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“Technical Assistance on Institutional Enhancement for Local Governance in Greece”

Strasbourg, 27 March 2017  
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## PEER REVIEW REPORT

### DISTRIBUTION OF COMPETENCES BETWEEN THE STATE AND LOCAL AUTHORITIES OF BOTH TIERS

#### EUROPEAN UNION – COUNCIL OF EUROPE TECHNICAL ASSISTANCE PROJECT ON INSTITUTIONAL ENHANCEMENT FOR LOCAL GOVERNANCE, GREECE

The present document was prepared by the Democratic Institutions and Governance Department of Directorate General II - Democracy, in co-operation with Lorenzo Allio and Charalampos Koutalakis, Council of Europe Experts



**Centre of Expertise**  
**For Local Government Reform**

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# ACTIVITY REPORT ON PEER REVIEW

## I. INTRODUCTION

### I.1. The EU-CoE Joint Project

The **EU-CoE Joint Project “Technical assistance on institutional enhancement for local government” in Greece** was launched on 8 September 2016 reflecting the commitment of the Greek Government to strengthening the performance of local authorities and to improving the decentralisation system and the related legal framework.

The Centre of Expertise for Local Government Reform of the Council of Europe (CoE CELGR) supports the Greek Ministry of Interior (MoI) by providing (i) policy and legal advice to decision-makers, and (ii) capacity building assistance to local authorities.

The Peer Review specifically draws on the Report on “Local and regional democracy in Greece” that the Congress of Local and Regional Authorities of the Council of Europe adopted in March 2015 (hereinafter “CoE 2015 Report”, see Box 1).<sup>1</sup>

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<sup>1</sup> Council of Europe (2015), Local and regional democracy in Greece, CG/2015(28)8FINAL, Strasbourg, at <https://wcd.coe.int/ViewDoc.jsp?p=&id=2304139&Site=CM&direct=true>.

### Box 1. The CoE Congress of Local and Regional Authorities 2015 Report

The Report contains the following conclusions, which provide an important diagnostic of the current Greek context:

The **Kallikratis reform** is an important step towards a more decentralised system (see status of prefectures and of the 13 administrative regions), increasing local competences as well as the transparency and accountability of local authorities.

**Implementation** of the reform is however below expectations and there are significant issues that still remain open and prevent good governance and effective performance of the local level in Greece. Two sets of challenges may be identified: “systemic factors” and “governance factors”.

“**Systemic factors**” have a double nature:

- **exogenous**, linked to the exceptional financial and economic conditions. The Report acknowledges that implementation of the reform has been deeply affected by the international commitments accepted by the Greek Government and the fact that local government became the target of several austerity measures;

- **constitutional**, since the Constitution enshrines several centralistic provisions. The principle of local self-government is recognised but the provisions are neither organic nor well-organised. The wording of the Constitution (and the interpretation of the Greek Council of State) also prevents the conferral or delegation of competences to local authorities in many policy areas, limiting *de facto* statutory powers of municipalities which cannot “regulate” local affairs (a parliamentary law is required).

“**Governance factors**” rather pertain to the functioning of the system. While being sub-systemic, they are equally relevant because, as the CoE 2015 Report states, all in all the number and importance of powers and competences presently enjoyed by municipalities are not too limited to affect the scope of local government. Identified challenges related to governance include:

- a **particularly intricate and detailed legal framework** with long and inefficient procedures. Standards established long ago are still in force and only partially amended, ultimately increasing the complexity and inefficiency of the system. Predictability and legal certainty are also jeopardised because of different interpretations of similar cases both by administrative courts and the Court of Audit. Most of the legal framework, moreover, is based on the principle of uniformity and neglects therefore the huge diversity of geographic conditions of municipalities and the context of metropolitan areas;

- **insufficiently institutionalised coordination and consultation processes** across levels of government. Organisational and procedural arrangements to enhance the flow of information and the effectiveness of decision-making are needed, notably in the light of the existence of several areas with extensive overlapping competences among State administration, regions and municipalities;

- **lack of adequate financial and human resources** at the local level. In terms of financial capacities, municipalities lack the necessary resources to match the new competences conferred onto them by the Kallikratis reform. Funding is insufficiently diversified and depends excessively on transfers from the State. With regard to human capital, municipalities lack specialised staff, which at times hampers mainstreaming simple activities like e-Government functions; and they cannot recruit high-quality staff because of “hire-freeze” strategies.

## I.2. The CoE Peer Review

The Peer Review on distribution of competences between the State and Local Authorities of both tiers was identified by Mol as a priority activity to underpin the ongoing Local Government Reform. It was conceived as a contribution to the work of the “Special Committee for the Revision of the institutional framework of local governance”, which Mol set up in June 2016 to deliberate on a proposal for legal amendments, with an original mandate ending in December 2016.<sup>2</sup>

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<sup>2</sup> The deadline for the Committee to deliver its opinions has in the meantime been postponed to early 2017.

### **i) The rationale of the Peer Review**

The Peer Review is a pivotal tool aiming at facilitating the exchange of experiences and examples of practice among countries. It promotes sharing multiple perspectives among peers also through the organisation of meetings with institutional representatives and private stakeholders and experts.

The CoE CELGR puts specific emphasis on identifying the underlying principles and mechanisms that contributed to making specific international experiences relevant so that they can be used to best inform the domestic context.

### **ii) The purpose and focus of the Peer Review in Greece**

In the framework of this specific project, the Peer Review exercise seeks to assist the Greek Government (and other stakeholders) by:

- sharing experiences from other CoE member countries with recent decentralisation and territorial administration reforms;
- taking stock of the current position and envisaged developments;
- facilitating mutual understanding and dialogue among all parties involved in the reform; and
- proposing possible ways forward to consolidate and further progress in line with European standards.

The **overall objective** is to provide the Government with a legal advice on local government system, addressing both the constitutional dimension and macro-economic aspects on the one hand, and the operational “governance factors” on the other hand. In this respect, to ensure effectiveness of the exercise, it is proposed to follow the main areas for governance improvement identified by the CoE 2015 Report, namely:

- the politico-administrative culture, perceived to be excessively centralistic;
- the legal framework, diagnosed as very dense, complex and detailed;
- the coordination and consultation arrangements, which are not sufficiently developed; and
- the capacities of local governments, insufficient both in terms of own resources and financial autonomy and of human capital.

Particular attention has been put to elements of future reforms that may be implemented *à droit constant*, i.e. such that do not necessarily require amending the Constitution and that address the functioning of any type of local governance reforms.

