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Special report No 5/90 on the implementation of Council Regulation (EEC) No 815/84 on exceptional financial support in favour of Greece in the social field together with the replies of the Commission

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I

(Information)

COURT OF AUDITORS

SPECIAL REPORT No 5/90

on

the implementation of Council Regulation (EEC) No 815/84 on exceptional financial support in favour of Greece in the social field together with the replies of the Commission

(90/C 331/01)

(Observations pursuant to Article 206a, paragraph 4, of the EEC Treaty)

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I. INTRODUCTION

1.1. Council Regulation (EEC) No 815/84 on exceptional financial support in favour of Greece in the social field ⁽¹⁾ was drawn up on 26 March 1984. It followed the memorandum which Greece had submitted on 19 March 1982 concerning its relationship with the Community, as

well as the Commission's reply to this memorandum, dated 29 March 1983. This reply acknowledged the fact that the Greek economy, in the European Community context, was a special case, from the point of view of both its level of development and its structures.

1.2. The regulation provided, for the period from 1 January 1984 to 31 December 1988, for the granting of aid totalling 120 Mio ECU, mainly intended to cover 55 % of the public costs of building, fitting out and equipping vocational training centres, as well as centres for the rehabilitation of the mentally and physically ill and

⁽¹⁾ Council regulation (EEC) No 815/84 of 26 March 1984 on exceptional financial support in favour of Greece in the social field; OJ L 88, 31.3.1984, p.1.

handicapped, with a view to helping them return to gainful employment. The training centres had to be located within the Athens area, and the amount of 120 Mio ECU was distributed equally between the training centres and the rehabilitation centres.

1.3. In practice, the regulation amounts to a derogation from the ERDF rules, which, on the one hand, exclude the provision of aid from this Fund for investment in hospitals and, on the other hand, did not, at the time, involve any form of intervention in the Athens area.

1.4. The provisions of Regulation (EEC) No. 815/84 were subsequently amended by Council Regulation (EEC) No. 4130/88 of 16 December 1988 ⁽¹⁾. The amendments made concerned an extension by three years of the period for the execution of the programmes, that is to say, until 31 December 1991, the inclusion in the eligible expenditure of the costs of purchasing land or private buildings for the purpose of constructing, extending and/or fitting out the centres, as well as strengthening the monitoring of the programmes and projects.

2. FINANCIAL EXECUTION

2.1. For the financial years 1984-1989, the Commission took the seven aid decisions set out in *Table 1*, which correspond to a total commitment of 96,4 Mio ECU.

⁽¹⁾ Council regulation (EEC) No 4130/88 of 16 December 1988 amending regulation (EEC) No 815/84; OJ L 362, 30.12.1988, p.1.

2.2. As for the payments, they amounted on 31 December 1989 to a total of 32,5 Mio ECU, that is to say, about 18,3 Mio ECU for the 'training centres' part and 14,2 Mio ECU for the 'rehabilitation centres' part. Changes in these figures were as indicated below during the period 1984-1989 (in Mio ECU):

1984	1985	1986	1987	1988	1989	Total
2,0	7,1	9,3	3,3	6,3	4,5	32,5

The greater part of these payments was made up of advances, as the current provisions provide for an amount equal to 60 % of the financial aid granted to be paid by way of advances, once the Member State concerned has certified that work has started on the execution of the project.

2.3. On 31 December 1988, the date initially planned for the end of the execution stage of the programmes, commitments amounted, therefore, to only 84,5 Mio ECU, corresponding to approximately 70 % of the overall financing package, whilst payments amounted to 28 Mio ECU, equal to about 23 % of the package.

2.4. These percentages increased, respectively, to 80 % and 27 % on 31 December 1989. In spite of the possibilities offered by Regulation (EEC) No. 4130/88 regarding the charging of new categories of eligible expenditure for rehabilitation centres, the rate of overall financial execution did not therefore increase in 1989, since commitments and expenditure during this financial year amounted to sums which were lower than the average for the previous financial years.

Table 1 — Aid decisions relating to Regulation (EEC) No 815/84

(in Mio ECU)

Date of decisions	Training centres	Rehabilitation centres		Totals
		New projects	Increase for projects previously approved	
25.10.1984		6,3		6,3
21.12.1984	6,7			6,7
19.12.1985	8,8	13,0		21,8
22.12.1986	6,0	12,7		18,7
22.12.1987	6,3	3,2	2,7	12,2
21.12.1988	6,4	7,8	4,6	18,8
26. 1.1990	11,9 ⁽¹⁾			11,9
		43,0	7,3	
	46,1	50,3		96,4

⁽¹⁾ Including 17 400 ECU for technical assistance.

