
EXECUTIVE SUMMARY

Section A: Socio-economic situation and trends

The Greek economy continued to grow – fueled mainly by private consumption – during the 2005-2008 period at an average annual growth rate of 3,3%. This rate is higher than the EU or Euro area (EA¹) averages, a fact that indicates steady convergence of the Greek economy to these two economic regions². Convergence to EA was also achieved in terms of per capita GDP, as the Greek indicator was at the 94% of the EU-27 (100= EU27) in 2008, based on more recent data.

At the same period, employment was strengthened and rose to 61,9% of the population aged 15-64 years in 2008, from 60,1% in 2005. This increase in employment was accompanied by increasing productivity per employee in PPS during 2005-2008, whilst the same indicator weakened in EA. Furthermore, unemployment decreased by 2,2 percentage units, rapidly than in EA and EU-27, with its average level reaching 8,8%. In terms of unemployment's structural characteristics, still women and young people aged 15-24 years old, face many difficulties in finding jobs. Despite the improvements of the past few years, unemployment rates in these specific groups reached the level of 11,2% and 22,1% respectively in 2008, both included to the highest in EU-27.

The high growth rates of 2005-2008 did not have significant negative impact in terms of inflation. Despite some marginal decrease at the beginning of the specific period, inflation remained higher in Greece than in EA and EU. The global increase of oil prices and of some basic goods in 2008 intensified pressures internationally, however their effect in Greece was - proportionally - smaller than that in the two main European economic areas.

Despite the positive developments in some basic macroeconomic indicators, the structural problems that diachronically prevail in the Greek economy became more acute these years, thus inhibiting further growth. More specifically, the competitiveness of the Greek economy weakened during the 2005-2008 period, as portrayed in the relevant country rankings of some of the most well known international organisations' reports (WEF, IMD). Besides, the deficits of current account balance and trade balance increased rapidly (the first almost doubled), while foreign direct investments, after an increase in the period of 2004-2006, decreased in 2007-2008, despite some ups and downs in certain sectors. In the field of entrepreneurial activity, the level of investments as percentage of GDP has been increased compared to that of 2005 (base year of NSRF 2007-2013). On the other hand, in terms of ease of doing business, the ranking of Greece in World's Bank yearly reports has either remained stable or even worsened in certain areas, despite some steps of progress that have been made in the past few years. This stresses the fact that there are still some intense barriers in Greece that entrepreneurial activity must overcome, which do not allow for further growth of the private sector of economy.

Regarding public finances, over the last three years the problems have been intensified, after the rather technical improvement of 2005-2006. In 2007 the General Government deficit rose way above the upper limit of the 3% of GDP set by the Stability and Growth Pact, as it reached 3,7%, while in 2008 it doubled with respect to the previous year, reaching 7,7%. At the same period (2005-2008) a permanent restriction of the General Government debt was not achieved. Despite the slight improvement from the 100% of GDP in 2005 to the 95,6% in 2007, in 2008 the debt increased to 99,2% of GDP. Recent forecasts for 2009 converge to signs of further deterioration of these two indicators, above 12% of GDP for the deficit and of 110% of it for the public debt.

¹ The term Euro area refers to the group 16 member-states, unless differently stated.

² All data references and sources are presented in chapters 1 and 2 of the National Strategic Report.

In the field of social cohesion, the percentage of individuals that remain under the poverty limit, has been decreased to 20% in 2007, a rate that after inclusion of high owner-occupancy rates falls below 18%. The main barrier towards further improvement of social cohesion indicators is the persistent, compared to the EU average, income inequalities. The ratio of the income earned by the richer 20% of the population to the income earned by the poorer 20% lies above EU average in 2007. Furthermore total domestic health expenditures keep on increasing and are amongst the highest in EU as a percentage of GDP, while in addition almost 40% of these expenditures are covered from individuals, a share that is also one of the highest in EU. Concerning developments in education, public expenditures as a % of GDP are amongst the lowest in EU-27. Also, the participation of individuals of age of 15-24 years in the educational process decreases and henceforth only marginally exceeds the EU average. However the percentage of students attending public schools is way above the EU average. In the same context, R&D expenditures in Greece remain poor, preventing improvements in terms of technological readiness and innovation, despite the fact that there is significant availability of scientists and engineers in the supply side of the labor market. On the other hand, some positive signs have been reported in the field of Information Society: there is a rapid increase in e-government transactions and households' internet penetration, which helps in decreasing the distance with the relevant EU rates.