### **iii) The Peer Review mission in Greek**

The **Peer Review Team** (PRT) has played an instrumental role in ensuring the effectiveness and usefulness of the exercise for the Greek Government, both in preparing and during the Peer Review mission, which took place from 28 November to 1 December 2016 in Athens.

Before the mission, the national peers were invited to contribute with short but structured background notes on the domestic institutional context and on specific reforms steps undertaken by the respective governments to address governance challenges similar to those highlighted by the CoE 2015 Report. During the mission, the peers have contributed to discussions with questions and with feedback from their national experiences.

The PRT consisted of the following experts:

- France

Mr. Jean-François DEVEMY, Sous-préfet hors classe, General Secretariat - Private Office, Chargé de mission for International Cooperation, Ministry of Interior of the Government of France;

- Ireland  
Mr. Denis CONLAN, Head of Local Government Development, Minister for Housing, Planning, Community and Local Government & Member of the European Committee on Democracy and Governance;
- Spain  
Ms. María PUIG PEREZ, Technical Advisor at the Deputy Directorate for Institutional Relations, General Directorate for local and regional coordination, Ministry of Finance and Public Administrations of the Government of Spain;
- Switzerland  
Mr. Michael BÜTZER, Deputy Director and Head of Policy at the Association of Swiss communes;
- United Kingdom  
Cllr. Kevin BENTLEY, Deputy Leader of Essex County Council, Economic Growth and Partnerships; & Peer at the Local Government Association of the United Kingdom;
- Council of Europe Experts  
Dr. Lorenzo ALLIO;  
Prof. Charalampos KOUTALAKIS.

The **Peer Review opening session** offered the opportunity to the participants to discuss the rationale of the CoE engagement in the peer review exercise and to contextualise the Greek experience within general trends of reforms in Europe. The workshop also provided a platform for the PRT to familiarise with recent developments by the Greek Government and other stakeholders on regionalisation and local governance promotion.

The rest of the mission included bilateral meetings with representatives of the various levels of governments: Head of Regions, Mayors, senior Mol experts and members of the Parliament.

CoE experts facilitated the discussion on a semi-structured basis. In some instances, reference was specifically made to two case studies selected ahead of the mission – the waste management policy and the provision of social case services. The underlying idea for the case studies was to possibly illustrate concrete examples of the opportunities and challenges diagnosed by the CoE 2015 Report to then draw insights on horizontal lessons that might be drawn for general governance application.

The bilateral meetings were held under the Chatham House Rule – statements made during the meetings were confidential and not attributable. This element ensured an open, frank and constructive discussion, which was held very favourably by all participants.

Box 2 summarises some general considerations from the Peer Review exercise.

### **Box 2. General appraisal of the Peer Review exercise in Greece**

Overall, the Peer Review exercise was appraised very positively by PRT and Greek participants to bilateral discussions. The organisation of the mission was exemplary, both logistically and in terms of the range of expertise and perspectives offered by each meeting.

The Greek participants well understood and appreciated the spirit of the review and contributed with highly-qualified insights to clarifying questions and highlighting positive and less positive features of the current Greek context. Very openly, they provided insights from various institutional contexts (small, bigger, mountainous and insular municipalities; regions; the central Government; and the Parliament).

The CoE PRT was hence given the possibility to discuss elements of the reform with representatives from major institutional stakeholders, which leveraged the potential for a comprehensive appreciation of the current context and the ongoing developments.

The discussions also benefitted largely from the contribution by the international experts, who represented various types of State organisation (centralised, decentralised, federal) as well as various perspectives. The team included an elected representative, experts from the central government, and a representative of the communal level.

#### **iv) About this report**

The main deliverable of the Peer Review exercise is this **Peer Review report** and **policy advice** issued by the CoE CELGR and addressed to the Greek Ministry of Interior

The report does not include minutes of the discussions held during the meetings, nor direct statements by specific stakeholders or by the PRT. Rather, it provides the Greek Government with a structured, critical consolidations of the perspectives and inputs gathered throughout the discussions.

The next chapter reports on the general appraisal of the PRT.

Chapter III presents the main findings from the Peer Review and constitutes the basis for the provisional policy advice to the Mol (Annex 2).

## II. GENERAL REMARKS

### II.1. Positive features

The Peer Review has highlighted several positive features and promising developments in the current reform context in Greece. They can be summarised as follows:

- Despite the considerable fiscal constraints and economic difficulties nationwide, Greek public administrations at all tiers of government have assured **satisfactory levels of effectiveness** and maintained services at the best possible standards. Considering the significant increase in the number of competencies and functions they are responsible for, municipal and regional leaders and their administrative apparatus in particular have actively responded to **unprecedented demands for social services**, aggravated by the current **refugee and migration crisis** affecting local communities.
- The **active involvement of the voluntary sector** and the direct engagement of citizens is also remarkable. This mobilisation has fostered ways to meet the challenges posed by scarce human and fiscal resources and to deliver services. What is being achieved in Greece is to be acknowledged and the PRT wishes to pay tribute to the efforts made.
- In recent years, a new generation of proactive leaders has emerged, who seek to overcome the traditional legalistic approach, shifting away from a narrow culture of procedural compliance and introducing **outcome-driven and value-for-money logics**. It will be important that such commitment is sustained over time and that a sense of collective ownership of the reforms consolidates to constructively shape a new public territorial governance in Greece.
- A common minimum denominator of this new generation of leaders is the strong believe that further **decentralisation reform is fundamental to enhance the socio-economic development** and the competitiveness of regions and municipalities, in particular through job creation. Decentralisation is also perceived as a necessary condition to address the deep social and political crisis affecting Greece, which has undermined the very **social fabric of communities and their trust** in public collective action. Enhanced performance of local governments and more participatory decision-making are a means to overcome the lack of trust in political institutions and bring policies and public services closer to the citizens.
- Against this background, all participants in the Peer Review meetings stressed significant positive effects of the Kallikratis reform, for instance on consolidating the structure of local and regional authorities, providing a better match between the geographic conditions and the boundaries of territorial administrations. There is also a more rigorous scrutiny system to control for maladministration and administrative patronage, although it might come at the cost of increased administrative burdens. A rather consensual point is also that any future reform initiatives have to **consider both the positive and negative experiences** from the implementation of the Kallikratis program through a thorough and rigorous evaluation process.