3. THE PROGRAMMES

3.1. Article 2 of Regulation (EEC) No. 815/84 specifies various items of information which must be included in the programmes and, in particular, the number and the location of the centres, and, for each of the latter, the mode of financing and the period of execution. Nevertheless, the two programmes submitted by the Member State to the Commission in 1984, for the training and rehabilitation centres respectively, scarcely observed these requirements.

3.2. In the case of the training centres, the programme consisted mainly in a forecast of the distribution of the aid between 14 beneficiary bodies, with, for each of them, overall indications regarding work expected to be carried out (costs, duration, area of activity etc.). There was no indication as to whether or not one or more projects were envisaged for each beneficiary body, and no information was given as to the source of the financing as regards the part which was not being met by the Community. In reality, in most of the cases, the exact location was yet to be decided and prior studies had not yet been carried out.

3.3. As regards the rehabilitation centres, the programme was even vaguer. It consisted, in fact, of programming guidelines indicating the main approaches to be adopted for the development of a health policy in favour of the mentally and physically ill and handicapped, with an approximate distribution of expenditure by type of service to be provided (existing establishments, new establishments, short-term treatment units etc.). There was not, therefore, any individualized forecast by centre, by beneficiary or by place, nor was there even any precise indication as to the nature of the operation envisaged or any reference to the financing possibilities. A revised version of the document, drafted in 1987, turned out to be of equally limited utility.

3.4. Programmes of this kind indicated, in reality, a high level of improvisation and the absence of any precise preparation of the investments to be financed. During the procedural stage for the granting of the assistance, the Commission did, to be sure, make an effort to present, as far as possible, brief descriptions of the projects that were envisaged, but, as will be seen subsequently, this work could not be carried out in satisfactory conditions and the absence of a valid reference framework, which is what the

programmes would have provided, amounted, in consequence, to a fundamental weakness throughout the operation.

3.5. It is also regrettable that the considerable experience and knowledge that the Commission has accumulated in the field of financing infrastructure programmes was not exploited further. Better use of practices traditionally followed in the management of funds for the financing of infrastructures would doubtless have resulted in more stress being laid, during the examination of the programmes, on the need for adequate technical preparation, the need to have land and authorization to build ready at hand, along with the indispensable finance.

4. FINANCING THE PROJECTS

4.1. For the financial years 1984-1989, the Commission decided to finance 290 projects, that is, 93 for training centres and 197 for rehabilitation centres. In addition to these decisions, there were 251 others amending the previous ones. Fifty of these amendments concerned the 'training' part and consisted in an extension of deadlines, whilst 201 others concerned the 'rehabilitation' part and consisted in an extension of deadlines (129 cases), an increase in the amounts (19 cases) or an adaptation of the two (53 cases).

4.2. The breakdown of the number of projects financed by financial year may be summarized as set out in *Table 2*.

4.3. In fact, the number of decisions, and the distribution of them between new decisions and amendments of previous decisions, is not very significant, because the projects covered by the new decisions are not themselves, usually, anything more than additions, continuations or additional tranches of previously approved operations. Management in this respect therefore proves to be pointlessly complex, with no clear criteria of classification and without it being possible in all cases to ensure that an identifiable and demonstrable period of work corresponds to each item of assistance.

Table 2 — Breakdown of number of projects financed by financial year (1984-1989)

	1984	1985	1986	1987	1988	1989	Total
Training centres							
— new decisions	24	16	12	16	10	15	93
— amendments			12	8	20	10	50
Rehabilitation centres							
— new decisions	26	67	56	11	37		197
— amendments			25	85	91		201

4.4. The degree of dispersal of the financing is high. For the 290 projects, leaving aside the question of subsequent amendments, aid granted was on average 330 000 ECU per project. There are 20 cases where aid was more than 1 Mio ECU and 81 cases where it was less than 110 000 ECU, a sum which corresponds to investment of 200 000 ECU. It should be noted that Article 5 of Regulation (EEC) No. 815/84 emphasized the need to ensure that the Community's financial support concerned a 'limited number of centres'.

4.5. In the case of the rehabilitation centres, Article 5 of the same Regulation extended the possibility of granting financial support to expenditure incurred in pilot projects intended to discover the most effective methods for the implementation of the programme, as well as expenditure in connection with practical training courses for the adaptation of the professional qualifications of medical staff, therapeutic staff, paramedical staff and social security assistants.

4.6. This being so, a number of rehabilitation projects, consist, wholly or partly, of operating activities and not of infrastructure works. The Court's inspections revealed that, in some cases, these operating measures had led to an improvement in the remuneration of staff employed or to responsibility for paying it being taken over, but no new expertise had really been provided and no significant changes had been made to treatment methods.