At the regional dimension, Attiki is the only region whose per capita GDP exceeded the EU average in 2006. The lowest per capita GDP is reported in Dytiki Ellada, in Anatoliki Makedonia-Thraki and in Voreio Aigaio. An increase of employment was shown in all regions from 2005 up to 2008, except from the case of Kriti, with Peloponnisos approaching at the same time the EU average (65,9%). Dytiki Makedonia showed in 2008 the highest unemployment rate (12,5%), 5,5 percentage units higher than EU average, while on the contrary Attiki, Peloponnisos, Kriti and Voreio Aigaio had the lowest unemployment rates. Similarly to the national data, in most regions unemployment rates are higher in women and young people aged 15-24 years old. However, in three regions (Attiki, Notio Aigaio and Sterea Ellada), the labor productivity as % of GDP in PPS, is higher than the EU average.

The atmospheric pollution shows some very high levels, mainly in the urban areas of the country. The development of a larger infrastructure network of collection and treatment of urban waste has led to an increase of the recycled materials. The rate of recycling reached 25% by the end of 2008, while the essential infrastructure for recycling of packing, vehicles, accumulators, used mineral oils, waste electric and electronic equipment etc has also been growing. There are however still some shortcomings in the fields of industrial and dangerous waste management. Regarding the availability of waters, there are still some open issues - mainly of administrative nature - which might jeopardize water resources sustainability, in the long run.

The spread at the second half of 2008 of the consequences of the financial crisis which began from USA, but gradually were diffused in most of the developed economies, affected the Greek economy as well. During 2009 the economy's situation was determined mainly by the exogenous effects of consequences of the international economic recession, as the Greek financial institutions had not heavily invested in the so called toxic investment products. In any case, and in order to deal with the general pressure both on the Greek financial system and the Greek economy as a whole, the Greek government voted the "State Aid of liquidity" in November 2008.

The repercussions of the world economic crisis became particularly intense in 2009 for the Greek economy. As a general result, the GDP of Greece, decreased by 1.1% in the first nine months of the year, compared to that of the same period in 2008. The credit expansion rate to the private sector of the economy (firms and households) was slowed down progressively from January until September of 2009, being roughly at the 1/4 of last years' level. A decrease by 9,7% was also recorded in industrial production, while more significant were the effects on the turnover of some important sectors of services (retail and wholesale trade). On the contrary, despite disappointing forecasts at the beginning of this year, the turnover in the tourism sector strengthened in the first six months, compared at least to last year's respective level. However, during summer trend has changed with some significant decrease in the specific activity. The recession of economic activity had, as it was expected, a negative impact in terms of employment, with the unemployment rates continuously increasing at a

quarterly base. Moreover, rapid deterioration was reported in the public finances, with the deficit of Central Government reaching 12,9% of GDP according to recent provisional data for the period Jan-Sept. 2009.

Section B: Achievements and Future Prospects

The National Strategic Reference Framework (NSRF 2007-13) consists Greece's reference document for the new strategic approach to the Cohesion Policy of the European Union. Its key objective is the enhancement of the country's development opportunities, the preservation of the economic growth rate and the increase of productivity above EU average in order to stimulate employment, to achieve real convergence and to improve life quality of all citizens without exclusions.

This strategic aim of the NSRF is analysed in 17 General Objectives under 5 Thematic Priorities that cover an extensive range of priorities, such as the extroversion of the Greek economy, regional development, employment and social cohesion, reinforcement of entrepreneurship, education for the youth, quality, technology, innovation and environmental protection.

