

# The Congress of Local and Regional Authorities

## Chamber of Regions



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### Regional democracy in Greece

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Explanatory Memorandum  
Institutional Committee

#### Summary:

The Explanatory Memorandum analyzes the functioning of prefectural level of territorial self-government in Greece. The Prefectures constitute the regional tier of territorial organisation in Greece (regions without legislative power) according to the criteria of the Congress. These territorial entities, the members of which are democratically elected, hold competences and financial resources for carrying out their functions. Currently the prefectural tier is undergoing a major reform aimed at further democratisation and territorial reorganisation.

In its first part the Explanatory Memorandum explains in detail the political functioning and management of these administrative entities, the role of the Secretary General of the Region ("Periferiaie") vis-à-vis the local authorities, the financial system of Prefectures, their role in the management of European structural funds, the conditions of service of the staff of Prefectures, etc. The major characteristics of the ongoing reform, legislative and political developments related to this reform are also examined. In its final part, the Explanatory Memorandum contains suggestions particularly for remedying the identified problems, pursuing the ongoing reform, reinforcing the democratic principles of territorial self-government and giving follow-up to the initiatives of territorial reorganisation aimed at better governance.

R : Chamber of Regions / L : Chamber of Local Authorities  
ILDG : Independent and Liberal Democrat Group of the Congress  
EPP/CD : Group European People's Party – Christian Democrats of the Congress  
SOC : Socialist Group of the Congress  
NR : Member not belonging to a Political Group of the Congress



## I. INTRODUCTION

1. In accordance with Article 2.3 of Statutory Resolution (2000) 1 of the Committee of Ministers, the Congress prepares regular reports on the situation of local and regional democracy in the member states and in states which have applied to join.

2. Greece joined the Council of Europe on 9 August 1949 as its 11<sup>th</sup> member state. It ratified the European Charter of Local Self-Government on 6 September 1989, entering reservations vis-à-vis Articles 5, 7 § 2, 8 § 2 and 10 § 2. The Charter entered into force in respect of Greece on 1 January 1990.

3. The situation of local and regional democracy in Greece has already been addressed in one report as well as in Recommendation 109 and a resolution, both adopted by the Congress in 2002. The decision to prepare a second progress report on regional democracy in Greece was taken by the Congress Bureau in response to a request submitted to the Institutional Committee of the Chamber of Regions by the Greek National Union of Prefectures (ENAE), asking that a report be prepared on the status of regional democracy in Greece, bearing in mind the reform of the regional level and evaluating the situation in the light of the conclusions of the European Conference on “Regional Structures and Development Prospects – European Experiences, the Greek Reality” held in Piraeus (Greece) on 17 and 18 June 2004 and of recent legislation and planned reforms in the area of regional self-government.

4. This report paints a portrait of regional democracy in Greece, identifies the main problems and outlines the major changes in progress. In the light of the Council of Europe’s principles and standards, including the European Charter of Local Self-Government (referred to hereafter as “the Charter”) and the Helsinki Declaration on Regional Self-Government (referred to hereafter as “the Helsinki Declaration”), it sets out a number of conclusions and recommendations aimed at improving the situation of regional democracy in Greece.

5. Notwithstanding the report’s references to the organisation of municipalities and communes (the first tier of local government), its primary focus is on regional democracy, bearing in mind that it is this second tier of territorial authorities that is drawing attention to major problems and shortcomings in relation to the aforementioned standards and principles. *[Nevertheless, there is some ambiguity as regards the international instrument applicable to Prefectures; during its meetings with the Greek authorities, the Congress monitoring delegation was informed that the Charter did not apply to Prefectures, having been ratified prior to their introduction. Pending clarification of this point, preferably in appropriate legislation, we have analysed the situation in the light of both the European Charter of Local Self-Government and the principles of regional self-government set out in the Helsinki Declaration.]*

6. The Institutional Committee of the Chamber of Regions asked Mr Jean-Claude Van Cauwenberghe (Belgium, SOC) to prepare a report on regional democracy in Greece and, as rapporteur, to submit it to the Congress. The rapporteur was assisted in these tasks by Prof. António Rebordão Montalvo, consultant (Portugal) and member of the Group of Independent Experts on the European Charter of Local Self-Government, Ms Antonella Cagnolati, Director of the Congress, Ms Irina Blonina, consultant, and Ms Lilit Nikoghosyan, Co-Secretary of the Institutional Committee of the Congress. The Congress monitoring delegation visited Greece twice, from 14 to 16 May 2007 and on 28 and 29 January 2008. Mr Guido Rhodio (Italy, EPP/CD), rapporteur on local democracy in Greece, was also part of the delegation for the first visit.

