-breeding) and existence of positive interdependence with the secondary sector (manufacturing). • Development of early-stage policies in innovative sectors (Regional Information Society, Entrepreneurship through innovation in Epirus). • Existence of basic prerequisites for tourism development, given the Region's incomparable natural beauty, as well as cultural and civilizational wealth, its geographical position and prospects of tackling isolation through major projects of transport infrastructure under way. • Areas with the right conditions for tourism development, e.g. the coastal zone of the Ionian Sea, inland mountainous areas of significant ecological and cultural wealth, suitable for the development of mild forms of tourism. • Existence of areas characterized by high-productivity agricultural land, especially in the plains in the Prefectures of Preveza and Arta. • Dynamic development of the University of Ioannina (especially as regards the sectors of new technologies, information society and medicine), creating the right conditions for bringing out the city of Ioannina and the broader Region and promoting as a centre of education, innovation, and services of interregional and supranational range (with Albania and the Western Balkans). • Significant development of a network of social infrastructures (Hospitals, Health Centres, Social Welfare Structures, etc.) • Existence of exploitable Renewable Energy Sources (RES) potential.	• Lack of organized infrastructures for the establishment of businesses and transit activities, in conjunction with lack of railway links between the Region and the national railway network and limited capability of the Region's airport infrastructures. • Limited manufacturing activity, small size of enterprises, reduced productivity in relation to the country's average, introvert-oriented businesses. • Low level of services provided to businesses (R&T, financial products), limited links and cooperation schemes between businesses and the University, Technological Educational Institutes (TEI), Technological Park, Institutes etc. • Lack of ICT penetration (SMEs, Public bodies, support bodies) and lack of links between research and business application. • Low starting point for the Region's convergence with Greece's level. • Orientation of primary sector towards non-competitive cultures, age structure of workers and lack of the necessary land reclamation infrastructures, especially in the plain areas of Arta and Preveza. • Existence of a clear urbanization trend, focusing on the capital cities of the four prefectures, along with depopulation and shrinking of economic activity in the Region's mountainous and disadvantaged areas. • Tourist infrastructure deficiencies in specific mountainous tourist areas. • Increase of intraregional disparity (in terms of GDP per capita). • Lack of technological infrastructure, loading / unloading / storage facilities and terminals for the development of combined transport in the Port of Igoumenitsa. • Inadequate local road network and problems with the accessibility of mountainous and disadvantaged areas. • Limited, so far, diffusion of know-how and infrastructures to make the

• Existence of significant ecological wealth, in terms of size and variety, and particularly remarkable natural ecosystems. • Elaboration of Special Environmental Studies on four protected areas in the Region, integrated in the Natura 2000 European Network, and establishment of respective bodies which will be responsible for their management, protection and promotion. • Continuous trend towards improvement as regards the educational level of human resources in the Region. • Constant growth of transnational trade with Balkan countries. • Considerable sea-links between Epirus and Italy. • Operation of 3 Border Stations at the borderline between Epirus and Albania. • Significant presence and investment activity of Greek enterprises in Southern Albania. • Development of transnational cooperation to tackle environmental degradation problems in a joint way and prevent risks attributed to natural disasters or human activity. • Rich cultural and natural resources.	most of new technologies, information and knowledge society. • Burden on the natural environment imposed by environmentally disturbing productive activities of the primary and secondary sector. • Low rates of employment (overall population, women), besides the elderly. • High rates of unemployment (overall population, women, young persons, long-term unemployed), as a consequence of the "dead-end" gradually faced by the regional productive structure. • The highest rate of employment in the primary sector compared to respective figures for the entire country (~ 9 units) and abundance of non-suitable – specialized staff, as a consequence of leaving the non-competitive primary sector. • The lowest rate of economically active population is presented in the Region, in relation to figures for the entire country (~4 units). • Quality features of unemployment (high rates of long-term unemployed, high rates of unemployed persons of low educational level). • Ineffective links between vocational training and the labour market and lack of a system to diagnose educational and training needs in order to plan the appropriate policies, targeting the reduction of disproportions presented in the labour market and in lifelong learning. • Traditional way chosen by farmers who engage in agricultural activities, as well as difficulties in re-training the labour force in new technologies and new sectors. • Significant deficiencies in the road network and problems of access at cross-border Stations (Albania). • Strong depopulation of border areas and shrinking of the economic and productive basis. • Extensive borderline with Albania, prone to the development of illegal migration.

OPPORTUNITIES	THREATS
• Constantly increasing trend of consumer demand for well-known and qualitative agricultural products, which Epirus can produce. • The Region's location as Greece's "Western Gate" to the EU and a transit hub of transport and other Trans-European Networks, towards the Balkans, counties of Eastern Europe and the Middle East. • Inclusion of the Western Railway Axis into Trans-European Networks. • Increasing public awareness on environmental protection and preservation of the natural environment. • Adoption of sustainable development, sustainable management of natural resources and environmental protection as the main framework for the Region's development. • Establishment of a Regional Training Institute of the National Centre for Public Administration, in Epirus. • Development of cross-border cooperation networks between various bodies (Universities, Development and Production Agencies) and Self-Government Authorities. • Enlargement of the single economic area towards the Balkans.	• Political and economic instability still pursued in various countries of the Balkan Peninsula. • Need to adjust agriculture to the new demands of CAP, especially as regards parts greatly depending on financing, which may lead to a quick shrinkage of the agricultural sector without alternative solutions. • Increasing dynamics of anthropogenic activities (farming, tourism, infrastructures) expected to exert pressure on the natural environment. • Lack of willingness and difficulty adjusting to the demands of the labour market (new skills) on behalf of persons dealing with unemployment at an advanced age. • Risk of further marginalization of Albania and difficulties adapting to the framework of a single European area, due to the socio-economic crisis and political instability it is faced with. • Depopulation of rural and mountainous areas, with a respective movement towards big urban centres. • Aggravation of illegal employment and gradual expansion of organized crime related to international illegal migration.

STRATEGY GUIDELINES for Epirus

	Strengths	**Weaknesses**
	GROWTH-ACCELERATING / EXPANSIONARY POLICIES	**STRUCTURAL POLICIES**
Opportunities	• Completion of the Egnatia motorway and development of junctions • Infrastructure of transit trade • Development of home-made biological-traditional agricultural products, establishment of producer networks and links with the tourist product • Preservation and highlighting of rural cultural heritage • Thematic and spatial networking of cultural and ecological resources / actions for international promotion • MODERNIZATION AND UPGRADING OF INITIAL VOCATIONAL TRAINING & FURTHER TRAINING STRUCTURES • PROMOTION OF LIFELONG LEARNING IN THE NON-AGRICULTURAL SECTOR & ADDRESSED TO THE SELF-EMPLOYED, EMPLOYED & UNEMPLOYED PERSONS.	• FACILITATED ACCESS TO EMPLOYMENT THROUGH ACTIVE MEASURES TO INCREASE EMPLOYMENT & EMPLOYABILITY • ENHANCEMENT OF VIABLE, WOMEN'S AND YOUNG PERSONS' ENTREPRENEURSHIP & PROMOTION OF LOCAL EMPLOYMENT INITIATIVES • Financial aid and actions to support-inform young farmers • Tackling of digital illiteracy • Creation of eco-tourism infrastructures (e.g. forest villages) • Activation of management bodies for protected areas – elaboration of special environmental and management studies
	STABILISATION POLICIES	**PREVENTIVE / DISCRETIONARY POLICIES**
Threats	• Transnational & inter-regional cooperation on issues touching upon the management of natural resources and disaster prevention • Plans for developing anthropogenic activities on the criterion of saving the natural environment • Integrated management of pasturelands	• ENHANCEMENT OF SOCIAL STRUCTURES – IMPROVEMENT OF THEIR EFFICACY • Improvement of inter-regional road infrastructures, especially in frontier and mountainous areas • Development of wireless networks and services in remote areas