5. EXECUTION OF THE PROJECTS

The training centres

5.1. In the case of the training centres, the Court of Auditors' on-the-spot audits concerning the execution of the projects confirmed the inadequate technical preparation of the latter and the delays in executing them. Some projects, which had been approved in 1984 and the completion of which was expected within a period of three to four years, were still at the technical preparation stage in 1989. In other cases, an additional commitment had been subsequently followed by a decommitment.

5.2. In order to attempt to reduce the inconveniences arising from these delays, some beneficiaries have bought the relevant equipment, which they are using on a provisional basis in rented buildings. One of the main causes of the delay consists of the difficulty of finding sites to build on, or of the choice of inappropriate sites. Price inflation also results in problems, since, even if the aid is granted in ECU, expenditure forecasts for projects are drawn up in drachmas and the considerable degree of depreciation of the latter currency results, in the event of a delay in execution, in excessive price revisions.

5.3. On-the-spot inspections have, moreover, revealed the difficulty of ensuring that the expenditure is eligible, in the absence of structured accounts broken down by operation and in the absence, also, in some cases, of clear indications on which to check that expenditure was indeed effected during the eligible period.

5.4. From the point of view of their future use, certain centres have a capacity that greatly exceeds the internal training needs of the staff of the beneficiary companies, and no provisions have been made for the proper use of the surplus capacity. As regards a few centres, the courses do not seem to have been planned in line with the needs of the labour market and concern areas of activity where there is no shortage of labour.

The rehabilitation centres

5.5. The situation is more serious as regards the rehabilitation centres, which, apart from similar problems to those mentioned above, are experiencing additional difficulties. At the regional level, no real organization has been set up to ensure the execution of Regulation (EEC) No. 815/84, and at the central level organization is inadequate. Coordination between these centres and the national health services continues to be feeble and its contents have not changed.

5.6. Six years after its adoption, the programme's basic orientations are in danger of drifting away from the original intentions. The programme put the accent on a reduction in the role of internment and of psychiatric establishments in the provision of care to the mentally sick, and envisaged increased use of treatment methods involving integration in the social environment. The work being carried out, which has progressed to some extent (strengthening the existing structures, construction in existing psychiatric treatment centres) is running the risk, on the contrary, of resulting in a kind of consolidation of former methods of treatment. The situation at Leros, which is examined below, illustrates these difficulties, even if it amounts to an extreme case.

The case of the hospital at Leros

5.7. The island of Leros, in the Dodecanese, was chosen in 1957 as the site of a psychiatric institution, probably because of the existence of unused barrack accommodation and other installations belonging to the Navy, which at present is still the legal owner of the site.

5.8. The maximum number of patients reached 2 700. Though new admissions were strongly cut back from 1982

onwards, and limited to cases of ex-patients and persons coming from other islands, at the end of 1989 there were still 1 127 mentally ill persons on Leros who had come there from all regions of Greece.

5.9. Staff employed amount to about 900 persons, half of whom are involved in supervisory or maintenance work. These are almost exclusively persons who have no professional qualifications and have been recruited on the spot, since the hospital constitutes the island's main source of economic activity. The total number of inhabitants is approximately 7 000.

5.10. The situation of the patients is a familiar one and is characterized by an absence of treatment, an environment lacking in stimulants and family or social contacts, very poor physical conditions and complete passivity.

5.11. The Commission granted aid under Regulation (EEC) No. 815/84 to five projects mainly concerned with preparing the way to modify the patients' condition and rehabilitate them, through an experiment involving the creation of small units, improved staff training and raising the consciousness of the local population with regard to the new methods for bringing the mentally ill back into the social and professional community.

5.12. The five projects approved may be analysed as follows:

- a) No. 27 of 1984: construction and equipment of two buildings, each for 10 persons; modification and equipment of eight buildings intended each to house 8 to 10 persons; pilot project for the rehabilitation of the patients, the training of the staff and the transfer of patients to new installations. The project, which was to be completed over a period of 18 months with effect from October 1984, was initially extended to 31 December 1988 and then to 31 December 1989. The cost was estimated at 97 Mio DR, of which 53,35 Mio DR were to be borne by the Community, corresponding to 602 608 ECU.
- b) No. 1 of 1986: establishment and operation of a unit of 20 persons. Stimulating the population's awareness of new methods and introduction of 20 patients to reception families. The period provided to carry out this measure was 24 months, starting on 1 December 1986, and the estimated cost was 36,8 Mio DR, of which 20,2 Mio DR, corresponding to 146 258 ECU, was borne by the Community;
- c) No. 39 of 1986: adaptation and equipment of a centre to be used as a cooperative for the installation and professional training of about 40 mentally ill or handicapped persons. Expected costs: 290 Mio DR, of which 159,5 Mio DR of Community aid, equal to 1,04 Mio ECU. The period of execution, initially provided from June 1986 to June 1988, was extended

until June 1989. This project, which is the most important one (60 % of total investment in Leros) had not yet started in December 1989.