The PRT acknowledges the important progress that is being made with the reform and the ongoing improvements in the public administrations at all levels of government. The role of the four working groups underpinning the MoI “Special Committee for the Revision of the institutional framework of local governance”, in particular, impressed the PRT for the expertise and comprehensive approach taken. Significant specific elements highlighted during the discussions included arrangements for a more transparent and meritocratic appointment scheme in the civil service; the efforts to upgrade databases and information registries, which are important to underpin evidence-based reforms towards a more efficient public administration; developments of new arrangements for metropolitan governance in Attica and Thessaloniki; and the willingness to address issues related to the clarification of competences and resource allocation among levels of government.

The present Report contains suggestions to support and reinforce these initiatives.



## **II.2. Further general considerations**

On the other hand, the discussions during the Peer Review mission highlighted a certain number of challenging features of the current decentralisation context, for which it appears to be generally shared awareness and common understanding of the diagnostics.

Those challenging features, which are inter-connected to a large extent and which in part depend on the current international agreements that Greece signed in the wake of the economic crisis, include:

- A comparatively **high legal formalism** of the Greek system, which contributes to accentuate the difficulties at all levels of government to enhance the effectiveness, productivity and efficiency of public administrations to deliver public services to businesses and the citizens. This was most evidently illustrated by examples in budgetary procedures and in human resources management.
- A generally **partial and unsystematic recourse to evidence-based decision-making**, including in the form of cost-benefit analyses, which sometimes leads authorities to take decisions with insufficient external inputs, overlooking impacts on other levels of governments and underestimating opportunities costs of targeted budgetary expenditures.
- Three main corollary challenges arguably result from the above: a **disjointed, ad hoc system for coordination and collaboration**, both vertically (across levels of government) and horizontally (among equivalent authorities); an **opaque and inconsistent approach to strategic planning**, most notably in terms of conceiving, designing and implementing comprehensive public sector and structural reforms so as to leveraging synergies and addressing trade-offs; and a relatively **poorly diffused culture of monitoring and evaluation** against pre-set performance indicators, with transparent involvement of public and private stakeholders.

The focus of procedural compliance might come at cost of outcome-driven policy-making. These features tend to embody the traditional political and bureaucratic culture of the Greek State. They might, moreover, be dictated by current economic constraints and by the need to ensure certainty against maladministration. However, they certainly no longer reflect the needs and expectations of the Greek citizens and the economy.

With specific regard to the current debate on reforming the Kallikratis programme, the following considerations emerged from the Peer Review discussions:

- There is **consensus** on the limited effectiveness of implementing measures necessary in order to activate the Kallikratis reform so far. The causes are to be found both in the design of the reform and in its partial implementation, for instance also because the relevant implementing acts (by-laws) have not yet been adopted.
- The shift from more than a thousand municipalities to the current number of 325 is generally considered a major achievement. There are no significant claims for further amalgamation among municipalities. The main pending issues with Kallikratis are not geographical, they are substantial – the reform failed to ensure the balanced match between allocating competences on the one hand, and providing the means to exercise power on the other. Local governments denounce insufficient human resources (both in number and in terms of expertise) as well as financial resources.
- This does not necessarily mean a conferral of more competences to the first-tier local government. Rather, there is a need for **clarification, simplification and for a different allocation** of resources. There appears also to be great scope for more rigorous (budgetary) assessment of the impacts that central government decisions are likely to have on local governments.
- As a result, the PRT was under the impression that local government leaders acted as “**municipal entrepreneurs**”, seeking funding through various projects (mainly funded by the EU and other international partners) and voluntary initiatives of the third sector. While this promotes a certain degree of innovative thinking and diversification of sources for public action, it makes public sector delivery dependent on personal initiatives and ad hoc arrangements that do not guarantee predictability and may prove not to be sustainable.

- There were, on the other hand, several instances where the discussions led to **contradicting perspectives and visions** – for instance in relation to the margins open to possible amendments of the current legal framework without having recourse to a Constitutional revision; or to the amount of resources available to municipalities; their actual commitment to perform efficiently; and the degree of flexibility that they enjoy in pursuing local development.

### **III. MISSION FINDINGS**

The following sections report on the most pressing or recurrent issues raised during the Peer Review meetings, which may be structured along four main topics:

1. Framework for competences distribution
2. Generation and allocation of resources
3. Governance arrangements
4. Political economy of reforms

#### **III.1. Framework for competences distribution**

##### **i) Re-allocation of competences**

The issue of competence allocation between the various levels of government emerged as a top priority by Greek and international peers. Municipal and regional leaders in particular expressed their dissatisfaction with the partial application of subsidiarity in the Greek governance system. The main points of concern were the following:

- There is a high degree of fragmentation and overlap among competences, which is both cause and effect of the rigid, legalistic approach followed in the original allocation of competencies. This creates political as well as bureaucratic inefficiencies. As a result, citizens and businesses have to address multiple levels of government in order to address their problems.
- The current logic of competence allocation between the different levels of government is rather static and uniform. There is considerable scope for introducing flexible differentiation in order to respond to the specific needs of different types of municipalities and regions (metropolitan, mountainous, island, rural, urban etc.).
- Acknowledging the article 102 of the Greek Constitution, there appears to be a universal demand from regional and local government representatives for transferring substantial competences to local authorities. This is believed to contribute to both reducing fragmentation and overlaps, and to achieving positive fiscal spill-overs. This could be particularly relevant for competencies that pertain to regional development, such as agricultural development and technical works that can be transferred to the regions or to the municipalities where appropriate. The transfer of the relevant staff and resources of the Decentralised Authorities to the regions and municipalities is believed to generate significant economies of scale and stimulate territorial coordination.
- A further argument brought up by participants in the meeting referred to the need to streamline the roles between the two tiers of local government. Through the implementation of a considerable part of the EU Structural Funds by means of regional operational programs, regions were identified as the most effective level of government for the elaboration and implementation of comprehensive economic development programs. Such a role is allegedly hampered by the overlapping competencies of the State Decentralised Authorities that also share competences over development issues. At present, there is no legal basis establishing coordination between these two institutions. In turn, municipal authorities possess the greatest potential for effectively delivering essential public services, including social welfare, thanks to their closeness to citizens.

The PRT remarks that a possible re-allocation of competences – whatever forms this might take – needs not to be implemented rigidly but can in principle unfold progressively and flexibly so that the transition to the amended framework delivers effectively and sustainably with no disruption in terms of legal certainty and performance.

Box 3 presents two examples of how countries have shifted the exercise of competences among levels of governments bearing in mind the capacities of the receiving authorities to deliver the expected services at the agreed standards. Ensuring timely, structured and objective monitoring of the actual capacity levels is an essential element of those approaches.