TABLE 72 - SWOT Analysis of the Spatial Entity of Attica

STRENGTHS	WEAKNESSES
• Strategic geographical position of the Region. • Indications of improvement as regards development and macro-economic figures and convergence trend between the Region and the EU • Dominant position of the tertiary sector of Attica in the national economy, marked by continuous developments, due to the Region's strategic position. • High accumulation of R&D activities, research institutes and financial services • High accumulation of specialized human resources. • Relatively high rates of employment (overall population, women) • Relatively low rates of unemployment (overall population, women, young persons) • Cultural heritage of international repute. • Upgraded infrastructure of supra-local transport (Eleftherios Venizelos airport, Piraeus port, railway network) • Existence of significant infrastructure of track-guided means of transport within Attica, acting as the core of urban transport. • Significant development of a network of social infrastructures (Hospitals, Health Centres, Social Welfare Structures etc.).	• Reduced appeal of the Region in terms of attracting investments. • Traffic congestion. • Lack of organized areas for reception – operation of industrial units. • Insufficient development of alternative forms of tourism, such as congress, cultural tourism etc. due to serious deficiencies in respective special infrastructures. • Significant lagging behind as the exploitation of ICT by businesses, with a large number of small and medium size enterprises engaged in diminishing industrial sectors. • Lagging behind as to the indicators of innovation and digital convergence compared to respective EU figures • Housing and natural environment under significant pressure due to the high concentration of population and economic activities. • Continuous shortage of schools and infrastructures – equipment in the area of education. • Small progress as regards the utilization of renewable energy sources • Relatively low rates of employment as regards older people. • Intra-urban (city) disparities and emergence of urban social exclusion phenomena. • High inflow of immigrants creating additional needs for infrastructures (education, welfare, health etc.) • Relatively high rates of long-term unemployment and unemployment of Tertiary education graduates.

OPPORTUNITIES	THREATS
• Powerful national role as to the physical planning and urban network dimensions, which could trigger an increase in competitiveness and help upgrade the entire country, hence easing-off -in the mid-term- any pressure caused by the Region's further urbanization. • Increasing demand for alternative / thematic forms of tourism. • Increasing public awareness on environmental protection issues. • Utilization of infrastructures and venues created for the Olympic Games as poles of supra-local social and cultural infrastructure.	• Disproportion between the size of Athens and that of the entire country, as well as preserved polarization in relation to the rest of the urban network, with the exception of Thessaloniki. • Continuation of non-orderly urban development towards the regions of Eastern and Western Attica. • Deterioration of the Region's socio-economic trends and hence reduced attractiveness due to the traffic conditions and organization of the transport sector. • Deterioration of living conditions in the urban area, due to increased population density. • Air pollution, with new pollutants (ozone, suspended particles). • Investments in technical and social infrastructures stopped after the Olympic Games.

STRATEGY GUIDELINES for Attica

	Strengths	Weaknesses
	GROWTH-ACCELERATING / EXPANSIONARY POLICIES	**STRUCTURAL POLICIES**
Opportunities	• Exploration of sports venues to attract sports, exhibition and conference tourism • Promotion of technological and entrepreneurial innovation	• Specialization of tertiary sector and development of innovative services – promotion as an Eastern Mediterranean centre in selected sectors • Infrastructures and promotion of combined transport use • Interventions for improving and protecting the build-up / urban environment • PROMOTION OF LIFELONG LEARNING AMONG WORKERS & UNEMPLOYED PERSONS DERIVING FROM SECTORS THAT ARE LOSING GROUND • IMPLEMENTATION OF INTEGRATED MEASURES ON ACTIVE AGEING IN EMPLOYMENT • INTEGRATED DEVELOPMENT PROGRAMMES FOR DOWNGRADED SOCIAL AND ECONOMIC "POCKETS"
	STABILISATION POLICIES	**PREVENTIVE / DISCRETIONARY POLICIES**
Threats	• Waste management – area restoration • Measures to reduce air pollution • Decentralization of public services	• Upgrading – expansion of urban transport network. • ENHANCEMENT OF SOCIAL STRUCTURES – IMPROVEMENT OF THEIR EFFICACY • TRAINING AND SOCIAL INCLUSION OF IMMIGRANTS

TABLE 73 -SWOT Analysis of the Spatial Entity of Crete, Southern Aegean and Northern Aegean

STRENGTHS	WEAKNESSES	OPPORTUNITIES / PROSPECTS	THREATS
DEVELOPMENT AXIS 1: INVESTMENT IN THE PRODUCTIVE SECTOR OF ECONOMY			
• Favourable location of the Spatial Entity in the Mediterranean sea area • Significant growth rates of the economy • Business culture and extrovert-oriented tradition. • Significant participation of the tourism sector in the spatial entity's economy and existence of high-importance tourist resources. • Good quality, vast variety and recognizable, marketed local products (Cretan cuisine, branded local agricultural products in the Region of Northern Aegean). • Important accumulation of areas with remarkable features in their natural environment, combined with important elements of historic and cultural interest.	• Over-accumulation of tourist movement and activity in space and time and dependence on the model of "mass tourism". • Low level of standardization and performance as regards agricultural production. • Weak trading and promotion mechanisms. • Low development of trans-sectoral and intra-sectoral synergies (networking). • Lack of modernization within businesses and inability to create economies of scale. • Low attractiveness in terms of foreign investments. • High transportation cost • Uneven distribution of resources and infrastructures at interregional level • Lack of specialized personnel in businesses. • Small to zero diffusion of research and ICT use by the business community	• Enrichment, differentiation and development of tourist product, by enhancing policies on promoting alternative forms of tourism. • Exploration of civilization and the natural environment, as a comparative advantage. • Incorporation of practices on extroversion, aggressive marketing and modern production methods. • Possibility for cross-border cooperation as regards the comparative advantages of the three Regions. • Promotion of programmes / actions to strengthen entrepreneurship. • Enhancement of spatial specialization and possibility to achieve complementarity of productive activities at interregional and intra-regional level. • Strengthening interconnection between developed economic centres and points of entry, as well as rural areas.	• Shrinkage or even disappearance of traditional agricultural products and / or sectors. • Inability to differentiate primary sector activities. • New competitive centres brought out in the broader Mediterranean area, with products and services of possibly lower cost. • Possible aggravation of intra-regional and interregional disparities. • Lack of funds availability. • Difficulty encountered by human resources as to adapting to new facts. • Inability to differentiate the tourist product in conjunction with providing low-quality services.
DEVELOPMENT AXIS 2: KNOWLEDGE SOCIETY AND INNOVATION			
• Existence of high-level educational and research fabric with the ability to develop and diffuse innovation. • Operation of significant Tertiary	• Small to zero dissemination of research & innovation in the business community. • Relatively low productivity and	• Utilization of research results by the business community. • Gradual familiarization with the use of tele-training, tele-	• Problematic links between research and production. • Lack of available funds. • Red-tape obstacles.