- d) No. 47 of 1986: construction and equipment of two units to house 8 to 10 persons each. Period provided: from July 1986 to December 1987. Estimated costs: 33 Mio DR, of which 18,2 Mio DR, equal to 131,123 ECU, to be borne by the Community. Although paragraph 1 of Article 8 of Regulation (EEC) No. 815/84 states that the advance can only be paid on certification of the work, the hospital received an advance of 78 674 ECU on 31 December 1986, whereas in December 1989 no work had yet been carried out;
- e) No. 48 of 1986: fitting out and equipment of a building to house 15 persons. The period of execution, initially established as running from June 1986 to December 1986, was subsequently extended to December 1988. The cost amounted to 20 Mio DR and the aid to 11 Mio DR, that is, 79 468 ECU, but this was subsequently increased by 18 641 ECU; the cost has now increased to 30 Mio DR.

5.13. The financial execution of these five projects, as at 31 October 1989, is summarized in *Table 3*.

5.14. In practical terms, the few works that have been carried out concern the restructuring or the fitting-out of existing buildings. From the general point of view of the treatment of patients, the situation has remained unchanged. The reduction in the number of patients interned which has taken place over the last few years is a result of mortality, and not of the introduction of new treatment methods.

The new regulation of 1988 and the situation in 1989

5.15. The amendments made by Regulation (EEC) No. 4130/88 already mentioned in paragraph 1.4 above may be summarized as follows:

- a) the period of 1 January 1984 to 31 December 1988 initially considered for the grant of financial support has been extended until 31 December 1991;
- b) in cases where suitable land or public buildings are not available, expenses incurred in the purchase of land or private buildings for the purpose of construction, extension and/or fitting-out may also, by way of exception, be the subject of a rehabilitation programme. Community financing, which may reach 100 % of eligible expenditure, may also be granted in

Table 3 — Financial execution, as at 31 October 1989, of projects concerning the Leros hospital

(in Mio DR)

No. of Project	Total expected cost of project	Total aid payment by EEC	Advances paid by EEC	Total expenditure	Expenditure as percentage of the expected cost of the project
84/027	97,0	53,3	32,7	34,5	36 %
86/001	36,8	20,3	—	7,9	21 %
86/039	290,0	159,5	—	—	—
86/047	33,0	18,1	11,8	—	—
86/048	30,0	13,9	7,2	3,3	11 %
	486,8	265,1	51,7	45,7	9 %

order to cover technical assistance operations and evaluation and monitoring work on projects receiving Community aid, all of which must remain within the limit of 2 % of the total financial support provided for by Regulation (EEC) No. 815/84;

- c) a monitoring committee responsible for following up the programmes was to be created by 1 February 1989 by the Member State, in agreement with the Commission, which was to be represented on it; the committee was to report to the Commission at least three times a year regarding the state of progress of the programme;
- d) a monitoring system, based on a mechanism for collecting and circulating information concerning progress on the projects, was to be created by 1 April 1989 by the Member State in agreement with the Commission.

5.16. The monitoring committee was created on 1 June 1989. It met in June and October 1989 and submitted two reports to the Commission during the financial year 1989. However, the reports in question deal exclusively with the execution of the programme concerning the training centres, and the monitoring committee has never submitted any report regarding the execution of the programme for the rehabilitation centres.

5.17. As regards the training centres, an *ad hoc* working party was set up within the monitoring committee, but no comparable working party has yet been created for the rehabilitation centres. As for the monitoring system based on the mechanism for collecting and circulating information, that has still to be created.

5.18. Regarding the financial execution, it has already been pointed out, in paragraph 1.1. above, that the execution of the regulation tended to slow down in 1989.

For this financial year, the Member State submitted requests for assistance amounting to 10,3 Mio ECU, that is, 7,3 Mio ECU for training and 3,1 Mio ECU for rehabilitation.

5.19. The Commission's decision of 26 January 1990 ⁽¹⁾ granted total support of 11,9 Mio ECU, exclusively for the training part, an amount greater than had been requested for this part or even for the whole programme. There is no explanation in the decision for this overfunding, which is probably more easily explicable in terms of the Commission's desire, in the present state of things, not to grant new assistance for rehabilitation measures, rather than in terms of the present prospects regarding the training centres.

6. CONCLUSIONS

6.1. The disappointing experience with the implementation of Regulation (EEC) No. 815/84 could have been avoided, at least in part, if, from the beginning, the Member State and the Commission had made an effort to single out more accurately, and to cope with, the weaknesses and difficulties involved in this measure. A more accurate realization of the obstacles would have produced more realistic forecasts and therefore better control of the operations.