### **Box 3. Flexibly shifting competence allocation and avoiding legal vacuum**

The **UK Government** is seeking to find devolution deals with local authorities through so-called “progressive devolution”. Each deal is negotiated separately and there is not a standard deal for anyone, which shows a good level of progressiveness. Any deal should include an elected Mayor and the creation of a Combined Authority. London already provides an example of such an approach, soon to be followed by Manchester and, most likely, Birmingham. Progressive devolution is admittedly more difficult in more rural areas that are used to the two-tier system of County and District. However, the approach unfolds on a voluntary basis and it does offer a chance for real powers and budgets being devolved from Whitehall to the local level.

In **Italy**, the Constitution authorises the State and the Regions to adopt acts containing provisions that pertain to the competence of lower level authorities (so-called *norma cedevole*, according to Art. 117, para. 6). That extends the range of powers granted to the State or to a region, but under condition of lacking action by the government constitutionally owning that competence and for a definite period of time. Such norms cease to be effective as soon as the regional or the local legislative acts are enacted on the specific matter, respectively. Such “fall back” clauses apply also with regard to the transposition of EU law, whereby the transposing State act is in force until equivalent measures are adopted by the region.

## **ii) Clarification of the current competence allocation**

The discussions during the Peer Review mission focused on current allocation of competences with a view to clarifying and streamlining the current framework. Several examples were brought to the attention of the PRT, which illustrated the rigidity and inefficiency of part of the system.

Examples included delays and deadlocks in managing streets, for which authorisation is often required by the municipal authorities, the regions, and the Ministry of Environment of the central government. In some other municipalities, construction permits for a new hotel could not be authorised swiftly because of burdensome and relatively unaccountable procedures. This not only diverts investors away from the municipality but potentially incentives illegal construction and corruptive behaviour. Both scenarios highlight the high opportunity costs that such inefficiencies generate. Other examples mentioned to the PRT included amendments to zoning and land use municipal documents that have also been blocked because of lacking approval by central authorities; and disproportionate delays in checking the validity of tender decisions or hiring cleaning staff by municipalities.

The PRT was told that challenges also persist because of very vague or contradictory terminology in the various legal bases. A muddled legal framework regulating the allocation of competences triggers potentially discretionary interpretation, litigation, and delays, and undermines the productivity and efficiency of the public administration. This tends to raise the costs of decision-making and reduce the effectiveness of services for businesses and citizens.

These challenges are captured by several international indicators. The Doing Business Index of the World Bank for instance ranks Greece 61<sup>st</sup> out of 190 countries worldwide, with a Distance to Frontier (DTF) score in ease of doing business of 68.67, against an OECD average of 77.65.<sup>3</sup>

To a great extent, clarification may be introduced by way of legislation and law codification. Box 4 reports the French experience in this respect.

#### **Box 4. Competence distribution and clarification in France**

After the 1983 decentralisation reform, **France** showed a given level of confusion and competition between different level of decentralised entities. The most illustrative, but not sole example was the competition that emerged between the State (both centralised and decentralised) and the regional, departmental and municipal authorities in the area of regional and economic development. A legislative intervention adopted in 2015 (the so-called Loi “*Notre*”) could provide more effective solutions after several attempts at changing the situation. The Law provides for deleting the “clause of general competence” for both the region and the department; and for redistributing competence among the different administrative tiers and organs.

Under the new provisions, only the municipality is thereby entitled to deal with any issue deemed relevant, provided it pursues the municipal interest. By contrast, the other administrative tiers and organisations cannot deal with any question they are not specifically supposed to do under the legal distribution of competence. Because economic and regional development falls under the region’s competence, the department is forbidden to support or show interest in any issue related to that policy matter. The municipality is not supposed to deal with economic and regional issues but it can interfere in case it is a matter of municipal interest.

The PRT also considered ideas for simplifying administrative and regulatory requirements, as a part of wider regulatory reform efforts. Tools to be explored might be the introduction of more effective and better defined time limits into legal bases, which each involved actor must abide by. Those provisions might be accompanied by “silent-is-consent” rules, implying that in case of non-response by an authority, the applicant can assume the request was authorised.

It might also be useful to consider lessons from the UK approach to reduce to two the dates in each year when new regulation may enter into force - so-called “common commencement dates”, which allegedly should increase the awareness (and readiness) by business of new or changed obligations, resulting in improved compliance levels. A further initiative worth considering might be the UK Primary Authority scheme, which allows an eligible business to form a legally recognised partnership with a single local authority in relation to regulatory compliance. A business that chooses to participate in Primary Authority is demonstrating a commitment to working in partnership with regulators, and a desire to improve its experience of local regulation. The scheme enables primary authorities to develop positive relationships with such businesses, sowing the seeds for a new way of regulating businesses that are committed to compliance.<sup>4</sup>

## **III.2. Generation and allocation of resources**

### **i) The system of State grants to local governments**

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<sup>3</sup> The DTF score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each Doing Business indicator. An economy’s distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. More information on the DB profile of Greece can be found at <http://www.doingbusiness.org/data/exploreeconomies/greece>.

<sup>4</sup> For information on both these UK initiatives, see [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/468831/bis-13-1038-Better-regulation-framework-manual.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/468831/bis-13-1038-Better-regulation-framework-manual.pdf).

The principle that every transfer of competences to other levels of government also entails the transfer of the corresponding resources was not disputed by interlocutors. Discussions pivoted around the ways and means to implement that principle.

Under the current system, the municipalities and regions are basically financed through grants defined by fixed percentages of State revenues on property tax, income tax and VAT. Financial resources are transferred from the central budget to the local governments exclusively on the basis of the number of permanent population registered in a municipality. That single criterion was considered by some interlocutors as a simple and fair system to account for the disparity in geographical conditions and in economic strength of the Greek municipalities.

Discussions nonetheless pointed out a number of critical aspects related to the inadequacy of deploying that single criterion. Specifically, there are no specific provisions or complementary indicators for insular and mountainous municipalities. The same holds true for highly touristic areas where population and the corresponding needs for services drastically increase during the tourist season but their finance is based on the permanent population.<sup>5</sup> Other critical aspects raised during the discussions include:

- the fact that official statistics and indicators are not necessarily updated and reliable (for instance, the registry of residents do not reflect the actual size of the population living in a given municipality);
- the amount that many municipalities receive is a fixed undifferentiated proportion, which barely matches the municipal budget to cover operating costs (mainly wages), leaving only some 15% budget for “pro-active” investment and policy development;
- it was also denounced that, *de facto*, the transfer mechanism does not always operate transparently. Both municipalities and regions have manifested that the final amounts of fiscal transfers may not correspond to the amounts indicated in the State budget, and local governments were not certain to receive the full amount they were due, because of significant cuts in the central budget. Besides narrowing the range of services they can provide, this also reduces the capacity of local governments to plan public policies with adequate predictability and certainty.