STRENGTHS	WEAKNESSES	OPPORTUNITIES / PROSPECTS	THREATS
Education Institutes (University of Crete, University of the Aegean, Polytechnic School of Crete, Technical Educational Institute of Herakleion), as well as research institutes engaged in research and technologic development (ITE, MAIX). • Incorporation of the university and student community into the social fabric. • Satisfactory adequacy in building infrastructures for the educational sector. • Existence of certified bodies to undertake training actions.	low specialization degree of the persons employed. • Lack of institutional incentives for providing support. • Non-satisfactory image of the overall population's educational level. • Significant interregional deviations as to the educational level.	education and tele-work. • Development of links between information society and innovation in consolidated sectors of the economy. • Possibilities for establishing synergies with new member-states (Malta, Cyprus). • Euro-Mediterranean cooperation in the sectors of research and environment. • Valorization of educational structures and certified training structures to upgrade the knowledge and skills of human resources.	• Lack of plans for exploring the system of R&T and particularly low number of respective investments.
DEVELOPMENT AXIS 3: EMPLOYMENT AND SOCIAL COHESION			
• Natural population increase and attraction of population groups from other areas within and outside of the country. • Unemployment rates are reduced over time in the three Regions; the Region of Crete is in the first place, with the lowest rates of unemployment and the highest rates of participation in the labour market compared to the entire country. • Positive trend towards increasing employment, with different distributions per productive sector in each Region. • Higher rate of employment compared to overall figures for the entire country.	• Gradual increase of unemployment rates. • Uneven interregional and intra-regional distribution of income and employment. • Relatively lower level of education and training of the persons employed, compared to the country's average. • Increased population ageing indicators. • Reduced participation of women in the labour force and difficulties faced by unemployed women as to being included into the labour market. • Lack of specialized staff employed.	• Improvement of human resources' skills and upgrading of their knowledge, multi-specialization, support for developing multiactivity undertaken by local human resources. • Exploration of new technologies for education and training purposes, adapted to local particularities. • Gradual and methodical social, economic integration of economic migrants. • Inclusion of women into the labour market, by exploring the activities of local economy.	• Devalorization of the employed persons' skills. • Intensified phenomena of social exclusion. • Tendency of the non-economically active population to increase. • Non productive age groups tending to abandon the islands or settlements. • Enhancement of inequality at work.
DEVELOPMENT AXIS 4: ATTRACTIVENESS OF THE REGIONS AS AREAS FOR MAKING INVESTMENTS, WORKING AND LIVING			
• High biodiversity (genetic, species, ecosystems, landscape)	• Serious environmental pressures in "developed zones" due to urban and tourist development –	• Integrated management plans for the forests, water supply,	• Further marginalization of the islands

STRENGTHS	WEAKNESSES	OPPORTUNITIES / PROSPECTS	THREATS
• Large number of Community Importance Sites to be included in the NATURA 2000 Network and significant number of Special Protection Zones. • Increasing flow of information as to the risks entailed by the greenhouse effect. • Rich cultural heritage at various places. • Integrated development and environmental protection planning procedures under way through the creation of basic environmental infrastructures. • Establishment of basic health and welfare infrastructures.	uneven distribution of demand due to the distribution of supply in time and space. • Non-systematic approach as to the management and assurance of water resources – continuous downgrading of underground waters – existence of many arid islands or islands with scarce water resources within the Spatial Entity. • Inadequate equipment as to the agricultural sector for measuring gas emissions related to the greenhouse effect. • High risk of land erosion. • Lack of social infrastructures combined with high rates of ageing population.	irrigation and waste systems. • Development of policies on environmental protection and risk prevention. • Integrated management interventions for protecting – promoting the cultural heritage. • Euro-Mediterranean cooperation in the sectors of research and environment. • Integration of health and welfare infrastructures, forming a network.	• Degrading of certain zones and regions with special environmental features. • Lack of organization and institutionalization as to physical planning. • Exhaustion of natural resources reserves. • Natural environmental threats • High rates of endangered species. • Anthropogenic environmental damage • Reduction of the region's attractiveness.
• Existence of satisfactory transport infrastructures (airports, ports, major road network) and partly satisfactory technological support infrastructures.	• Uncovered energy needs during the summer, low use of RES, dependence on oil • Constant deficiencies in transport infrastructures, combined with high transportation cost and low level of services. • Lack of social infrastructures. • Increasing demand for infrastructures due to the population spread-out. • Difficulties as to developing cooperation and communication relationships because of the regions' insular and isolated nature.	• Extension of RES use. • Institutional framework and deregulation of maritime links • Identification – specification of the role of ports and measures on thematic tourism. • Champions brought out in the communications sector. • Development of new economy – diffusion of know-how in the sectors of environment and culture.	• Enhancement of the attractiveness of already developed regions / areas. • Increased demands as to the protection of the natural, historic environment in areas where accessibility conditions are changing.
DEVELOPMENT AXIS 5: INTRA-REGIONAL DISPARITIES – URBAN DEVELOPMENT– PARTNERSHIP OF CITIES / RURAL AREAS			
• Concentration of areas with remarkable features in their natural		• Enhancement of spatial specialization.	• Intense pressure on the environment caused by

STRENGTHS	WEAKNESSES	OPPORTUNITIES / PROSPECTS	THREATS
environment. • Strong presence of scattered areas with important elements of cultural – historic interest • Existence of institutionalized Physical Plans.	• Difficulties in establishing cooperation and communication relationships due to the Region's insular character. • Existence of significant interregional, intra-regional and intra-insular disparities, including uneven distribution of human / natural resources and infrastructures.	• Strengthening links between developed economic centres and points of entry. • Promotion of local urban centres and assurance of their corporate relation with rural zones. • Integrated management interventions on the natural and cultural heritage. • Organization of services at the level of big municipalities and transfer of central competencies to them. • Development of multi-activity undertaken by local human resources.	overpopulation and high accumulation of tourist activities. • Enhancement of regionalization.

TABLE 74 -SWOT Analysis of the Region of Crete

STRENGTHS	WEAKNESSES
• The dynamic of the economy relies on 2 significant activities (tourism and agriculture) in an almost balanced way. • Concentration of economy in the tourism sector. • High quality hotel infrastructures. • Good quality, vast variety and recognizable, marketed local products (Cretan cuisine). • Significant accumulation of areas with remarkable elements in their natural environment, in conjunction with significant features of historic and cultural interest. • Existence of high-level educational and research fabric with the ability to develop and diffuse innovation. • Significant infrastructure of a broad range of internationally competitive high technologies, with a relatively autonomous function (20% state financing requested), mobility and exchange of scientific staff for producing and providing technology. • Significant natural population increase and population attraction from other areas, within and outside of the country. • High rates of employment (overall population, women, elderly) • Very low rates of unemployment (overall population, women, young people, long-term unemployed). • Satisfactory levels of training as regards the unemployed. • Satisfactory population ageing indicators.	• Dependence on the tourism sector, while the development model of mass tourism is going through a crisis both worldwide and at national level. • Low level of standardization as regards agricultural production and weak trading and promotion mechanisms. • Poor trans-sectoral and intra-sectoral synergies (networking). • Relatively low productivity and low levels of specialization as regards the persons employed. • Insufficient introduction of innovation into the primary sector and tourism. • Uneven intra-regional distribution of income and employment. • Relatively lower level of education and training of the persons employed, compared to the country's average. • Strong tendency of women to be employed in the primary sector. • Increased demands for protecting the natural and historic cultural environment in a big part of the Region, which is moreover scattered in space. • Deficiencies as regards social infrastructures and high population ageing indicators in mountainous areas.
OPPORTUNITIES	**THREATS**
• Further development of the competitiveness of the tertiary sector, tourism in particular. • Firm quality, standardization and integrated policy on promoting selected local products. • Boost to entrepreneurship and business organization on a modern basis. • Enhancement of spatial specialization. • Strengthening of links between developed	• Promotion of competitive centres (Malta, Cyprus). • Consequences of the new CAP. • Devalorization of the employed persons' skills. • Intensified phenomena of social exclusion. • Increased demands for environmental protection due to a boost to competitiveness / attractiveness of

STRENGTHS	WEAKNESSES
economic centres and points of entry and rural zones. • Enhancement of already developed areas' attractiveness.	already developed areas. • Increasing demands for protection due to the emergence of new development areas.