The NSRF is implemented through 14 Operational Programmes (nine Sectoral and five Regional Programmes), which are designed to achieve the General Objectives, as well as the country's overall strategic and guiding policies. The structure and the strategy of each OP are in full compliance with the thematic priorities of the national development strategy, and each of the General Objectives is – directly or indirectly –served by the interaction of Sectoral and Regional OPs or individual Priority Axes of the OPs. Furthermore, the NSRF's targets comply with the objectives of the three Structural Funds (ERDF, ESF, Cohesion Fund), the Community Strategic Guidelines for Growth and Jobs and the Community Strategic Guidelines (CSG).

The ex-ante evaluation of the NSRF Sectoral Operational Programmes can be used as reference of the development policy scheduled to be implemented in the period 2007-2013. NSRF and its main priorities, depend on a systemic policy that incorporates both thematic and territorial priority levels. The latter dimension is a keynote issue that aims at strengthening the competitiveness of regional economies based on the principles of sustainable development, taking also in consideration the lack of sufficient social and human capital in most of the country's regions.

The distribution of Funds by the NSRF, including those intended for agriculture, is considered to have been increased during the 2007-2013 period towards policies regarding competitiveness' improvement, productivity and innovation. The ex-ante evaluation, underlines that possible implementation difficulties with regard to the priorities set by the NSRF may be due to the lack of the appropriate legislative framework and the inexperience or complexity on the issues to be implemented, that may lead to the reduction of the expected economies of scale and of synergies among Operational Programmes. On the other hand, most of the targets set by the NSRF are considered feasible, since their conception relies on past experience gained during the programming of EU funds for the 2000-2006 period. Taking into consideration that a respectful number of actions from that period are scheduled to be accomplished in the 2007-2013 period, existing evaluations on operational programs that took place in 2000-2006 contribute to the better implementation of the NSRF Sectoral Programmes' priorities.

The assessment of the NSRF' implementation process so far shows very limited progress, both in terms of allocations to selected operations and declared payments for all the Operational Programmes. Their share on total community funds for the reference date of 30 September 2009 amounted to 6,9% and 1,5% respectively.

Progress of the Sectoral OPs shows substantial delay, in particular the OPs "Human Resources Development", "Public Administration Reform", "Digital Convergence", "Environment & Sustainable Development" and "Technical Support for Implementation" with nearly nil performance up to now. Low levels of progress are also recorded for the OPs "Education & Lifelong Learning and "Reinforcing Accessibility", while relatively better performance is being recorded for the OP "Competitiveness and Entrepreneurship" with the

allocations to selected operations and declared payments amounting respectively to 12,4% and 5,4% of community funds for the OP. On the other hand, Regional Operational Programmes as a whole have made more progress, however mainly in terms of allocations to selected operations (13,4%) and far less in terms of actual payments (2,1%).

As far as progress assessment of the NSRF by Structural Fund is concerned, results indicate a higher degree of activation in the case of the ERDF, which is mainly attributed to the relatively larger progress achieved by the OP "Competitiveness and Entrepreneurship" and the Regional OPs that are co-financed by ERDF. On the contrary, the level of ESF and Cohesion Fund activation has been substantially lower. These two funds however contribute to a much lesser degree to the NSRF's objectives.

Similar results are also recorded in regard to the NSRF's progress achieved by thematic priority for the Structural Fund Objectives 1 («Convergence») and 2 ("Regional Competitiveness and Employment"). Out of the total of 19,5 billion € community funds planned under Objective 1, only 6,5% or 1,3 billion € have been committed during the reference period. Although a higher commitment rate (16,3%) is recorded in the case of Objective 2, the total budget of community funds foreseen under this Objective is far less (635,3 billion €). No progress at all is recorded for Objective 3 ("Territorial Cooperation").