Several claims were hence made to broaden the range of criteria to determine the State grant, taking into consideration also the needs and the specificities of the local dimension. Insularity accentuates disparities and complexity to a large extent. In other countries, equivalent challenges have been addressed through a number of options (see Box 5).

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<sup>5</sup> The regions seem to be subject to a more elaborated re-distribution scheme that takes into account other criteria than the permanent population, such as the island or mountainous character of the regional territory, the length of infrastructure system and other criteria.

### **Box 5. Revenue re-distribution and equalisation mechanisms**

In **France**, the local budgets are composed of two categories of revenue: taxes and fees on the one hand, endowments on the other. Revenues stems mainly from four types of taxes – including taxes on built and non-built property, on residence, and on enterprises, the level of which is decided by the decentralised entities as provided by the law. Endowments are distributed by State authorities (the Ministry of Interior) based on a general complex formula that takes into account a number of criteria such as population, surface, length of the road net, fiscal potential (local wealth), situation in rural or urban areas, in touristic areas, in the mountains, etc.

Adjustments between the different criteria, whenever not decided by the law, are possible. They are decided at the national level by the so-called “committee for local finances”, chaired by and mainly composed of representatives from the different layers and categories of decentralised authorities. The Ministry of Interior is present in this committee for technical support and secretarial functions. After the decisions are taken, the Ministry of Interior calculates the endowments according to the agreed level and transfers the corresponding funds to each different decentralised authority.

When considering the situation of touristic areas, the city of Cabourg might be given as an example. A small touristic town on the seaside of Normandy, this municipality registers only 3 700 permanent inhabitants, but it is given the means (budget, administration) of and considered as a town of 20 000 inhabitants. In addition, it collects approximately 0,5 million euros annually thanks to a resort fee on hotel overnight stays.

In **Spain**, the Local Government Act of 1985 allows for the Autonomous Communities to elaborate laws on local regime establishing special regimes for small or rural municipalities and for those municipalities with special characteristics in the light of their historical-artistic character or the predominance of the touristic, industrial or mining activities or other relevant activities.

In **Switzerland**, the cantons do not have access to the same amount of financial resources due to their different economic and population structures. In addition, their geographical situation or role as a central canton results in differing requirements concerning the performance of tasks.

Fiscal equalization systems were therefore developed at the cantonal and federal level in order to reduce these inequalities. Resource equalization is made up of the taxable income and assets of natural persons and the taxable profits of companies. Financially weak cantons receive freely disposable financial resources from the financially strong cantons (horizontal resource equalization) and from the Confederation (vertical resource equalization). Cost compensation concerns excessive costs associated with geographical/topographic and socio-demographic factors which, for structural reasons, result in higher costs for the provision of public goods and services. The Alpine cantons have higher costs for infrastructure, winter road maintenance and schools (e.g. school buses), for instance. The centrally situated cantons frequently have an above-average proportion of elderly, poor and foreign people. A cohesion fund was introduced as an additional element in order to reduce the financial losses of financially weak cantons when switching from the old system to the new fiscal equalization.

## **ii) Local horizontal co-operation**

Because of the limited resources at disposal and the pressing demands they face further to the economic crisis, local governments struggle to deliver services effectively on the sole basis of public resources available.

Discussions during the Peer Review meetings considered ways to enhance cooperation and collaboration between municipalities. It emerged that horizontal cooperation is under-exploited at local level mainly because of “soft factors”, such as a prevailing attitude of political leaders not to intervene in affairs that do not necessarily pertain to their strict administrative or competence boundaries; some short-term approach to public action design; and some mutual lack of trust. This might be one unintended consequence of the high legal formalism mentioned earlier on in this report - the cultural framework provides few incentives for initiative on the part of political leaders and civil servants, and the underlying bureaucratic complexity tends to discourage actions that are not underpinned by a definite legal basis. And yet, there is, on the other hand, no significant legal obstacle that prevents willing municipalities to cooperate.

The PRT was provided with an excellent example of such cooperation in the waste management field, in the form of an inter-municipal local plan for waste transportation and deposit launched by the municipalities of Papagou-Holargos, Agias Paraskevis and Zografou. The plan provides for a common

pool of resources in order to achieve economies of scale to transport and differentiate waste and to organise its transfer to the installation run by the region in cooperation with municipalities. This specific inter-municipal collaboration unfolds within the current operational framework provided by the law and it enjoyed significant support by both regional and central Government authorities.

Despite the severity of the crisis in Greece, nonetheless, the PRT was not under the impression that the opportunities offered by enhanced inter-municipal cooperation were fully grasped, and that forms of collaboration were not felt as needed, yet.

This attitude could be explained, as mentioned by both Greek and international experts, by the fact that the typical “inter-municipal cooperation” requires the creation and upkeep of an additional administrative layer. The procedures regulating the terms of the coordination and the related controls that such formal cooperation arrangements require may well generate costs that in the current Greek context would appear not sustainable and proportionate.

Because of the possible inefficiencies generated by classic IMC, other countries have considered alternative forms of collaboration that potentially maximise efficiency (see Box 6).

#### **Box 6. Seeking efficient horizontal cooperation**

In **Switzerland**, especially smaller municipalities with few resources can engage in pooling public services under private law contracts among themselves or with a private service provider. This ensures a professional public service at a moderate cost, which would not be possible for each municipality taken separately. At the same time, each municipality retains its political decision power. Moreover, those contracts may be easily repealed or amended if needed. Examples of provision of public services by civil servants under such arrangements include experts in urban planning or civil protection matters, while private service providers can for instance offer accountant services or home care for elderly people.

In **Ireland**, a core element of the recent major programme of local government reform has been the separation of the political responsibilities from the operational and administrative functions at the local level. This principle was embodied in the reorganisation of local government structures, including the dissolution of the 80 former town councils and their effective replacement by 95 municipal districts. The latter are not separate local authorities or corporate entities, but components of the county council in which the elected members for the district perform a range of local functions of the local authority on a devolved basis. However, all the executive functions of the local authority are integrated into a single county-wide organisation under the control of a chief executive and management team, instead of being multiple chief executives, management teams and other staff units for individual “municipalities”.