STRATEGY GUIDELINES for Crete

	Strengths	Weaknesses
	GROWTH-ACCELERATING / EXPANSIONARY POLICIES	**STRUCTURAL POLICIES**
Opportunities	• Redefinition of the tourist product – links with the cultural heritage and local products, • Development of home-made biological – traditional agricultural products, • Preservation and promotion of historic sites – monuments – participation in thematic transnational networks (especially Mediterranean) • EXPLORATION OF NEW TECHNOLOGIES TO DIFFUSE INNOVATION, EDUCATION AND TRAINING, TAILOR-MADE TO MEET LOCAL ACTIVITIES & PARTICULARITIES. • ENHANCEMENT OF VIABLE ENTREPRENEURSHIP IN SECTORS OF HIGH ADDED VALUE PRODUCTS & SERVICES PROVISION	• PROMOTION OF LIFELONG LEARNING ADDRESSED TO SELF-EMPLOYED, EMPLOYED & UNEMPLOYED PERSONS • INCENTIVES TO ATTRACT WOMEN IN THE LABOUR MARKET IN THE NON-AGRICULTURAL SECTOR OF ECONOMY • Sea links (intra-regional and interregional) and port infrastructures • Development of e-services for citizens living in remote areas to assist them in their everyday life.
	STABILISATION POLICIES	**PREVENTIVE / DISCRETIONARY POLICIES**
Threats	• Enhancement and further spreading of environmentally-friendly farming • Development of cooperation links with countries of Central and South-Eastern Mediterranean	• ENHANCEMENT OF SOCIAL STRUCTURES – IMPROVEMENT OF THEIR EFFICACY • Management & enrichment of water resources – new technologies (RES & desalination) for water treatment • Improvement of intra-regional road infrastructures, especially in mountainous areas

TABLE 75 - SWOT Analysis of the Region of Southern Aegean

STRENGTHS	WEAKNESSES
• High level of economic activity • Existence of significant cultural resources of national and international range • Continuous development of the tourist product in a significant number of islands – tourist cities • Continuous population increase (natural increase, population attraction from other areas, economic immigrants) • Entrepreneurship trend of native resources • Favourable position of the Region in the Mediterranean sea area • Historic tradition in extrovert-oriented activities • Satisfactory coverage in terms of educational structures in the most important islands, population-wise. • Relatively high rates of employment (overall population, elderly). • Low rate of unemployment (overall population, young persons, long-term unemployed). • Remarkable natural and built-up environment • Relatively small distance between the islands and the mainland, and relatively small distances from one island to another	• Big intra-regional disparities as to the natural resources and significant uneven distribution of human resources and infrastructures at intra-regional level • High cost of transport and poor level of services • Over-accumulation of tourist traffic and activity in time and in space • Small local market – Inability to exploit economies of scale • Low rates of employment and high rates of women's unemployment. • Lack of trained and specialized staff employed within all sectors. • Relatively high concentration of socially vulnerable population groups (economic immigrants). • Tendency of persons at productive ages to leave the islands or settlements. • Low exploitation of the capabilities provided by IT and new technologies • Inadequate organization of sea and air links • Inability to develop coherent housing networks (poles of development) and diffuse the positive impact of development, due to the area's inconsistency • Inability to monitor the implementation of environmental terms and conditions in relation to construction and other activities, due to non-determined uses of land • Inadequate management of limited water resources • Insufficient systems of waste disposal
OPPORTUNITIES	**THREATS**
• Making the most of international demand and prospects of developing new and alternative forms of tourism (cultural, sea, ecological tourism), as well as significant prospects of developing small-scale tourist infrastructure in non-saturated areas • Exploitation of the demand for biological products and products with designation of	• Development of competitive areas in the broader area of the Mediterranean, providing products and services at lower cost • Exhaustion of aquifer and brackishness • Natural environmental threats (earthquakes, landslides, fires, floods, corrosion)

origin. • Abilities for cross-border cooperation in trade and tourism with EU countries and acceding countries • Making the most of the means and opportunities provided by new communication technologies • Review of the institutional framework of maritime links and deregulation of cabotage	

STRATEGY GUIDELINES for Southern Aegean

	Strengths	Weaknesses
	GROWTH-ACCELERATING / EXPANSIONARY POLICIES	**STRUCTURAL POLICIES**
Opportunities	• Redefinition of the tourist products – links with the cultural heritage and local products • Networking of bodies in order to take joint actions for bringing out the area • EXPLORATION OF NEW TECHNOLOGIES TO DIFFUSE INNOVATION, EDUCATION AND TRAINING, TAILOR-MADE TO MEET LOCAL ACTIVITIES & PARTICULARITIES. • ENHANCEMENT OF VIABLE ENTREPRENEURSHIP IN SECTORS OF HIGH ADDED VALUE PRODUCTS & SERVICES PROVISION	• Natural and electronic links between small islands and urban centres • Development of e-services for citizens living in remote areas to assist them in their everyday life. • INCENTIVES TO ATTRACT WOMEN IN THE LABOUR MARKET, IN THE NON-AGRICULTURAL SECTOR OF ECONOMY • TRAINING AND SOCIAL INCLUSION OF IMMIGRANTS • Sea links (at intra- and interregional level) and port infrastructures • Development of RES units and incorporation of RES and methods for saving energy into tourist units
	STABILISATION POLICIES	**PREVENTIVE / DISCRETIONARY POLICIES**
Threats	• Development of interregional / cross-border relations with neighbouring insular areas, with the nearby mainland and areas with common characteristics as to their production • Development of cooperation links with countries of Central and South-Eastern Mediterranean	• ENHANCEMENT OF SOCIAL STRUCTURES – IMPROVEMENT OF THEIR EFFICACY • Waste management – area restoration • Protecting the seas from pollution and fauna extinction phenomena • Interventions for improving and protecting the natural environment