6.2. As far as the training centres are concerned, execution of the commitments and closure of the projects continue to be slow. A considerable effort is needed to carry out the investments and ensure that good use is made of them subsequently.

6.3. Regarding the rehabilitation part, continuation of the programme seems to be compromised. In addition to the fact that part of the programme has not been carried

⁽¹⁾ Commission decision of 26 January 1990 concerning applications for aid in respect of exceptional financial support in favour of Greece (financial year 1989); OJ L 35, 7.2.1990, p.24.

out, or was carried out late, there is also the risk that the projects may be used in a manner that is contrary to the objectives of the programme and which might end up consolidating methods which were supposed to have been abandoned.

6.4. A start was made in 1989 on implementing the amendments decided on by the new 1988 regulation, but only as regards the training centres. No provisions had yet been adopted in respect of the rehabilitation centres at the end of 1989, with a view to improving follow-up of the operations.

6.5. The case of the hospital at Leros brings all the risks and difficulties into focus as regards both the inadequate preparation of the projects, the confused conditions in which they were executed and the ineffectiveness of the results.

6.6. In order to avoid any deviation of Community measures from their proper aims, in particular where the Leros hospital is concerned, it is important that the objectives of this programme, as regards methods for providing care, should be clearly reaffirmed and that commitments entered into should be met in a manner that is in accordance with those objectives.

This report was adopted by the Court of Auditors in Luxembourg at the Court meeting of 6 December 1990.

For the Court of Auditors
Aldo ANGIOI
President

THE REPLIES OF THE COMMISSION

I. INTRODUCTION

1. In its reply of 29 March 1983 to the problems raised in the memorandum from the Greek Government dated 19 March 1982 on the relationship of Greece to the Community, the Commission acknowledged the special features of the Greek economy in the Community context from the point of view of both its level of development and its structures. Regulation (EEC) No 815/84 of 26 March 1984 is one of the Community measures intended to remedy Greece's structural shortcomings with regard (a) to vocational training in the Athens area, the only one not eligible under the ERDF at the time, and (b) to the medical, social and vocational rehabilitation of the mentally ill and mentally handicapped in the whole of the country.
2. Accordingly, Regulation (EEC) No 815/84 contains two separate approaches, each to deal with a quite different situation:
 - programme (a) provides financial support for the development and improvement of training structures in the Athens region;
 - programme (b) is designed to set up the infrastructure required to implement a system of psychiatric rehabilitation quite different from the large mental asylums which were the only form of treatment available in Greece before 1984.
3. This means that the two programmes under the Regulation are very different: in the first, the Community acts, either to strengthen or to modernize, at a relatively advanced stage of an activity which is already under way. The second programme, on the other hand, marks the beginning of a process of radical reform in which the qualitative aspect of Community assistance is at least as important as the quantitative aspect which leads simply to an increase in the total volume of activity. That is also the reason why the field of eligibility of programme (b) includes expenditure essential for the launch of the new system (pilot projects and on-the-job training for staff), while (a) covers only expenditure on infrastructure (construction and equipment).
4. The Court states that lack of a valid reference framework was one of the fundamental weaknesses of the whole operation.

From the beginning the Commission adopted a clear strategy on Regulation (EEC) No 815/84: instead of insisting on the submission of programmes containing a great deal of technical detail, which would have delayed the launch of the programmes in Greece for several months, if not years, it preferred to allow the programmes to start and then help the Greek authorities to improve them as work progressed.
5. Throughout the life of the programmes the Commission therefore offered Greece technical assistance in a number of fields ranging from design (improved planning) to practical implementation. That technical assistance, strengthened by the new provisions of Regulation (EEC) No 4130/88, was from 1983 exceptional in its scope, particularly in view of the fact that the development of mechanisms for assessment and technical assistance is a very recent innovation in the structural Funds.

More details of the technical assistance provided by the Commission under Regulation (EEC) No 815/84 are given in the Annex.

II. FINANCIAL IMPLEMENTATION

- 2.4. Programme (a) has now reached its cruising speed since it is normal that, once a sufficiently advanced stage of construction and equipment has been reached, the rate of utilization of available appropriations should speed up. This situation is reflected in the rate of utilization of commitment appropriations: during the period 1984-88 on average 11 % of the overall allocation was used each year but in 1989 alone, the first year for which the Regulation was extended, 20 % of the total financial allocation was committed.

The situation is still more striking as regards payment appropriations: between 1984 and 1989 annual payments made amounted on average to 5 % of the total allocation

each year while in the first half of 1990 alone 15 % of the total payment appropriations were used.

Programme (b) is a special case: in view of the difficulties experienced in implementing the psychiatric reform (see 5.15 – 5.19 below), the Commission stopped approving new projects in 1989 so the new commitment appropriations available were not used.