Resources, human and otherwise, are deployed by management across the districts in accordance with needs. There hence is no centralisation of operations or services “on the ground”, just streamlining of management, supervision and deployment of resources. On the contrary, integration of administrative resources facilitates improved effectiveness in services by virtue of greater flexibility and economies and efficiencies of scale. Moreover, the opportunity of reorganisation was taken by many local authorities to introduce new more effective ways of operation and improvements in the quality of customer services, public information and support services for elected members.

Besides seeking enhanced efficiency, this system promotes cohesiveness and consistency at political level because the plenary county council is composed entirely of municipal district members, rather than having separate sets of elected members as is the case with conventional tiers of local government units. The system also “localise” the political/representational role (i.e. at municipality level) while integrating administrative functions (i.e. at county level). By pursuing this “twin track” approach it is possible simultaneously to optimise the two key objectives of subsidiarity and efficiency which often tend to be in conflict in the context of more traditional/orthodox approaches to governance and distribution of powers.

### **iii) Fiscal autonomy at local level**

Despite attempts by the Kallikratis reform to strengthen the fiscal autonomy of the municipalities and regions, the scope of devolution of powers in this matter is rather constrained by provisions in the Greek Constitution. Local governments have only the authority to levy fees and levies upon the provision of certain services, such as waste management, childcare facilities and others.

The issue of limited fiscal autonomy at local level does not refer only to the power of local government to independently levy and collect own taxes, and retain the resulting revenues. It also pertains to the way in which they can execute their budget in the framework of the competences conferred upon them. There is only limited discretion granted to local government in this respect, not least due to the tight legal and fiscal controls of superior authorities. Such controls often tend to go beyond the simple scrutiny of the legality of municipal decisions. As a result, decisions of municipalities and regions with fiscal implication are not directly applicable unless a State superior authority consents. This aspect of the Greek fiscal regime does not reflect international definitions of fiscal autonomy.

These limitations prevent certain municipalities from benefiting from the wealth and economic activities generated on their territories, the exercise of which often requires additional municipal services.

The example of the Municipality of Mykonos, a global tourist destination, is perhaps the most illustrative in this respect. The municipality attracts more than 120 000 visitors per day during the tourist season (from April to October), which sharply contrasts to the ca. 10 000 inhabitants permanently living on the island. Such a drastic increase in population during the summer requires additional services related to waste collection, drinking water, public order and traffic control, and seasonal staff is hired. Most of these expenditures are paid from overnight fees charged at hotels, but the municipality did not have the authority to determine either the tax base nor the amount of tax revenues necessary to cover the needs.

Participants in the Peer Review meetings noted that, although there are some constitutional constraints to decentralise taxation, a possible way to increase local fiscal autonomy could be to elaborate a system of municipal and regional taxes in the form of levies to business (see Box 7). The system should be accompanied by building up local tax administration capacities and strong checks and balances in order to prevent corruption.

Fiscal decentralisation at both tiers of local government has to be accompanied with effective fiscal equalisation mechanisms that compensate for possible economic and social disparities between territorial units. As a guiding principle, this could be a system where a certain percentage of the taxes generated in a local community would remain as local revenues with the rest directed to central State.

#### **Box 7. Setting business rates locally**

The exploitation of the dam on the territory of Paranesti, a mountainous municipality in the North of Greece, to generate electricity could be an example of what in the **United Kingdom** is known as “business rates”. These are levies on most non-domestic, commercial properties raised by local councils. Certain non-domestic properties are exempted from these taxes. Among them are farms, churches, and buildings used for training or welfare of disabled people.

#### **iv) Maximising the efficiency potential**

The PRT believes that the Greek authorities, at all level of government, already achieved remarkable levels of efficiency in delivering public services, in the light of the severity of the economic crisis and the resources available to them. The engagement of third sector organisations and citizens’ voluntary initiatives have certainly helped to cope with the situation. It remains noteworthy that regional and local authorities currently operate with an overall staff of roughly 75 000, for a population of about 11 million inhabitants.

The PRT is also aware of the critical challenges that several Greek municipalities face, notably with regard to the shortage of personnel to perform even basic tasks - not to say of expert administrators carrying out specific technical duties.



Against this background, it would be unrealistic and hugely detrimental to introduce further uniform cuts in personnel and resources at the local level to reduce costs. Broadly speaking, significant sacrifices appear to have been made in this respect and the margins for horizontal public sector downsizing have been exploited already. On the other hand, investments in ICT to enhance e-Government solutions or other technologies to promote “smart cities” require additional resources that appear to be still lacking – although the costs should be gauged in terms of medium-term return on investment (efficiency savings).

The PRT nonetheless wishes to point out that potential for enhanced efficiency might be exploited by applying the concept of “right-sizing”, which seeks to strategically improve the operational performance of the public sector as a whole. Right-sizing may imply – but does not necessarily lead to – a permanent reduction in civil service, while it usually includes “re-engineering”, which is about changing the way work processes are carried out. A powerful set of tools may be deployed to modernise government; optimise effectiveness; reduce costs; increase efficiency; rationalise the workforce; and improve the quality of public services.

In other words, it might be considered whether human and financial resources are allocated in public administrations where they are most needed and where they add the greatest value. The PRT was informed that systematic functional reviews and spending reviews were not performed at the local level. More generally, there appears to be scope to enhance the performance appraisal schemes throughout the Greek public administration. Oversight and scrutiny of administrative performance tend to remain relatively weak, unsystematic, and not based on clearly set performance indicators.

At the local level, moreover, the relatively sub-optimal performance levels might also be ascribed to the serious impediments to mobility of staff and poor incentive mechanisms to support individual performance. Line managers are granted little room for manoeuvre to best allocate the (scarce) resources they have because of rigid budgetary lines and rather limiting legal provisions. For instance, it struck the PRT that the law prohibits mayors to sign off certain administrative technical decision such as construction permit authorisations, which instead require the formal approval by a civil engineer employed by the issuing authority.

Although arguably with less severity, other European countries have undergone tight financial constraints and shrinking public budgets. In some cases, the crisis has triggered domestic reforms to overcome generalised horizontal cuts and seek public sector rationalisation (see Box 8).

### **Box 8. Maximising and controlling for efficient public spending**

In **Ireland**, the central Government prompted and implemented efficiency measurement. A Local Government Efficiency Review Group, established by the Minister for Local Government in 2009, carried out an independent review of the cost base of, expenditure by, and numbers employed in, local authorities. A National Oversight and Audit Commission was subsequently charged with independently overseeing implementation of the resulting efficiency programme. In addition, a Programme Management Office (PMO) was created in 2012 as a national executive structure to assess and implement a range of projects aimed at advancing the local government efficiency reform agenda.