TABLE 76 - SWOT Analysis of the Region of Northern Aegean

STRENGTHS	WEAKNESSES
• Relatively satisfactory level of economic activity put down to tourism development. • Good quality and big variety of local products (primary and processed agricultural products). • Ability to achieve complementarity of productive activities • Branded local agricultural products • Incorporation of the university and student community into the social fabric • Relatively low rates of unemployment (overall population) • Rich cultural heritage at various places • Numerous areas with remarkable elements of unaltered natural environment	• Very low rates of employment (overall population, women, elderly) • Very high rates of unemployment among women, young persons and the long-term unemployed. • Limited network of social services • Low educational level • Low productivity of the primary sector • Low level of technological equipment • Weak manufacturing units • Low degree of entrepreneurship in tourist activity • Low level of basic infrastructures • No or inadequate energy resources • Intra-regional / intra-insular disparities • Difficulty in developing cooperation relations and functional / productive interconnections • Increased population ageing indicators • Dual regionality • Isolation / access - communication difficulties with metropolitan centres • No or inadequate of water resources • Non-orderly area organization in terms of physical planning
OPPORTUNITIES	**THREATS**
• Extroversion of branded agricultural products • Enlargement prospect of the EU towards the East • Development of productive / commercial links among the Region's islands • EU's Gateway to third countries	• Highly competitive economic environment • Further regionalization of the islands, being EU's most remote Region • Degrading of certain zones and areas with special environmental characteristics

STRATEGY GUIDELINES for Northern Aegean

	Strengths	Weaknesses
	GROWTH-ACCELERATING / EXPANSIONARY POLICIES	**STRUCTURAL POLICIES**
Opportunities	• ENHANCEMENT OF VIABLE ENTREPRENEURSHIP IN ACTIVITIES, SUPPLEMENTARY TO THE AGRICULTURAL & TOURISM SECTORS • Redefinition of the tourist product – links with the cultural heritage and local products • Promotion of innovative forms of supplementary "traditional" – "biological" agricultural activity	• STRENGTHENING OF INFRASTRUCTURES AT ALL LEVELS OF EDUCATION • FACILITATED ACCESS TO EMPLOYMENT THROUGH ACTIVE MEASURES TO INCREASE EMPLOYMENT & EMPLOYABILITY • INCENTIVES TO ATTRACT WOMEN IN THE LABOUR MARKET • ENHANCEMENT OF VIABLE, WOMEN'S AND YOUNG PERSON'S ENTREPRENEURSHIP • IMPLEMENTATION OF INTEGRATED MEASURES ON ACTIVE AGEING IN EMPLOYMENT • Sea links (at intra- and interregional level) and port infrastructures • Development of e-services for citizens living in remote areas to assist them in their everyday life. • Development of RES units and incorporation of RES and methods for saving energy into tourist units
	STABILISATION POLICIES	**PREVENTIVE / DISCRETIONARY POLICIES**
Threats	• Protecting the seas from pollution and fauna extinction phenomena • Interventions for improving and protecting the natural environment	• INCREASE OF EMPLOYEE, ENTERPRISE AND EMPLOYER ADAPTABILITY BY DIFFUSING THE USE OF ICT, R&D & INNOVATION • Actions for making citizens become familiar with the use of ICT • Waste management – area restoration

TABLE 77 - SWOT Analysis of the Spatial Entity of Macedonia, Western Macedonia and Eastern Macedonia – Thrace

STRENGTHS	WEAKNESSES
• Geopolitical position in the broader economic area of SE Europe • Participation in trans-European transport networks • Significant hub for energy transfer • Significant presence and investment activity of Greek companies in the Balkans • Balanced productive restructuring with significant presence of all sectors of economy • Diversity of agricultural production • Great potential for developing secondary and tertiary sector activities, which are marked by high growth rates due to the intensified use of capital and technology • Big energy and relatively big industrial units with significant presence of capital and intermediate sectors • Important research, education and social infrastructures at national level • Significant innovative and technological performance • Remarkable tourist resources, considerable natural ecosystems and rich cultural reserves • Thessaloniki, the second biggest metropolitan centre in Greece, with a prominent role in the Region's economy	• Geographical distance from Western European centres and inadequate links. • Inadequate railway network, in terms of technology • Insufficient links of means and networks • Small exploitation of RES • Depopulation and ageing in border and rural areas, leading to a shrinkage of activities and reduction of productivity • GDP per capita and available income lower compared to the national and European (EU-25) average • Dominance of traditional labour intensive sectors and poor specialization. • Delays presented by the primary sector in terms of technology, human resources, infrastructures for manufacturing, selling and transporting products, administrative and technical assistance. • Recession of industrial activity. • Small share of high-tech manufacturing activities • Small development of business partnerships, low financing and demand for research and innovation by enterprises • Low concentration of dynamic activities under the tertiary sector. • Degraded tourist product and poor performance as to its differentiation • Low rates of employment and high rates of employment, mainly affecting women, the young and the long-term unemployed • Lower educational level of human resources compared to the country's average • Significant lack of environmental protection infrastructures and reduced actions targeting the prevention, monitoring and protection of ecological resources • Urban planning and environmental problems in urban centres • Uncontrolled urban diffusion

OPPORTUNITIES	THREATS
• Proximity to the Balkans and the Black Sea – a zone of great changes and prospects. • Markets improvement in the Balkans after the 2007 enlargement. • Improved levels of cross-border and transnational relations in SE Europe – implementation of policies to enhance transnational / interregional cooperation • Increasing global interest in the integration of trans-European networks • Completion of new energy networks (national and international). • Promotion of institutional reforms aiming at market deregulation. • More incentives for making investments based on the new Development law, along with the ability to establish PPP (Public-Private Partnerships) • Enhancement of policies to include innovation in the productive process • Constant technologic advancement onto digital means. • Increasing interest in the employment policy (Lisbon Strategy) • Incorporation of economic immigrants • Improving living standards and increasing demand for products and services of better quality at international level. • Increasing demand for alternative / thematic forms of tourism. • Increasing use of financial tools for the implementation of "the polluter pays" principle. • Integration and specialization of an institutional framework on physical planning.	• Competition within the framework of EU enlargement and gradual alleviation of restrictions on international trade • Transfer of productive labour-intensive units to neighbouring countries and regions • Changes in the productive environment of the primary sector due to the new Common Agricultural Policy. • Continuous reduction of competitiveness in the broader geographic area of Northern Greece • Delays in the implementation of energy agreements and in policy adoption worldwide. • Increased rates of top-level scientific resources leaving to go abroad. • Demographic ageing and burden on the insurance system. • (Illegal) inflow of immigrants putting pressure on the labour market, with this specific population group running the risk of marginalization. • Dynamic entry of new competitors in the field of tourism. • Continuation of non-environmentally viable practices and non-compliance with rigid environmental obligations.