7. During its visits, the Congress monitoring delegation interviewed government representatives (from the Ministry of the Interior, Public Administration and Decentralisation), Regional Secretaries General, members of Parliament (and of the Parliamentary Committee for Public Administration and Territorial Authorities, in particular), representatives of national associations of local and prefectural authorities and experts (for detailed programmes of the visits, see Appendices I and II).

8. This report was drafted on the basis of information gathered during the Congress monitoring delegation’s visits to Greece, analysis of all the relevant legislation, and other information and documents supplied by representatives of the Greek authorities and the experts consulted.

9. The rapporteur wishes to thank the Greek authorities, particularly the Ministry of the Interior, Public Administration and Decentralisation, and the Greek National Union of Prefectures (ENAE), for their help in organising the visits and enabling the Congress to monitor and evaluate regional democracy in Greece.

## II. TERRITORIAL ORGANISATION OF GREECE

10. Greece is a unitary state, with a total surface area of 131,957.413 km<sup>2</sup> and a population of 10,934,097 (2001 census).

11. The Greek State was founded on 3 February 1830 (when the London Conference declared the country's independence) in the wake of the uprising against Ottoman domination. Unlike most European countries, Greece did not come about as the result of a gradual progression from feudal society to modern state, but was produced by a revolution. At the time of its birth as an independent state, Greece did not have a king, communes or prefectures. The state and the communes were created on the basis of the French model, with the associated legislation being applied once it had been translated into Greek. The state was weakened by the wars against Turkey (1877-1878 and 1897) and the instability of the monarchical (1832-1924) and republican (1924-1935) regimes. The civil war (1946-1949) was the last tragic episode in the history of modern Greece.

12. This difficult, drawn-out political process highlighted the need for stronger government, national standardisation and, as a result, centralism. Greece's administrative centralisation is very much a product of its history. The first – albeit cautious – reforms towards decentralisation were not launched until the 1980s.

13. According to Article 101 § 1 of the Constitution: "The administration of the State shall be organised according to the principle of decentralisation"; § 2: "The administrative division of the country shall be based on geo-economic, social and transportation conditions"; § 3: "Regional officers of the State shall have general decisive authority on matters of their district. The central officers of the State, in addition to special powers, shall have the general guidance, co-ordination and checking of the legality of the acts of regional officers, as specified by law".

14. The constitutional revision of April 2001, amending Article 102, stipulates that there are "two tiers of local authorities" (the first tier being made up of municipalities and communes), but does not specify the authorities in the second tier. According to the Interior Minister, the rationale behind this provision was to allow the Ordinary Parliament the "discretionary power" to define the second tier of grassroots authorities as it wished at the appropriate time.

15. More specifically, Article 102 provides as follows: "§ 1: The administration of local affairs belongs to local government agencies of the first and second level. For the administration of local affairs, the presumption of competence concurs in favour of local government agencies. The range and the categories of local affairs, as well as their allocation to the individual levels, shall be specified by law. The exercise of competences constituting a mission of the State may be assigned by law to local government agencies. § 2: Local government agencies shall enjoy administrative and financial independence. Their authorities shall be elected by universal and secret ballot, as specified by law. § 3: The law may provide for the execution of works or the provision of services or the exercise of competences belonging to local government agencies by compulsory or voluntary associations thereof, which shall be governed by elected officers. § 4: The State shall exercise the supervision of local government agencies, which shall consist exclusively in legality checking and shall not be allowed to impede their initiative and freedom of action. Legality checking shall be exercised as specified by law. With the exception of cases involving *ipso jure* forfeiture of office or suspension, disciplinary sanctions to elected officers of local government agencies shall be imposed only with the consent of a council composed in its majority of regular judges, as specified by law. § 5: The State shall adopt the legislative, regulatory and fiscal measures required for ensuring the financial independence and the funds necessary for fulfilment of mission and exercise of the competences of local government agencies, ensuring at the same time the transparency in the management of such funds. Matters pertaining to the attribution and allocation, among local government agencies, of the taxes or duties provided in their favour and collected by the State shall be specified by law. Every transfer of competences from central or regional officers of the State to local government also entails the transfer of the corresponding funds. Matters pertaining to the determination and collection of local revenues directly by local government agencies shall be specified by law."

16. The first tier of local authorities (known as *demoi* in Greek) comprises 914 municipalities and 120 communes, while the second tier comprises 54 Prefectures. According to Article 102 of the Constitution, first- and second-tier local authorities are responsible for managing local affairs.

17. Although the Constitution does not specify the local authorities in the second tier, it is politically accepted that the *Prefectoria* (the 54 Prefectures or *nomoi*) form the sub-state level, which, according to the concepts applied by the Congress of Local and Regional Authorities of the Council of Europe, constitutes the regional tier (regions without legislative power), given that since 1994 their democratically elected members have possessed powers and financial resources enabling them to fulfil their remits.