The efficiency programme had concrete repercussions on the organisation of local governments, notably through the replacement of town councils by a new system of municipal districts, as outlined above. The system of shared services involves the delivery of a range of executive functions by using a shared services model, notably payroll and superannuation functions and systems for the administration of Procurement, Road Management, Building Control Management, Spatial Planning, Waste Enforcement, Debt Management, and Water functions. In addition, the local government sector has pursued a number of collaborative projects where best practice was shared to deliver efficiencies including Internal Audit and Debt Management, and a suite of ICT Enablers was also developed. The increased efficiency and consequential savings achieved are estimated to be worth €586.6m per annum on an ongoing basis, thus exceeding the initial projection and equating to almost 12% of total local authority current account expenditure in 2015, over 80% of which derived from payroll savings. The reduction in total staffing in local authorities (-29% at the end of 2015 compared with the 2008 peak level) was achieved mainly through early retirement schemes and voluntary redundancy schemes.

In **Spain**, the legal revision of 2013 of local governance sought to rationalise the structure of the local administration, bringing it in line with the principles of efficiency, stability and financial sustainability; to ensure a more rigorous financial and budgetary control; and to promote private economic initiative, by avoiding excessive interventions of public administrations. This implies that any competence shall have a legal basis entitling the municipality to actually exercise it. This legal basis will in time refer to the applicable legal regime, and its financial sustainability is a pre-condition for its exercise.

In the **United Kingdom**, all local government official papers are open for public scrutiny unless there are commercial or legal reasons to be contained within the Council. Because virtually all public decisions bear financial impacts on the public budget, a "Value for Money" test must be applied. Strong procurement rules are in place when hiring outside organisations and public authorities must prove that market opportunities were tested fully. Local authorities must also continue to prove that they are spending the public's money wisely and all these decisions are subject to call-in from councillors. A call-in would involve the decision going to a panel of councillors for examination. The panel cannot overturn it but can strongly recommend to the Cabinet Member.

### **III.3. Governance arrangements**

#### **i) Institutionalised vertical coordination**

During the discussions, the specific role played by regional authorities in regional economic development was highlighted, given the range of competences conferred to them in relation to developmental planning and implementation in the primary, secondary and tertiary sectors; and their tasks in managing European funds. Most of the final beneficiaries of the policy actions and measures included in the Regional Operational Programs (ROPs) are municipalities that respond to general calls for interest. While the system is currently coordinated through direct participation of municipalities into the monitoring committees of the ROPs, such participation was reported to remain rather fragmented.

There hence appears to be significant scope for improving the coordination between regions and municipalities, for instance by strengthening the institutions that facilitate consultation and strengthening the role of the regional associations of municipalities and of KEDE in formulating common positions and issuing eligible programs to be considered for incorporation into the ROPs.

Coordination between metropolitan regions, namely Attica and Central Macedonia and the municipalities was a further issue of concern reported to the PRT. Challenges arise because of the lack of effective metropolitan institutions that can facilitate policy coordination between the two tiers of local governments

and with the various governmental and non-governmental bodies that share competences in important policy areas such as transport, infrastructure maintenance and development and social policy.

Participants suggested that coordination may be improved by digitalisation and the use of new technologies that facilitate multilevel sharing of basic information.

A further dynamic addressed during the Peer Review discussions was the one between the regions and the central Government, and specifically the State Decentralised Authorities. It was noted that institutional dialogue there is rather sporadic, often depending on personal initiatives and contacts, not least because of insufficient legal bases and lacking organisational and procedural arrangements.

In some countries, vertical coordination is set by law, which grants accountability to the parties involved and ensures the legitimacy of the resulting agreements. Box 9 presents two possible approaches in this respect.

#### **Box 9. Institutionalising coordination across levels of government**

In **Spain**, since 1992 the State and all the 17 Autonomous Communities have put in place a permanent institutional mechanism for policy cooperation on the basis of so-called Sectoral Conferences. Each conference gather together the competent Minister in each sector (acting as the chairperson) and the Councillors of each Autonomous Community that are responsible for the same area. The Minister has to convene at least one meeting annually, but meetings can be convened upon request of one third of the Conference members.

The Sectoral Conferences can exercise both decision-making and merely consultative functions, and they provide a platform to negotiate agreements on common subjects. They shall be informed about any draft law elaborated by the General State Administration or by the governments of the Autonomous Communities that directly concerns the competencies of other Public Administrations, or when information is foreseen by the sectoral applicable legislation. The Conferences shall be consulted also in relation to new specific cooperation plans between the Autonomous Communities. These provisions seek to promote joint planning; avoiding duplication; and increasing the efficiency of the public service provisions.

There are currently around 40 Sectoral Conferences with a very heterogeneous level of activity. The Conferences calling most meetings are those related to the agriculture, fishing and environmental sectors.

In the **United Kingdom**, building targets have not been met for many decades and housing has become a major issue for the country. To address the problem, the UK Government prompted horizontal cooperation through a new legal requirement. A piece of legislation concerning planning and the need for more housing to help with an increasing and ageing population was adopted in 2011. A crucial provision in the law is the so-called “Duty of Co-Operate”, which ensures councils discuss issues across political borders and prevents uncoordinated action. The requirement does not compel them to work together but certainly encourages them to do so. In relation to planning, the duty also relates to sustainable development or use of land that would have a significant impact on at least two local planning areas or on a planning; and requires councils and public bodies to ‘engage constructively, actively and on an ongoing basis’ to develop strategic policies; and to consider joint approaches to plan making matter that falls within the remit of a county council. Anecdotal experience suggests that the system has worked well and it has led to many other areas of co-operation from shared services and shared staffing.

#### **ii) Multi-level legal scrutiny**

The PRT was introduced to the current system of so-called “legality checks”. This is essentially a system of *ex ante* legal scrutiny conducted by Government appointees. Legality checks are broadly considered by elected municipal and regional leaders as necessary, since they secure legal certainty and avoid maladministration. However, the current system appears to be bureaucratic, time consuming and to a significant extent also politicised.

Basically, all decisions by municipal and regional authorities are subject to legality checks performed by the State Decentralised Authorities. The main concern brought to the attention of the PRT is that the scrutiny often exceeds the legal review and intrudes into the administrative autonomy of the deciding

authorities<sup>6</sup>. As mentioned above, legal checks on the implementation of the budget are viewed as a source of considerable delays and bureaucratic impediments that often hinder fiscal autonomy of municipalities and regions.