TABLE 78 - SWOT Analysis of the Region of Central Macedonia

STRENGTHS	WEAKNESSES
• Level of economic activity fairly similar to the country's average. • Geopolitical position of the Region of Central Macedonia in the broader economic area of South-Eastern Europe. • Thessaloniki, seat of international organizations engaged in interregional cooperation. • Growth of transnational commercial transactions with Balkan countries. • Significant presence and investment activities of Greek companies in the Balkans. • Significant hub of energy transfer (electrical power, natural gas) in Greece and the Balkans. • Availability of exploitable Renewable Energy Sources potential. • Population enhancement of smaller urban centres • Concentration of significant economic activities and services. • Dynamic pole of production and centre of basic agricultural products with strong local agricultural specializations. • Existence of a strong manufacturing basis with great spatial specialization. • Remarkable tourist resources (culture, history, natural resources etc.) • Significant research and educational infrastructures at national level. • Existence of specialized human resources. • Important natural, territorial and water resources. • Existence of a network linking medium-sized urban centres, acting in a way that complements the role of the metropolis (multi-centric development conditions).	• Geographical distance from Western European centres and inadequate links. • Low "high expectation" entrepreneurship • Small exploitation of energy resources. • Depopulation and ageing in border and rural areas • Dominance of traditional labour intensive sectors and poor specialization. • Delays presented by the primary sector in terms of technology, human resources, infrastructures for manufacturing, selling and transporting products, administrative and technical assistance. • Recession of industrial activity. • Low concentration of dynamic activities under the tertiary sector. • Downgraded tourist product, mainly due to the poor quality of services and conflicting uses of land. • Small development of business partnerships, low financing and demand for research and innovation by enterprises. • Low proportion of researchers compared to the overall rates of persons employed. • Low rate of employment (overall population, women, elderly) • High rates of unemployment (overall population, women, young persons, long-term unemployed). • Presence of pockets with particularly high rates of unemployment, with spatial and / or thematic characteristics (e.g. Thessaloniki, Naousa). • Significant lack of environmental protection infrastructures (landfill sites etc.) and reduced actions as regards being proactive, monitoring and protecting ecological resources (protected areas and water management). • Particularly high air pollution in Thessaloniki. • Significant weakness in the internal city-planning organization and traffic, urban

	infrastructures and in the environment of the metropolitan area of Thessaloniki – reproduction of urban planning and environmental problems in big urban centres of the Region of Central Macedonia.
OPPORTUNITIES	**THREATS**
• EU enlargement towards the East, followed by market improvement in the Balkans. • Promoting the Region into a centre that provides knowledge and technology services in SE Europe. • Development of inter-modality with the integration of the major transport network by 2008. • Enhancement of living standards and increasing demand for products and services of better quality at international level. • Increasing demand for alternative forms of tourism (eco-tourism, agro-tourism etc.). • Constant technological advancement, passing to digital means. • Incorporation of migration waves to improve the competitiveness of the economy. • Integration of new energy networks at national and international level. • Increasing use of financial tools for the implementation of "the polluter pays" principle.	• Competition within the framework of EU enlargement and gradual alleviation of restrictions on international trade. • Transfer of productive labour-intensive units to neighbouring countries and regions, and possible inability to restructure the sector's productive basis turning it towards sectors of high added value. • Demographic ageing and burden on the insurance system. • (Illegal) inflow of immigrants, putting pressure on the labour market, with this specific population group running the risk of marginalization. • Continuation of non-environmentally viable practices and non-compliance with rigid environmental obligations. • "Volatile" tourist market and "hard" international competition as regards areas – destinations of seaside and summer tourism. • Increased rates of top-level scientific resources leaving to go abroad.

STRATEGY GUIDELINES for Central Macedonia

	Strengths	Weaknesses
	GROWTH-ACCELERATING / EXPANSIONARY POLICIES	**STRUCTURAL POLICIES**
Opportunities	• Development and improvement of combined transport system • Promotion of technological and entrepreneurial innovation • Enhanced provision of high added value services (e.g. logistics, financial services) • Dissemination of research product to production – networking of research infrastructures with businesses – fiscal measures on "productive" utilization of research • Development of a business network for services provision oriented towards SE Europe • MODERNIZATION AND UPGRADING OF MONITORING MECHANISMS OF THE LABOUR MARKET • MODERNIZATION AND UPGRADING OF INITIAL VOCATIONAL TRAINING & FURTHER TRAINING STRUCTURES • PROMOTION OF LIFELONG LEARNING ADDRESSED TO EMPLOYED & UNEMPLOYED PERSONS	• Completion of projects at border stations and improvement of cross-border facilities • Interventions for improving and protecting the built-up – urban environment • Waste management - area restoration • Provision of counseling services towards farmers aiming at the creation of a new type of farming, based on intensity of knowledge, labour, technology and quality • FACILITATED ACCESS TO EMPLOYMENT THROUGH ACTIVE MEASURES TO BOOST EMPLOYMENT & EMPLOYABILITY • INCENTIVES TO ATTRACT WOMEN IN THE LABOUR MARKET • STRENGTHENING OF VIABLE, WOMEN'S AND YOUNG PERSONS' ENTREPRENEURSHIP • IMPLEMENTATION OF INTEGRATED MEASURES ON ACTIVE AGEING IN EMPLOYMENT • PROMOTION OF LOCAL EMPLOYMENT INITIATIVES
	STABILISATION POLICIES	**PREVENTIVE / DISCRETIONARY POLICIES**
Threats	• Promotion of measures to support social inclusion • Enhancement of extroversion and international cooperation of businesses – setting up business networks in SE Europe • Transnational cooperation on managing and protecting rivers and lakes • Implementation of environmental management systems by public and private bodies	• Promotion of integrated development programmes in disadvantaged areas • Guidance actions on partial transfer of productive units that are vulnerable to international competition – keeping sections of high added value • INCORPORATION OF REPATRIATED GREEKS AND IMMIGRANTS INTO THE SYSTEM OF INITIAL AND CONTINUOUS TRAINING. • ENHANCEMENT OF SOCIAL STRUCTURES – IMPROVEMENT OF THEIR EFFICACY

TABLE 79 - SWOT Analysis of the Region of Western Macedonia

STRENGTHS	WEAKNESSES
• Higher level of economic activity compared to the country's average • Location of the Region as to development axes and trans-European networks. • Greece's Energy Centre due to the existence of significant mineral and rich water resources. • Existence of remarkable tourist resources, considerable natural ecosystems and rich cultural reserves. • Historic tradition in commercial activity, especially in the neighbouring Balkan area. • Average growth rate bigger than that of the EU-25.	• The lowest rates of employment in Greece (overall population, women, elderly). • The highest rates of unemployment in Greece (overall population, women, young persons, long-term unemployed). • Limited range of sectoral specialization and small share of technological or knowledge intensity products with high added value. • Lagging behind (or inability) as to the setting up of productive networks in conjunction with the diminishing course of industrial activity. • High long-term unemployment rates accentuating the tendency of the active population to leave the area. • Inadequate links with Central and Southern Greece, hence with the centre of the Greek Economic area. • Limited capability of developing combined transport due to inadequate railway network and extremely limited capabilities of air-transport. • Aggravation of air conditions, surface and underground waters caused primarily by industrial and secondarily by agricultural activities. • Low education and specialization of human resources, except in the energy and fur sectors.
OPPORTUNITIES	**THREATS**
• Favourable environment and systematic effort to enhance the economy's extroversion, along with gradual political stabilization and economic development in the Balkan area. • Continuous increase of international demand for quality tourist products, based on the natural environment and civilization. • Strengthening of policies to include innovation in the productive process. • Prospects in the energy sector and ability to attract private funds.	• Intensified competition due to the gradual lifting of restrictions on international trade and changes taking place in the productive environment of the primary sector, as a result of the new Common Agricultural Policy. • Changes in the broader international environment, particularly in South-Eastern Europe in the energy-producing sector. • Over-valorization of natural resources that may exceed the area's capacity. • Dependence of critical sectors (economic

• Lifting of geographic isolation in conjunction with reinforced role of urban centres.	activity, health, education) upon the metropolitan area of Thessaloniki.