Mixed results are recorded in regard to the progress achieved by earmarked priority themes that contribute to the revised Lisbon Strategy and the Community Strategic Guidelines for Growth and Employment. On one hand, the allocations to selected operations for both the Objectives 1 and 2 that contribute to the Lisbon Strategy are considerably higher than for the corresponding NSRF objectives, highlighting the significance attributed to these priorities. On the other hand however, the higher contribution to the Community Strategic Guidelines and the Lisbon Strategy up to now, results mainly from the performance in regard of two priority themes (5 and 8) and not from an equally distributed activation of all earmarking targets.

With all Operational Programmes being currently in their implementation phase, it is still difficult to undertake a quantitative assessment on the achievement of the NSRF General Objectives and the level of contribution towards the Community Strategic Guidelines. However, it is possible to undertake an initial assessment of the progress achieved so far for the Priority Axes of each OP and the reference of key actions that are being implemented and expected to contribute substantially to the national and community objectives. As regards to the OPs co-funded by the ERDF and the Cohesion Fund, the progress recorded so far is described hereafter:

- A significantly low absorption rate is being recorded for the OP «Environment & Sustainable Development», with merely 1,4% total share of projects that have been approved. Such projects with total budget 45 million euros include Sanitary Landfills, environment rehabilitation of uncontrolled landfills and Waste Transfer Stations.
- Regarding the OP «Reinforcement of Accessibility» significant progress has been noticed in the development of road transport and road network while concession contracts on the study, construction, financing, operation, maintenance and exploitation of 6 big Road Route projects have been ratified (eg «Ionian Road», «Auto route Korinthos – Tripoli – Kalamata». «Central Greece Auto route – E65»)
- As far as the OP «Competitiveness and Entrepreneurship» is concerned, significant progress has been marked in the Priority Axis 3 («Improvement of Business Environment») where 36% of total community fund has been committed. OP's indicative actions being at a satisfying stage of activation are the «Credit Guarantee Fund for Small and micro enterprises (TEMPME SA)», the support programmes for female and youth entrepreneurship, the «Hellenic Technology Clusters in Microelectronics - Phase-2», the «Innovation Vouchers for Medium and Small Enterprises», the «Replacement and recycling of old, non-energy efficient air conditioning units», the «Local Government Energy Saving Programme» and the development of a common network in support of entrepreneurship (Local Investment Support Centers).
- Concerning the OP «Digital Convergence» the progress that has been marked both as far as approved projects and allocations to selected operations are concerned is in low level. The most crucial actions that have been approved up to now are the «Digital Social

Security Card», the «National Registry Office» which aims for the creation of a National Registry Office structure to provide for fast and effective citizens service and the project «Digital pivot for the enhancement of services to enterprises & improvement of effectiveness of the Ministry of Development through ICT».

- The Regional Operational Programmes (ROP) contribute to the achievement of national strategic objectives in complementarity with Sectoral OPs and with emphasis on the particular characteristics and the needs of each spatial entity/ Region. Despite partial differentiations among the regions, all the ROPs cover a common body of interventions focusing on social infrastructure, health and social solidarity, culture, accessibility and environmental projects at local level and policies for sustainable urban development. An indicative action that is being implemented in the ROPs framework is the «Support Programme of small and very small enterprises in manufacturing, tourism, commerce and services».

The European Social Fund (ESF) contributes to the achievement of the NSRF's objective «Investment in Human Capital», which has a dominant status within the national strategy and pursues the creation of more and better jobs. The European Social Fund contributes in specific to the implementation of the guidelines and recommendations included in the European Employment Strategy through the implementation of the following three Operational Programmes of the NSRF 2007-2013:

- The OP «Public Administration Reform», targeted at the qualitative improvement of governance through the enhancement of the efficiency and the productivity of public organisations. Up to now, activation of the OP has been low, with a mere 7,61% as a total share of approved projects. The action «Training of Public Administration Servants in Best Practices of International Standard» is expected to provide an essential contribution to the enhancement of their skills.
- The key objective of the OP «Development of Human Resources» is the «usage of the entire human capital as driving force for the country's development and the reinforcement of social cohesion». Concerning progress of the OP up to now, high rates of approved projects can be marked for the Priority Axis «Full inclusion of the entire human resources in a society of equal opportunities», but as far as the other Priority Axes are concerned as well as the total share of allocations to selected operations and actual payments, a low rate of progress is recorded. Training programmes for employees in SMEs that have applied a reduction in working time, in-house corporate training programmes for the support of SMEs with the purpose of maintaining jobs, as well as training programmes for the unemployed of vulnerable population groups coupled to compulsory employment are expected to contribute to the OP's objectives. Furthermore, the action «Harmonisation of family and professional life», with a total budget of 280 million €, is being implemented to facilitate the access of women to the labour market.
- The key strategic objective of the OP «Education and Lifelong Learning» is the qualitative enhancement of education and the promotion of social inclusion. The OP shows satisfactory progress in terms of approved projects, with the total share reaching 14,6% of total co-funded expenditure. However, in terms of allocations to selected operations and expenditures for the entire OP, progress has been low. Indicative actions implemented under the OP include the «Initial training for newly appointed and assistant teachers» and the «Training of teachers for the usage and application of ICT in educational practice».

The three OPs are coherent with the ESF priorities "Enhancing human capital", "Expanding and improving investment in human capital", "Increasing the adaptability of workers", "Reinforcing the social inclusion of disadvantaged people", "Enhancing access to employment and the sustainable inclusion in the labour market" and "Strengthening the institutional capacity and efficiency of public administration".

The European Social Fund provides essential contribution to the implementation of the objectives of the National Action Plan on Social Inclusion (ESDEN) 2008-2010, as formulated in the «National Strategy Report on Social Protection and Social Inclusion 2008-2010». Many of the measures foreseen in the Action Plan are co-funded by the ESF through the respective

Operational Programmes. The main policy priorities of the Action Plan consist of the following: a) Reinforcement of employment opportunities and job attractiveness, in particular for the women, the youth, the long-term unemployed and the vulnerable population groups, b) addressing education and training disadvantages of individuals and population groups, c) support of families, with a focus on the well being of children and support of elder people, and d) social inclusion of persons with disabilities, immigrants and vulnerable population groups.

Particular care was taken in the design of the Action Plan 2008-2010 on its coherence with the main strategic guidelines of the new National Reform Programme 2008-2010, as well as with the measures included in the NSRF 2007-2013, and in particular in the Operational Programme "Human Resources Development".

Many practices of the National Reform Programme (NRP) 2008-2010, which focuses on the purification of the public finances and the structural reforms needed to be implemented in the Greek economy, are related to the priorities set by the NSRF and the European Social Fund (ESF). As far as the actions of the NSRF are concerned, it can be argued that many of them aim at the same outcome as these of the NRP 2008-2010, especially the ones on the issues referring to the effectiveness and flexibility of public administration, entrepreneurship, regional and social cohesion. Moreover, a significant number of priorities and targets set by the NSRF is in accordance with the European Commission' (EC) recommendations on the assessment of the Greek economy [EU COM(2009), 34 FINAL, Vol. 1].

According to the first EC recommendation, regarding the necessity of fiscal policy reforms, a number of measures has to be taken for the redistribution of funds relatively to the initial planning, targeting in this way in the enhancement of commercial and production activities that suffer from the current economic recession. The second EC recommendation, about the need for measures on the competitiveness' improvement and the strengthening of R&D investments, is scheduled to be progressed by the "Competitiveness and Entrepreneurship 2007-2013" Sectoral Programme and the Regional Operational Programmes as well. The necessity of the reform of the public administration i.e., the third EC recommendation, will be financed through funds of the "Public Administration Reform 2007-2013" Sectoral Programme, the ESF and public expenditure. Finally, the fourth EC recommendation associated with the assumption of measures on employment and the adaptability of human resources, is related to the reforms set by the "Human Resources Development 2007-2013" Sectoral Programme. Additionally, funds by the ESF aim at supporting employment, especially for women, youth and vulnerable social groups, whereas the priority axes of the "Education and Lifelong Learning 2007-2013" Sectoral Programme are in accordance to the European Commission guidelines 23 and 24 i.e., to the expansion and improvement of investment in human capital (Guideline 23) and to the adaptation of educational and training systems, in response to the new competence requirements (Guideline 24).