Considerable delays were also detected in a number of projects approved by the Commission between 1984 and 1988. Those projects, on which work had still not begun by 1 December 1990, were cancelled and the corresponding commitment appropriations will be released.

III. THE PROGRAMMES

3.1. The programmes have been improved considerably thanks to technical assistance from the Commission. The report of 29 March 1984 on 'Psychiatric reform in Greece', undertaken by the Greek Government and regarded as an integral part of programme (b) was submitted to the Commission on 1 June 1984.

Programme (a), which, by its nature, was much more precise as regards the number, location, cost and time for completion of the new centres, was also improved, by Report No 3 of 4 March 1985 (see annex).

3.2. As regards the part not covered by the Community, it was understood that the Greek national budget would contribute 45 % of the total cost of the projects.

The fact that all the beneficiaries were in the public sector offered a further guarantee as regards the source of finance. The details contained in the programme, which went so far as to specify the total area for building practically to the square metre, were adequate in the opinions of the Commission and the management committee.

3.3. The general comments have already referred to the special nature of the psychiatric reform programme. With the exception of the problem of financial cover, which should not have posed any particular problems since the Greek Government had undertaken to develop its psychiatric rehabilitation services, it was impossible in 1984 to provide individual forecasts by centre, by beneficiary and by place because of the large number of new units to be set up. In any case, the very fact that the 1987 revised

programme contained a lot of regional information with more or less the same results demonstrates that the problem lies elsewhere.

One of the main weaknesses of the reform was inadequate management of the programme at central, regional and local level.

The Commission has on a number of occasions drawn the attention of the Greek authorities to the need to strengthen and reorganize the administrative structure within the Ministry of Health responsible for implementation of the programme. The recent establishment for the first time of a Directorate for Mental Health is, in the Commission's view, a move in the right direction.

3.5. When it considered the various alternative procedures for management of Regulation (EEC) No 815/84, the Commission took account of the methods then in use for the various Community instruments, including the ERDF. In its view, those finally adopted best met the specific needs of the Regulation.

IV. FINANCING THE PROJECTS

As a result of the different natures of the programmes, the Commission opted for two different systems of project financing:

- in the case of programme (a), which involved a comparatively small number of large centres which had to start work virtually simultaneously, the Commission asked the Greek authorities to submit the projects in instalments as the work proceeded, with each instalment corresponding to a specific application for assistance. As the appropriations approved were used, the Ministry made a fresh application for assistance corresponding to the stage of the building project. The Commission considered this application and approved it;
- in the case of programme (b), which involved a large number of smaller rehabilitation centres to be developed gradually, each year the Greek authorities applied for financial assistance in respect of a complete construction, equipment or other project which was, where appropriate, approved by the Commission and the corresponding appropriations committed for the whole period of project implementation.

Where necessary, particularly in view of delays in carrying out projects, the Commission amended its previous decision in order to provide supplementary appropriations

and/or extend the period for implementation originally planned.

4.3. In the absence of a system of financing by programme, for which no provision was made in the Regulation, the management of the projects, explained above, was intended to ensure that management was flexible and efficient.

4.4. The overall approach of the two programmes, as confirmed by independent experts, was quite clear from the moment the Regulation came into force: the aim was to establish training and rehabilitation facilities on a human scale meeting the needs of the local population as closely as possible.

4.6. Programme (b) was intended to finance:

- (a) infrastructure projects (construction and equipment of new centres, adaptation and extension of existing buildings);
- (b) operating projects (pilot projects and on-the-job training for medical, paramedical and nursing staff).

Assessment reports on the pilot projects so far completed have been intended to demonstrate the extent to which they have enabled new methods of rehabilitation to be introduced. The overall assessment of the programme now being undertaken will provide more precise information as to whether these projects have achieved their goals.

V. IMPLEMENTATION OF THE PROJECTS

The training centres

5.1 – 5.3. The Court notes, quite rightly, the considerable delays in carrying out several projects to set up new centres, partly as a result of the difficulty of finding appropriate sites. It is also true that the accounts kept by the promoters contain some shortcomings; this is not unique to projects under Regulation (EEC) No 815/84. The Commission has told the Greek authorities on a number of occasions that their system of accounting and monitoring should be improved.

5.4. The centres are intended for all those, whether employed or not, who require vocational training, and not

just for the staff of the project promoters. The demand for training and the lack of infrastructures in the Athens area mean that the new centres will certainly be used to their full capacity. The future qualifications planned for the new centres have not been rigidly laid down but will be continuously adapted, as far as possible, in line with the needs of the labour market.

The rehabilitation centres

5.5. The Court's analysis is correct. Since 1984 the Commission has made a number of suggestions to the Greek authorities and offered technical advice on this matter.