STRATEGY GUIDELINES for Western Macedonia

	Strengths	Weaknesses
	GROWTH-ACCELERATING / EXPANSIONARY POLICIES	**STRUCTURAL POLICIES**
Opportunities	• Development of strong cooperation links with local "supporting-satellite" firms in relation to Pulic Power Corporation (DEI) • Structures to support and develop the single electricity market in SE Europe • Participation in international, European and Balkan thematic networks • Enlargement and thematic differentiation of the tourist product, the criterion being environmental protection • MODERNIZATION AND UPGRADING OF MONITORING MECHANISMS OF THE LABOUR MARKET • MODERNIZATION AND UPGRADING OF INITIAL VOCATIONAL TRAINING & FURTHER TRAINING STRUCTURES • PROMOTION OF LIFELONG LEARNING ADDRESSED TO EMPLOYED & UNEMPLOYED PERSONS	• Valorisation of development incentives for setting up new and sustainable small enterprises • Enhancement of business clustering in local specialization sectors • Development and upgrading of education and training systems in cooperation with local educational centres and productive bodies • FACILITATED ACCESS TO EMPLOYMENT THROUGH ACTIVE MEASURES TO INCREASE EMPLOYMENT & EMPLOYABILITY • INCENTIVES TO ATTRACT WOMEN IN THE LABOUR MARKET • ENHANCEMENT OF VIABLE, WOMEN'S AND YOUNG PERSONS' ENTREPRENEURSHIP & PROMOTION OF LOCAL EMPLOYMENT INITIATIVES IN AREAS FACING SERIOUS PROBLEMS OF ECONOMIC DE-ACTIVATION AND HIGH RATES OF UNEMPLOYMENT • IMPLEMENTATION OF INTEGRATED MEASURES ON ACTIVE AGEING IN EMPLOYMENT • ACTIONS FOR GAINING WORK EXPERIENCE ADDRESSED TO YOUNG PERSONS
	STABILISATION POLICIES	**PREVENTIVE / DISCRETIONARY POLICIES**
Threats	• Links between agricultural and manufacturing production, laying emphasis on the production of qualitative, certified products, mainly of the agro-food sector • Tourist exploitation of the energy industry	• ENHANCEMENT OF SOCIAL STRUCTURES – IMPROVEMENT OF THEIR EFFICACY • Dealing with air pollution • Restoration of abandoned old mines and respective utilization by the local society

TABLE 80 - SWOT Analysis of the Region of Eastern Macedonia – Thrace

STRENGTHS	WEAKNESSES
• Productive base under transformation process due to shrinkage of the primary sector, which is of particularly low labour productivity, and deregulation of productive force towards other, more profitable sectors. • Employment rates similar to the country's average (overall population, women, elderly). • Relative economic extroversion • Satisfactory level and balanced development of national transport infrastructures (roads, ports, airports) • Rapid modernization of telecommunications infrastructures • Satisfactory level and balanced development of industrial areas infrastructures • Adequately developed central-urban infrastructures (water supply – drainage – waste management systems) and health units at prefectural and regional level • Interculturalism • Wide differentiation and rich development resources.	• Among the poorest regions in the country and with a lower growth rate compared to the national average • Particularly high dependence -still- on the primary sector (employment, products) • High and increasing unemployment rates (overall population, women, young persons, long-term unemployed). • Low entrepreneurship • The lowest labour productivity rates in the country • High rates of urbanization – abandonment of rural areas • Lagging behind as to the appropriate interconnection of national transport infrastructures, respective links with Trans-European Networks and regional integration • Lack of firm incubation areas and Technological Park • Incomplete development of decentralized environmental infrastructures • Incomplete development of primary healthcare and childcare infrastructures • Insufficient number of schools in urban areas and inadequate investment intensity in tertiary education infrastructures • Educational and cultural disparities among the population
OPPORTUNITIES	**THREATS**
• Creation of a new regional pole of development, with the Region of Eastern Macedonia – Thrace becoming a Gateway as Bulgaria – Romania join the EU, and opening of regional – national external borders to Community territory (Bulgaria). • Upgrading of the Region's geopolitical position and attraction of global business interest in making investments, within the framework of the Burgas – Alexandroupolis pipeline, as an alternative oil-link between the Black Sea and the Aegean; this pipeline will go	• Intensified competition in the current industrial basis of Greece - Bulgaria – Romania or because of new possible poles of interest (in tourism, culture, health), • Possible delay during the European integration of the neighbouring areas (environmental protection, access and mobilization of human and economic resources, access to new consumers / markets, labour cost etc.), • Loss of import supports and strong point of entry into the emerging vertical development axis within the framework

through Bosporus. • Development of the total regional value combined with the entire natural and anthropogenic environment available, as an "integrated product" within the framework of increasing national / global interest in assuring conditions of sustainable development and quality of life.	of increasing international interest in the integration of trans-European transport networks (Trans-European road and railway axis IV).

STRATEGY GUIDELINES for Eastern Macedonia - Thrace

	Strengths	Weaknesses
	GROWTH-ACCELERATING / EXPANSIONARY POLICIES	**STRUCTURAL POLICIES**
Opportunities	• Sustainable management of the natural environment • Boost to business extroversion • Attraction of foreign direct investments targeting new neighbouring markets • Integration of vertical axes – improvement of interregional transport infrastructures • Development of complementary services • Exploration of alternative forms of energy • MODERNIZATION AND UPGRADING OF INITIAL VOCATIONAL TRAINING & FURTHER TRAINING STRUCTURES • PROMOTION OF LIFELONG LEARNING ADDRESSED TO EMPLOYED & UNEMPLOYED PERSONS.	• Links between tourism and the local economy and civilization • Participation of enterprises in e-business • Activation of managing authorities of areas under the "Natura 2000" network and other protected areas – elaboration of special environmental and management studies • Preservation and highlighting of the cultural heritage in rural areas • FACILITATED ACCESS TO EMPLOYMENT THROUGH ACTIVE MEASURES TO INCREASE EMPLOYMENT & EMPLOYABILITY • ENHANCEMENT OF VIABLE, WOMEN'S & YOUNG PERSONS' ENTREPRENEURSHIP & PROMOTION OF LOCAL EMPLOYMENT INITIATIVES
	STABILISATION POLICIES	**PREVENTIVE / DISCRETIONARY POLICIES**
Threats	• Encouragement as to the development of extra-agricultural activities in rural areas in the manufacturing and services provision sectors. • Transnational cooperation on managing and protecting rivers and lakes	• ENHANCEMENT OF SOCIAL STRUCTURES – IMPROVEMENT OF THEIR EFFICACY • Development of wireless networks and services in remote areas to drastically increase services provided to the citizens and ease off intra-regional disparities • Redefinition of local agricultural products • Actions to save-up surface waters and enrich underground water resources

ANNEX V - Earmarking

The following table summarizes for each objective the estimated **indicative allocation of E.U. contribution** in the categories of interventions that contribute to the Lisbon Strategy, according to Annex IV of Regulation 1083/2006. It should be noted that the table will be adjusted depending on the outcome of the negotiations on the Operational Programmes.

The table also shows - in percentage form - the contribution of each code to the formation of the total amount taken into account under "earmarking". It should be noted that the amounts that appear for broad categories of interventions (e.g. "Information Society") represent the sum of "earmarking" codes only; these are the codes that appear in the table, i.e. the said amounts do not include codes that do not contribute to the Lisbon Strategy and do not appear in the table.

