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Greece lets EU funds to fight social exclusion slip away

Some 3.5 billion euros available to Athens at a time when social welfare groups are facing shutdown

By Nick Malkoutzis

Greece risks missing out on up to 3.5 billion euros of European Union funding mainly aimed at helping the unemployed -- who now number almost 800,000 -- get back to work, Kathimerini English Edition has learned.

European Commission sources said that Greece was entitled to claim 4.2 billion euros between 2007 and 2013 through the European Social Fund (ESF), which is designed to promote employment and enhance social inclusion in the EU. However, Greece, which is notoriously poor at absorbing EU funds, has used just a small percentage of this money.

Sources said that Greece has only claimed 18.5 percent (less than 800 million euros) so far. The average absorption rate for ESF funds across the 27 member states is 24 percent.

Given the dire state of Greece's public finances, the government can ill afford to miss out on any extra sources of revenue and Brussels has actually attempted to give the ESF a greater scope so that countries like Greece, which are applying austerity measures, can ask for investment in a broader variety of projects.

EU Commissioner for Employment, Social Affairs and Inclusion Laszlo Andor discussed the wider use of ESF funds with Greek Labor Minister Louka Katseli in March. Two months on, the Commission still appears willing to provide Greece with money for a variety of social projects if the government can find ways to use it in time.

"There has been a great effort by the Greek government and the Commission's services to ensure that the European Social Fund is being used," Andor told Kathimerini English Edition on the sidelines of the 10th Meeting of People Experiencing Poverty, which was held in Brussels on May 13. "The ESF can help start new projects, such as care for the elderly. There is a sufficient level of flexibility within the European Social Fund."

Andor indicated that Athens could be claiming funding for a wide range of projects. "Recently, the European Regional Development Fund was adjusted to allow it to be used for social housing and the EU introduced a new microfinance facility, which opens up new opportunities," he said. "For this year, we have 12 [microfinance] projects in the pipeline. There are new financial instruments and there is flexibility.

"We shouldn't assume that in such situations governments are helpless and cannot help the most vulnerable groups."

As Greece's debt crisis continues to choke the country's economy, unemployment is becoming a growing problem. Figures out this month showed that the jobless rate rose to 15.9 percent in February and was at 20 percent for those aged between 24 and 35. Almost half of Greeks under 24 are unemployed. ESF projects, which mainly focus on improving people's skills and providing them with training or counseling, help roughly 9 million people a year in the EU, half of whom return to work within 12 months of receiving the assistance.

As Andor highlighted, EU funds are also being invested in microfinance projects, which provide credit of up to 25,000 euros to people who would otherwise find it difficult to get loans, such as young or



disabled people and members of minority groups, to start their own businesses.

Norbert Kunz, the executive director of IQ Consult in Germany, told a European Journalism Center seminar in Brussels that his company, which receives funding from the EU to train and then loan money to young people, spent an average of 6,000 euros on each startup. He said that 70 percent of the entrepreneurs were still in business a year after receiving microcredit.

No such scheme exists in Greece but Commission sources said that Brussels is currently in negotiations with an unnamed party to set up a program to provide microcredit to unemployed Greeks.

The view of the members of the Greek delegation at the Meeting of People Experiencing Poverty in Brussels was that a scheme to encourage entrepreneurship among those who find it difficult to get access to loans, especially now that the Greek banks are adopting an ultra-conservative approach to lending, would be a positive move but would have to be closely monitored and form part of a wider strategy.

"We had the so-called social enterprise scheme in Greece about a decade ago -- it mostly applied to people with mental disorders through the Psychargos program -- but once the businesses were set up, they were not supported administratively, nor did they have any business plan," said Katerina Poutou, a social worker and president of the Greek branch of the European Anti-Poverty Network.

"I think microfinancing could be one of the solutions -- not the only solution. It could create jobs and help people but it needs to be supported by other policies in order to survive."