A number of causes were mentioned for the disproportionate delays that the current legal scrutiny system experiences, including:

- the rich and only partially efficient network of oversight institutions (currently, there are up to eleven bodies charged with the checks), which operate with different standards;
- the generally poor legal expertise of the staff of many municipalities and regional administration drafting decisions;
- inadequate legal drafting and terminologies in the legal bases, which favours contrasting interpretations;
- the lack of uniform legal guidelines and of a “library” reporting the most common case handling; and
- ideological or political biases among the appointees charged with the scrutiny.

Recent reforms have abolished the external *ex ante* scrutiny of budgetary decisions. This strengthens administrative and fiscal autonomy of both municipalities and regions, as experienced also in other European countries (see Box 10). However, participants noted that the system of *ex post* legality checks remains highly bureaucratic and fragmented, *de facto* (and paradoxically) resulting in higher legal uncertainty because of discretionary decisions and delays.

#### **Box 10. Leveraging *ex post* legal compliance control**

As in Greece, also in **France** acts of local authorities are submitted to a legal compliance control implemented by State territorial representatives (prefects or sub-prefect). The control occurs *ex-post* – i.e. the municipal or other local acts enter automatically in force as soon as the prefecture receives a copy of it. The prefect is granted two months from the date of receipt to react. In most cases, no further proceedings are necessary. Whenever appropriate, the prefect may ask the local authority to correct, improve or repeal specific legal provisions or the entire decision. In the rare cases where disputes do not result in a consensual settlement, the prefect seizes the Administrative Court. The rulings of the latter almost always confirm the opinion of the prefect (90% of cases).

While mayors and local authorities initially did not always accept or did not understand the system well, the legal compliance control is now most often considered positively because it helps them avoiding some of the most important mistakes. It is in addition a legal basis for an enormous amount of exchange and legal support to the mayors and legal authorities and helps a lot in securing decisions of the decentralised authorities.

### **iii) Open Government agenda**

Part of the discussions pertaining to reformed public governance in Greece referred to the opportunities offered by the so-called Open Government agenda. Participants stressed the progressive alienation in parts of the public from the local political life and from local decision-making, partly because of the difficulty for the citizens to understand “who does what” and where money is spent. The incentives to engage remain also relatively low. People rather engage in the third sector and voluntary, informal actions.

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<sup>6</sup> The administrative independence of local authorities stems from the decentralised character of the administration system which is stipulated in the Greek Constitution.

Inclusive stakeholder and citizens engagement helps policy-makers and local government leaders gather the necessary inputs and evidence to deal with the multidimensional nature of modern policy objectives and to identify policy trade-offs and synergies. The Open Government agenda includes several avenues for reform which bypass the territorial decentralisation remit, and would be instrumental to deliver results and build legitimacy and trust. Among others, participants mentioned the following reform fronts:

- the possibility offered by local referendum practices, foreseen by law in Greece but still awaiting the necessary implementing act;
- the need to strengthen the collective role (and political weight) of the regional and local councils, to balance the currently allegedly disproportionate responsibilities falling onto heads of regions and mayors;
- the opportunity to pursue the current efforts to upgrade the system for collection of statistical evidence and the databases (such as the registry of inhabitants), which are not necessarily updated systematically and reliable;
- the generalisation of reformed schemes of transparent and objective appointments to positions in the public administration at all level of government on the basis of the principles of competence, integrity, meritocracy and performance.

### **III.4. The Political Economy of Reform**

A final set of issues discussed during the Peer Review mission drew from the acknowledgment that “how” governments proceed to reform is as important as “what type” of reform eventually is being decided. The governance of the reform process, in other words, is critical to achieve the expected outcomes.

Three considerations were made in this respect with specific regard to the revision of the decentralisation agenda (Kallikratis programme):

- participants pointed out the importance of carrying out evidential analysis to support the reform. At present, no comprehensive evaluation has been carried out – nor is it planned – of the actual achievements of the Kallikratis programme, considering for instance what could not be delivered because of lacking implementing acts (rather than intrinsic mistakes in the reform design) – a possible framework for such evaluation approach is suggested in Box 11. It was proposed that future reforms establish permanent monitoring mechanisms and performance indicators.

#### **Box 11. Structuring reform evaluation**

The evaluation of policy and programmes is closely intertwined with the rationale of the envisaged reform. The following dimensions provide possible paradigms against which to evaluate the Kallikratis programme:

- Relevance – this looks at the appropriateness of the reform considering the needs and expectations to be addressed;
- Effectiveness – (substantial review); this assesses the extent to which the reform has achieved the set objectives as well as the quality of the changes (added value) it has generated;
- Efficiency – (procedural review); this analyses the relationship between the resources used by the reform and the outputs it has produced; as well as the horizontal and vertical coordination among administrative services; and
- Sustainability – this considers the degree of institutionalisation (“anchoring”) of the reform in the overarching reform endeavour of the Government as a participatory exercise and the long-term perspectives for continued performance. The notion is linked not only to the availability of financial resources but also to the overall legitimacy and ownership of the reform.

- Some stakeholders perceive a lack of transparency and inclusion in the procedural and organisational steps undertaken by the Government to design the main axes of the reform. For example, the special thematic working groups include experts from various background and affiliations but there appears to be lack of clarity as to the actual agenda and the status of the opinions that will result from the work, and formal public consultations and hearings have not been conducted systematically, yet.
- More generally, many institutional stakeholders and the public are not aware of the Government's rationale for embarking on a revision of Kallikratis. Participants suggested the publication by the Government of a comprehensive policy statement addressing territorial governance and the performance of local authorities, which would provide a coherent framework for further reform initiatives and strategy for matters such as economic development and spatial planning.
- Participants also questioned the extent to which the various strands of reforms that the Government has undertaken and is planning are consistently and strategically co-ordinated both at the highest political levels and administrative levels, so as to maximise synergies and address trade-offs in both design and implementation. Reference was made to the complementarity of wide public sector reform, public administration reform, regulatory reform as well as Sectoral macro-political and structural reforms.

It is the opinion of the PRT that addressing these (perceived) shortcomings of the overarching reform endeavour would allow the Government to reaffirm political commitment, better exercise leadership (not to be confused with univocal top-down imposition), instil credibility, ensure greater buy-in and co-ownership among all relevant institutional and private stakeholders, and bring the citizens closer to the process of shaping a renewed and stronger multi-level governance in Greece.