Concerning the Structural Fund 3rd Objective («Cross-border Cooperation»), the Programmes «Greece-Cyprus», «Greece-Bulgaria» and «Greece-Italia» are at the stage of evaluation of the proposals submitted under the first call for expression of interest, while for the Programmes «Greece-Albania» and «Greece-FYROM», co-funded by the Instrument for Pre-Accession Assistance (IPA), relevant Monitoring Committees have had their first meetings, but invitations have not been yet announced to the Beneficiaries for submitting proposals.

Section C: Progress and challenges in implementation of the agreed priorities and strategy

The Law 3614/2007 constitutes the starting point of the institutional, administrative and organizational measures adopted for the NSRF and aiming to accelerate the implementation of the OPs. This Law defined the authorities for the organization, monitoring, administration, certification and support of NSRF. Furthermore, new Special Authorities were introduced for the strategic planning and the co-ordination of project implementation between the Ministries, as well as special units such as the Competitiveness and State Aid Unit to increase

co-ordination and monitoring of state aid and the Special Service for Institutional Support. New schemes were also created such as the «Digital Aid SA» and «Municipality SA».

At the same time, the new Management and Control System (SDE) of the OPs for the Objectives 1 and 2 has been developed and it is already been approved by the European Commission. A Helpdesk office has been created providing support for the SDE. Due to dysfunctions and bureaucratic problems that occurred during the implementation of the OPs, the simplification of the implementation procedures was deemed necessary. In this respect, decisions were taken in favour of decentralisation and reduction of authorisation and approval procedures, reduction of involving bodies in intermediate implementation stages, clarification of the role of the new authorities and the review of the applied procedures for concessions.

The Interministerial Committee constitutes the key body, which monitors and coordinates co-funded projects and takes necessary decisions. A Monitoring Committee secures the effectiveness and the quality implementation of each Operational Programme and is formed by representatives of public authorities, economic and social partners and NGOs.

The new institution for certifying the administrative capacity of the final beneficiaries contributes to the upgrading of their administrative capacity and the effective management of the projects they take over. Furthermore, in order for this institution not to hold back the implementation of OPs, it was decided that the 2nd stage of certification will not be compulsory.

After drafting and approval of the NSRF, provisions and interventions in various fields were introduced, which are linked to the economic and development policy and the implementation of the Operational Programmes. In particular, crucial amendments were introduced in the Entrepreneurship / Investments sector (i.e. revision of the law on SAs, simplification of permit procedures for manufacturing industries), in the Energy sector (ie new framework on RES in electricity production, acceleration of the procedure concerning liberalization of the electric power market, energy efficiency of buildings, international energy cooperation agreements, formation of the National Energy Strategy Council) in Research (ie law on the R & T institutional framework), in Environment (ie water resources management, establishment of the National Hazardous Waste Management Strategy, draft National Strategy on Biodiversity, Institutional Framework on Spatial Planning and Sustainable Development) and Public Works (ie L.3669/2008 for the codification of public works legislation and the approval of Standardized models for the complete and effective implementation of L.3316/2005).

Furthermore, a new public procurement regulation has been initiated aiming to increase effectiveness and transparency in public procurement affairs as well as to curb rigidity that existed in various markets. In addition, the Presidential Decrees 60/2007 and 59/2007 were issued to adjust Greek legislation to the clauses of Directives 2004/18/EP and 2004/17/EP respectively, while the project on the development of the National Electronic Procurement Management System has been introduced. Moreover, a law on revision of market regulations was approved and the project on the establishment and operation of a National Commerce Observatory has been initiated.