5.6. Several centres outside hospitals are already operating (or are in the process of being completed), with the result that the sick are being rehabilitated outside psychiatric institutions. The monitoring and assessment mechanisms now in place should mean that old methods of treatment are abandoned for good.

The case of the hospital on Leros

5.7 – 5.14. The Court's description of the situation on Leros is correct.

- (a) Project No 27 of 1984 and project No 48 of 1986 are in progress. The first, for which an extension until 31 December 1989 was granted, has not yet been completed.
- (b) Work on projects Nos 1 and 39, approved in 1986, has not yet begun, despite the extensions of time for completion granted by the Commission. The appropriations have now been released.
- (c) On 30 November 1989 the Commission requested repayment of the advance paid for project No 4 in 1986 on the basis of certification by the Member State that work had started. The money has been recovered. On 7 March 1990 the Commission released the appropriations relating to all the aid granted to this project (ECU 131 123).

The Commission has always considered that any partial measure could provide an effective solution only as part of an overall strategy with appropriate resources. A number

of offers of technical assistance have not so far produced any tangible results.

The Commission is currently considering a new project for Leros submitted by the Greek authorities on 31 July 1990.

It should be noted that the Commission's role is to make grants and provide advice and technical assistance but responsibility for living conditions and medical treatment of all patients on Leros remains with the Greek Government.

The new rules of 1988 and the situation in 1989

5.15 – 5.19. Despite the Commission's insistence and its many offers of technical assistance, the Greek authorities responsible for programme (b) have not respected the new provisions of Regulation (EEC) No 4130/88 on the setting up of a system and a committee to monitor and assess programmes. The Commission has therefore carried out a variety of checks. For example, in 1989, of the 178 projects approved by the Commission and not withdrawn by the Greek authorities, 135 were subjected to on-the-spot checks.

It became clear that the revised programme of 31 December 1987 was being very imperfectly applied and that the new measures introduced to overcome the difficulties experienced in the past had still not been adopted. In particular, the situation as regards certain mental asylums, of which Leros is an extreme case, remained largely unsatisfactory.

Accordingly, in 1989 the Commission decided to postpone indefinitely the approval of new psychiatric projects and laid down three conditions for the resumption of Community financing:

- (a) revision of the programme with concrete and realistic measures to ensure success of the reform in accordance with a new implementation schedule;
- (b) establishment of a monitoring and assessment system;
- (c) a demonstrable improvement in the condition of patients on Leros.

The Greek authorities, with assistance from the Commission, are now making a real effort to respond to these points.

5.19. In March 1989 the Greek authorities responsible for programme (a) applied for financial support totalling ECU 8 million, a limit imposed by the need to allocate the remaining commitment appropriations available to programme (b). When it became clear in October 1989 that the Commission would not approve programmes under (b), the Greek authorities concentrated their attention from a financial point of view on (a). The increase in the amount originally requested was considered acceptable by the Commission and the management committee, since there was a corresponding increase in the amount of work put forward for approval.

VI. CONCLUSIONS

The Commission would like to nuance the overall conclusion of the Court of Auditors because the disappointing aspects cannot be allowed to detract from the positive nature of certain achievements.

(a) *Training infrastructure in Athens*

The Commission does not agree with the Court's views on the training centres (6.2). Most such centres are now progressing at a satisfactory rate and only in a minority of cases (about 15 %) is work proceeding more slowly than originally planned.

The result of Community assistance for the construction of training centres in Athens will be the provision of over 12 300 ⁽¹⁾ new training places.

This new infrastructure represents a 61,5 % increase in the training capacity of the country as a whole, which is estimated at 20 000 ⁽²⁾ places. This substantial increase in training capacity in Greece and the opportunity of offering new types of training in line with European standards (advanced CAD systems, new banking applications, innovations in industry and telecommunications, etc.) covering a very wide sector of the Greek economy is unique of its kind, particularly if it is remembered that it is being completed in only a few years. Of the 37 new training centres which will be established, 16 are already finished (built and/or equipped) and operating, six will be completed by the end of 1990 and 15 will be finished in the

⁽¹⁾ Fourth monitoring report — July 1990 by L. Owens, p. 4.

⁽²⁾ Study of Programme for development of training infrastructure in Athens area, 4 March 1985, p. 14.

next four years. There are now 4 610 training places (37,5 % of the total) available. Regulation (EEC) No 815/84 also provided an opportunity for improving coordination between the various promoters engaged in vocational training, encouraging the exchange of experience and the transfer of know-how from the most developed Community countries and developing management plans for centres well before the new structures were ready.