TABLE 81 - Earmarking

CODE	INTERVENTION CATEGORY DESCRIPTION WITH CONTRIBUTION TO LISBON STRATEGY ("EARMARKING" CODES)	NSFR 2007 - 2013			
		"CONVERGENCE" Objective		"REGIONAL COMPETITIVENESS & EMPLOYMENT" Objective	
		AMOUNT IN MILLION € (E.U. CONTRIBUTION)	CONTRIBUTION IN COVERING EARMARKING CODES	AMOUNT IN MILLION € (E.U. CONTRIBUTION)	CONTRIBUTION IN COVERING EARMARKING CODES
	Research and technological development (R&TD), innovation and entrepreneurship	**1751**	**14,60%**	**105,5**	**24,80%**
1	R&TD activities in research centres	41	0,30%	4	0,90%
2	R&TD infrastructure *(including physical plant, instrumentation and high-speed computer networks linking research centres)* and centres of competence in a specific technology	95	0,80%	5	1,20%
3	Technology transfer and improvement of cooperation networks between small businesses (SMEs), between these and other businesses and universities, post-secondary education establishments of all kinds, regional authorities, research centres and scientific and technological poles (*scientific and technological parks, technopoles, etc.*)	87	0,70%	9	2,10%
4	Assistance to R&TD, particularly in SMEs *(including access to R&TD services in research centres)*	87	0,70%	10	2,30%

5	Advanced support services for firms and groups of firms	156	1,30%	7	1,60%
6	Assistance to SMEs for the promotion of environmentally-friendly products and production processes *(introduction of effective environment managing system, adoption and use of pollution prevention technologies, integration of clean technologies into firm production)*	34	0,30%	7	1,60%
7	Investment in firms directly linked to research and innovation *(innovative technologies, establishment of new firms by universities, existing R&TD centres and firms, etc.)*	208	1,70%	12	2,80%
8	Other investment in firms	862	7,20%	42,5	10,00%
9	Other measures to stimulate research and innovation and entrepreneurship in SMEs	181	1,50%	9	2,10%
	Information society	**1506**	**12,50%**	**63**	**14,80%**
10	Telephone infrastructures *(including broadband networks)*	207	1,70%	11	2,60%
11	Information and communication technologies *(access, security, interoperability, risk-prevention, research, innovation, e-content, etc.)*	100	0,80%	9	2,10%
12	Information and communication technologies (TEN-ICT)	57	0,50%	6	1,40%
13	Services and applications for the citizen *(e-health, e-government, e-learning, e-inclusion, etc.)*	696	5,80%	12	2,80%
14	Services and applications for SMEs *(e-commerce, education and training, networking, etc.)*	197	1,60%	13	3,10%
15	Other measures for improving access to and efficient use of ICT by SMEs	250	2,10%	12	2,80%
	Transport	**3608**	**30,00%**	**21**	**4,90%**
16	Railways	205	1,70%	0	0,00%
17	Railways (TEN-T)	792	6,60%	0	0,00%
20	Motorways	329	2,70%	0	0,00%
21	Motorways (TEN-T)	1728	14,40%	0	0,00%
26	Multimodal Transport	15	0,10%	2	0,50%
27	Multimodal Transport (TEN-T)	28	0,20%	0	0,00%
28	Intelligent Transport systems	41	0,30%	1	0,20%
29	Airports	194	1,60%	2	0,50%

30	Ports	277	2,30%	16	3,80%
32	Inland Waterways (TEN-T)	0	0,00%	0	0,00%
	Energy	**408**	**3,40%**	**43**	**10,10%**
34	Electricity (TEN-E)	0	0,00%	2	0,50%
36	Natural gas (TEN-E)	66	0,50%	2	0,50%
38	Petroleum products (TEN-E)	0	0,00%	1	0,20%
39	Renewable energy: wind	92	0,80%	12	2,80%
40	Renewable energy: solar	21	0,20%	6	1,40%
41	Renewable energy: biomass	35	0,30%	4	0,90%
42	Renewable energy: hydroelectric, geothermal and other	129	1,10%	14	3,30%
43	Energy efficiency, co-generation, energy management	65	0,50%	2,1	0,50%
	Environmental protection and risk prevention	**91**	**0,80%**	**1**	**0,20%**
52	Promotion of clean urban transport	91	0,80%	1	0,20%
	Increasing the adaptability of workers and firms, enterprises and entrepreneurs	**659**	**5,50%**	**12**	**2,80%**
62	Development of life-long learning systems and strategies in firms; training and services for employees to step up their adaptability to change; promoting entrepreneurship and innovation	333	2,80%	5	1,20%
63	Design and dissemination of innovative and more productive ways of organising work	249	2,10%	6,5	1,50%
64	Development of specific services for employment, training and support in connection with restructuring of sectors and firms, and development of systems for anticipating economic changes and future requirements in terms of jobs and skills	77	0,60%	0,5	0,10%
	Improving access to employment and sustainability	**1271**	**10,60%**	**36,4**	**8,60%**
65	Modernisation and strengthening labour market institutions	64	0,50%	1	0,20%
66	Implementing active and preventive measures on the labour market	983	8,20%	11	2,60%

67	Measures encouraging active ageing and prolonging working lives	11	0,10%	0,5	0,10%
68	Support for self-employment and business start-up	2	0,00%	11,4	2,70%
69	Measures to improve access to employment and increase sustainable participation and progress of women in employment to reduce gender-based segregation in the labour market, and to reconcile work and private life, such as facilitating access to childcare and care for dependent persons	183	1,50%	11,5	2,70%
70	Specific action to increase migrants' participation in employment and thereby strengthen their social integration	28	0,20%	1	0,20%
	Improving the social inclusion of less-favoured social groups	**371**	**3,10%**	**21**	**4,90%**
71	Pathways to integration and re-entry into employment for disadvantaged people; combating discrimination in accessing and progressing in the labour market and promoting acceptance of diversity at the workplace	371	3,10%	21	4,90%
	Improving human capital	**1616**	**13,40%**	**53,6**	**12,60%**
72	Design, introduction and implementation of reforms in education and training systems in order to develop employability, improving the labour market relevance of initial and vocational education and training, updating skills of training personnel with a view to innovation and a knowledge based economy	684	5,70%	22,9	5,40%
73	Measures to increase participation in education and training throughout the life-cycle, including through action to achieve a reduction in early school leaving, gender-based segregation of subjects and increased access to and quality of initial vocational and tertiary education and training	653	5,40%	20,8	4,90%
74	Developing human potential in the field of research and innovation, in particular through post-graduate studies and training of researchers, and networking activities between universities, research centres and businesses	279	2,30%	9,9	2,30%

	Investment in social infrastructure	**741**	**6,20%**	**69**	**16,20%**
75 (*)	Education infrastructure.	741	6,20%	69	16,20%
TOTAL E.U. CONTRIBUTION TO "EARMARKING" CODES		***12021***	***100%***	***426***	***100%***
TOTAL E.U. CONTRIBUTION PER OBJECTIVE		***19416***		***635***	

EARMARKING PERCENTAGE	***61,90%***	***67,00%***

(*) Based on article 9.3 of the General Regulation, according to which:

> *'….With a view to ensuring that specific national circumstances, including the priorities identified in the national reform programme of each Member State concerned, are taken into account, the Commission and that Member State may decide to complement in an appropriate manner the list of categories of Annex IV.",*

it is proposed that, in the categories of expenditure of Appendix IV of the General Regulation, the following is also taken into account (for Objectives 1 and 2):

Code 75 "Educational infrastructure (including buildings, laboratory-library equipment and other equipment)