"It all depends on what criteria are used," said Fani Dinopoulou of the Arsis nongovernmental organization, which supports young people. "They have to ensure that there is no discrimination. It should be open to nongraduates who might want to start a trade they learned from their grandfathers."

Giannoula Magga, president of the Greek Rom Women's Association, based in Dendropotamos near Thessaloniki, said that a microfinancing scheme would also be useful for members of the Gypsy community, who are often excluded from conventional methods of financing.

"There are a lot of programs that help Roma start their own businesses but they require the applicants to put down 50 percent of the money first. But if they had that kind of cash, they would start the business on their own anyway," she said. "There are people who want to work who would benefit from microfinance projects."

All the women in the Greek delegation stressed that spending just on programs to help people back into employment would not be enough and that money has to be invested in other areas as well.

"You can't single out one area. We are in a crisis and we have people living in poverty and even some people with jobs are below the poverty line," said Poutou. "So we don't just need programs that create jobs but a holistic scheme that includes education and retraining."

"First of all, the money should not go toward lining people's pockets, which is where we hear it went in the past," said Dinopoulou. "This money should go toward creating jobs, supporting single-parent families, disabled people, the homeless and anyone living on the margins of society."

"The first area they should spend it on is education," said Magga. "If we invest in education now, we will reap the rewards in the future. But it must not happen in a spasmodic way. There have to be checks. Greece has spent a lot of money over the years but it has not put it to good use. Another area is social housing. Most Roma live in settlements in very poor conditions."

The European Commission has recognized that the projects it funds have to do more than just help people find jobs and must also combat social exclusion and poverty. Based on the most recent statistics available, Brussels calculates that 116 million people in the EU are at risk of poverty (they live in a household with a disposable income below 60 percent of the national median) or social exclusion. The 2008 figures show that more than 2.1 million Greeks fall within the "at risk of poverty" bracket. The EU aims to lift 20 million Europeans out of this category by 2020.

"The key question today is how do we avoid social deterioration and poverty at a time of fiscal consolidation," Andor said at the Brussels meeting earlier this month. "We know this is a huge target given the current crisis."

For Greece, there are few timelier subjects as the economic crisis is forcing a growing number of people out of employment or to accept lower wages to stay in their jobs or to get new ones. It has also led to the government cutting social funding for a range of projects that helped foster social inclusion.

The heads of 31 social welfare groups held a news conference last Thursday to warn that they are running out of money. The 31 groups, which include the umbrella organization "Mazi gia to Paidi" (Together for the Child) and the Hatzipaterio Social Work Foundation, mainly work with children that have disabilities. They provide services for 15,360 children and employ 1,378 staff but claim that they

did not receive state funding in 2010 or this year. Their representatives claimed that their combined costs run to some 40 million euros a year.

“In Greece there is no support for parents of disabled children,” Maria Vangela, the mother of a disabled child and a member of the Greek delegation at the recent poverty meeting in Brussels, told Kathimerini English Edition. “The mother of a disabled child has to be a mother, a housewife, a teacher and a nurse. It’s a great burden and the state does not help these families.”

Vangela, who lives on Crete and is a local representative for the Hatzipatereio Foundation, which has provided her and her child with support for a number of years, says that NGOs in Greece are under severe threat.

“Nonprofit organizations and foundations try to bridge the gap left by the state but many of these are facing closure because public funding has dried up and donations are now being taxed,” she said.

“What’s going to happen to all the families and children that they help?”

“We’re here [in Brussels] to shout, to ask, to demand -- I don’t know what the appropriate word is -- to hope that something good might happen.”

However, given that the social welfare groups that protested last week are demanding annual state funding of 7.7 million euros in total when more than 3 billion is available to Greece through the European Social Fund, it seems that pressure has to be applied on the politicians in Athens rather than just the officials in Brussels. If Greece does not find a way to make better and quicker use of the EU funds available, it risks allowing the social impact of the current crisis to escalate.

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