Recent changes in the Ministries structure with the subsequent merging and redistribution of competences that were introduced by the new government are considered to have a positive impact improving coordination and securing effective implementation of the NSRF. With regard to these structural changes, the respective parts of the approved Management and Control System were updated.

Finally, according to the new strategic policies and directions at European and national level, Green Development will be in the centre of all policies across all fields during the next years. Green Development constitutes a different development model that goes beyond the strict dimension of environmental protection of currently implemented measures, reforms and interventions. In this framework, the new government sets out priorities based on which the expansion of production and use of Renewable Energy Sources is promoted, together with the natural resources saving and the increase of expenditure on Research and Technology Development. Moreover, a special attention is given to rural and regional development while environment-friendly infrastructures and cultivations are promoted. Finally, the development

of eco-tourism is encouraged and new regulations are issued concerning the establishment and operation of tourism enterprises.

The expansion on fall 2008 of the financial crisis that started from the subprime mortgage market in USA to the financial systems of the EU countries, together with its anticipated negative impacts on their economies as a whole, led the European Commission to an immediate action. The Commission decided to plan and implement a specific program providing additional fiscal stimulus to its member-states, namely the European Recovery Plan, presented on November 2008. In that context, Operational Programmes of the NSRF 2007-2013 were given the possibility of overbooking, the coordinating procedures concerning national policies were fastened, whereas the issue of ratifying works is treated delicately by the authorities in charge, using more flexible mechanisms. Small-medium enterprises and urban regions, which are largely hit by the economic recession, are going to receive a substantial amount of support, through their financing by JESSICA and JEREMIE Initiatives, whose activation is accelerated. Furthermore, frontloading of investment over the Period 2007-2013 was implemented, thus providing liquidity to the OPs' beneficiaries since the beginning of this period.

At the level of existing institutions and regulations for the implementation of NSRF 2007-2013, the Operational Programmes Management and Control System of Greece, is expected to have an important contribution to boosting the adjustments needed to be made to the OPs, in order for them to correspond to the conditions and needs stemming both from the global and domestic economic recession. On the issue of potential adjustments/additions to the regulations that can be made in order to help the member-states adapt to the uncommon conditions because of the global economic recession, it is proposed that the countries have the jurisdiction to reallocate funding between the Priority Axes of each OP, by carrying amounts from one Axe to an other that will not exceed a certain percentage of public expenditures on each Axe (eg. 20%). In addition, it is proposed that the n+2/3 rule concerning co-funding from the part of the member-state is amended.

Section D: Examples of good practice

The following examples of good practice – one for each of the three pillars of the Community Strategic Guidelines (employment – RTDI – territorial dimension) – have been selected and are respectively presented: a) the **programme «Support of New Self-Employed Professionals and Scientists»**, implemented under the OP «Employment and Vocational Training 2000-2006», and continued under the current programming period 2007-2013, b) the **«Corallia Clusters Initiative»** for the creation of technology clusters, implemented under the OP «Competitiveness 2000-2006», which is also being continued in the current programming period under the OP «Competitiveness and Entrepreneurship», and c) the **programme «Support of Small and Very Small Enterprises in the Sectors of Manufacturing – Tourism – Commerce – Services»** under the NSRF's Regional Operational Programmes 2007-2013.

Section E: Conclusions

Greek Economy is under recession in 2009, mainly because of the very unfavorable economic conditions globally, that stemmed from the international financial crisis. Greece's GDP is projected to decrease by 1,1% in 2009, according to the latest reports of international organizations and institutions³. This decline however will probably be one of the smallest in the Euro area, while for 2010 a weakening of the downfall trend is expected. Despite the exports' decrease because of the contraction of global demand and production, imports

³ The sources of the forecasts concerning 2009-2010, are explicitly mentioned at Chapter 14 of the National Strategic Report (Conclusions).

shrink faster, thus improving current account and trade balance deficits in 2009. This trend will probably continue but to a smaller extent in the following year.