(b) *The psychiatric reform*

The Commission would like to make the following points about the rehabilitation part (6.3). According to certain estimates, Community financing for the psychiatric reform programme represents only about 3 % of total public expenditure on mental health during the time the Regulation applied. The impact of the programme as a catalyst should first of all be judged on the basis of its influence on a situation which extends far beyond the scope of the Regulation itself.

In several cases the reform has produced positive results, while progress has been made in others. Although failure was encountered in the case of Leros, this was not true of the whole programme.

Programme (b) provides for the setting up of a new infrastructure for medical, social and vocational rehabilitation. Expenditure on the mere improvement of mental asylums was expressly excluded from the scope of Regulation (EEC) No 815/84. Without under-estimating the urgent need to improve living conditions and treatment for the chronic sick, the Commission preferred to

concentrate its limited budgetary resources on setting up a new system with the twin objectives of:

- (a) ensuring the social and vocational reintegration of the largest possible number of patients, many of whom had been in asylums for decades;
- (b) providing medical care and assisting in the social and vocational reintegration of those who, without the new system, risked joining the ranks of the chronic sick.

Accordingly, a contribution was made to the establishment over a few years of a number of new services: psychiatric departments in general hospitals, mental health centres, vocational rehabilitation units, hostels for the mentally ill in towns, etc., the first results of which are promising. It may be noted by way of example that, while the average stay in a psychiatric hospital in Greece was 260 days in 1980-83, it is now only 87 days. An effort has been made to increase the chances of a patient passing through a series of services, set up under Regulation (EEC) No 815/84 and intended to prevent a long stay in a psychiatric hospital. To all intents and purposes, such possibilities did not exist before 1984.

The Commission has, however, noted considerable delays in the establishment of a number of new centres, frequent problems in the coordination of new services and difficulties in recruiting the staff required. Certain hospitals, particularly Leros and Dafni, have improved very little, if at all.

The Commission will reconsider the situation in the light of the results of the assessment undertaken by independent experts, the results of which are expected early in 1991, and will take the measures required.

ANNEX

TECHNICAL ASSISTANCE FROM THE COMMISSION UNDER REGULATION (EEC)
No 815/84

Projects on which a report has been made

1. 'Rehabilitation and training of the handicapped in Greece', Brussels, 23 July 1983, V/1510/83 (EN, F, D, GR).
2. 'Mental health public sector reform in Greece', Brussels, 29 March 1984, V/1147/84 (EN, F, D, GR).
3. 'Study on the development programme for the professional training infrastructure in Athens', Brussels, 4 March 1985 (EN, F, GR).
4. 'Report on a workshop in Athens to review progress on planning and development of training centres', Brussels, 14-18 April 1986 (EN).
5. 'Interim report on the five-year programme for the development of professional training in Athens', Brussels, 1 October 1986, V/1536/86 (EN, F, GR) in collaboration with Direktoratet For Ezhuerusuddannelse, Copenhagen.
6. 'Evaluation of the five-year programme for the development of professional training in Athens', Brussels, 1 March 1987, V/1219/87 (EN, F, D, GR).
7. 'Observations on the state of implementation of programme of psychiatric reform in Greece', Brussels, 31 December 1987 (EN), (GR).
8. 'Technical assistance for the Greek programme for the setting-up of vocational rehabilitation centres for the disabled', Copenhagen, August 1986 (EN).
9. 'Technical assistance for Greece in the field of vocational rehabilitation: report on the activities from September 1987 to February 1988, including individual reports on 6 rehabilitation centres', co-ordination: SAHVA FONDEN, Copenhagen, February 1988 (EN).
10. 'Proposals for the design of a monitoring system for the Greek programme of development of training infrastructure in the Greater Athens area', Dublin, November 1988 (EN).
11. 'Study of a monitoring system for psychiatric reform programme under EEC Regulation 815/84', Athens, December 1988 (EN, GR).
12. 'Report on study visits involving 7 beneficiaries of programme (a) of EEC Regulation 815/84: Ireland, United Kingdom, France, Belgium, Germany', Department of Labour, Athens, December 1988 (GR).
13. 'Four monitoring reports of Programme 'A' of EEC Regulation 815/84', Athens-Dublin, February 1989 — July 1990 (EN).
14. 'De-institutionalisation in Greece: report on 1987 Leros seminar', Athens, December 1989 (EN).
15. 'Revision of the psychiatric reform programme. Section A: sectoral management, personnel; Section B: psychiatric hospitals, rehabilitation; Section C: legislation', study commenced on 01.03.90; final report expected 30.09.90, Athens (GR).
16. 'Follow-up report on psychiatric reform/reg. 815/84', draft final report dated 01.08.90, Athens (EN, GR).
17. 'Evaluation of psychiatric reform in Greece', Northampton, UK, Aarhus, DK, Groeningen, NL, draft final report expected 31.12.1990 (EN, GR).

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