The downfall of economic activity and the economic uncertainty in the near future have a negative impact on the unemployment rate, which is estimated to rise from 7,7% in 2008 to around 9,0-9,5% in 2009, and remain on an ascendant course in 2010, exceeding 10% in this year. On the other side, the weakening of demand around the world and in Greece also, has squandered inflation pressures that prevailed especially on the first half of 2008, and thus the average 2009 annual inflation rate is estimated to fell at the level of 1,2%. Fiscal imbalances have been immensely increased in 2009, with the State Budget significantly deviating from its objectives. As a result, the General Government Deficit will surpass 12% of GDP according to all latest forecasts, whereas its debt will reach 109-113% of GDP. At the Recommendatory Report of 2010 Budget, the effort of limiting GGD to 9,1% of GDP during this year is recorded, but despite this the debt will continue growing, and it is projected to rise at approximately 121% of GDP at the end of 2010.

The first implementation period (2007-2009) of the NSRF and its Operational Programmes is mostly characterized by legislative, regulatory and administrative actions aiming to prepare and co-ordinate managing bodies and beneficiaries, as well as actions for project specification and maturation. On the other hand, the progress regarding the actual implementation and the disbursement of funding remains at low level. Indicatively, the share of allocations to selected operations on the total NSRF's budget reached 6,9% (1.8 billion €) on the 30.9.2009 while the amount of community funds that Greece had disbursed based on declared payments (taking into account the 2nd payment application at the end of October) reached 620.5 million € (3,07%).

The delay in the Programme implementation and the poor financial absorption are due to various reasons, the most important of which could be summarized as followed:

- The transfer of one more year of the implementation period of the Third Community Support Programme 2000-2006 at the 4th Programming Period 2007-2013 and the extension of eligible expenses of the 3rd CSF until the end of 2009.
- The new NSRF architecture, which constitutes a determining factor for the number of the management institutions that will be involved in each case, along with the new Management and Control System, differ to a large extent compared to these of the 3rd CSF, a fact that has resulted in delays during their integration in the pre-existing structures and the management and implementation systems.
- The procedures of concession of management competences and of the related pecuniary resources, have created problems concerning the single organisation and management approach and have added bureaucratic obstacles and delays.
- The time-consuming procedures of maturation of the infrastructural projects.
- The delay in the strategic programming/coordination (as determined by article 5 of the Law 3614/2007) of the main institutions (ministries) involved in the actions allocated to the Regional OPs.
- The non timely completion of the specification and planning of the actions.

Today, the increased level of activation through calls, approved projects and invitations to tender in all Programmes and the initiation of actions (eg Credit Guarantee Fund, resolution by the Parliament on 6 concession contracts for the construction of Road Autoroutes, support programme for small and very small enterprises in manufacturing, tourism, commerce and services, Local Investment Support Centers in Prefectural Administrations, National Action Plan to overcome crisis impacts in the labor market etc) as well as the inclusion of projects expanding over the two programming periods that constitute a 16% share of total NSRF budget, are expected to significantly improve implementation results over the next period. At the same time, the confirmed needs for simplification of the Management and Control System and the recent announcement concerning the revision of existing structures and procedures, allow optimism for an overall better progress of the NSRF over the next years. Overall, these indispensable interventions will result to the strengthening of the mechanism that prepares and leads to maturation projects, which constitute the most substantial ingredient of OPs.

Apart from the need to accelerate implementation procedures, a possible review of NSRF Operational Programmes will be based on the outcome of on-going Evaluations that are anticipated to be prepared over the next period. Until then, partial differentiations are possible through specification of general guidelines and budgets of priority axes and codes. Changes in the OPs can be initiated based on the socioeconomic trends and the necessary interventions to deal with the economic crisis, together with the adoption of a new development model that takes advantage of Green Development opportunities.