18. Alongside the two tiers of local government (municipalities/communes and prefectures), there are two levels of state administration: central government and its regional outposts. The regional outposts of central government are the 13 *peripheria* (regions) created under Act 1622 of 1986 (Official Gazette of 14 July 1986). They do not have legal personality, and were introduced by presidential decree n° 51/1987 (Official Gazette of 6 March 1987) partly to take responsibility for the planning, co-ordination and programming of regional development and partly to make Greece eligible for Community structural funds.

19. The regions have an average area of 10,125 km<sup>2</sup> and an average population of 789,105. The country's second smallest Region (Attica – 3,808 km<sup>2</sup>) is home to about a third of the country's total population, with 3,761,810 inhabitants.

20. The organs of each Region are the Secretary General and the Regional Council.

a. The Regional Secretary General, appointed by the government, fulfils the following functions:

- representing the government and implementing government policy on regional matters;
- heading the Region's various administrative departments, police force and port authorities, and being in charge of programming, co-ordination and supervision in respect of regional administrative departments;
- serving as President of Regional Council and the Regional Development Fund council;
- supervising the legality of local authorities' acts;
- supervising public-law corporations within the Region that are not subject to supervision by autonomous prefectures, municipalities, communes or ministries;
- taking on powers and responsibilities assigned, delegated or transferred to regional administrative departments;
- taking on any other responsibility stipulated by law.

b. The Regional Council, whose role is primarily an advisory one, is the body responsible for regional planning; it fulfils the following functions:

- submitting proposals to central government agencies in relation to public works and general national policy measures affecting the Region;
- drafting a regional medium-term development plan, in the context of the national medium-term development plan, on the basis of proposals by the general councils;
- taking decisions in relation to the prefectural authorities' annual development plans, where this is provided for by law;
- allocating funds from the public investment plan to local and prefectural public works.

c. Each Regional Council comprises:

- the Regional Secretary General, who serves as its President;
- the prefects of prefectural authorities making up the Region and the presidents of enlarged autonomous Prefectures;
- one representative from each local association of municipalities and communes within the Region;
- one representative from the regional branch of each of the following organisations:

- . the chambers of commerce and industry;
- . the Technical Chamber of Greece;
- . the Geotechnical Chamber of Greece;
- . the Financial Chamber of Greece;
- . the Supreme Board of Civil Service Trade Unions;
- . the Pan-Hellenic Confederation of Associations of Agricultural Co-operatives;
- . the Pan-Hellenic Workers' Confederation.

21. Regional Secretaries General are the central government representatives closest to local authorities. In the light of the Charter, the question arises as to their institutional position vis-à-vis local authorities. In fact, as we shall see, their administrative intervention in local affairs – particularly in respect of the planning and management of Community funds – and their powers to monitor and conduct administrative and financial supervision of local authorities breach the principle of local self-government.

### III. MUNICIPALITIES AND COMMUNES

22. Act 2539/1997 (Official Gazette of 4 December 1997) on the creation of first-tier local authorities established new municipalities and communes by means of compulsory mergers between existing authorities. This plan merging municipalities and communes and reorganising local authorities, known as the “Kapodistria” plan<sup>1</sup>, was introduced as part of a spatial planning and local development programme; the aim was to establish competent local authorities with the necessary staff and financial resources to implement the programme. The number of communes (previously 5,318) was divided by 40, while the number of municipalities was doubled (from 457). Once completed, the reform had reduced the number of first-tier local authorities from 5,775 to 1,033.

23. The national association of first-tier local authorities (KEDKE) was consulted about the implementation of this municipal and communal merger plan, in accordance with Article 5 of the Charter.

24. A second municipal and communal merger plan is envisaged in the future. According to KEDKE representatives, several parliamentary parties are in favour of reducing the number of municipalities and communes; the KEDKE understands that the total number of local authorities is likely to be reduced to 500.

25. The new Municipal and Communal Code (Act 3463/2006 of 8 June 2006), concerning first-tier authorities, entered into force on 1 June 2006, with the exception of a number of specific provisions. Under the Code, municipal and communal bodies are elected by direct universal suffrage and have the power to manage and regulate local affairs within their remit, in accordance with the principles of subsidiarity and proximity (Article 75 of the Municipal and Communal Code). It should be noted that the Ordinary Annual Congress of the KEDKE, held from 14 to 16 November 2007, complained that the Municipal and Communal Code “remains largely without effect owing to the fact that several presidential decrees and ministerial orders have yet to be issued”.

26. The distinction between municipalities and communes is based on demographic and operational factors (municipalities must have more than 4,000 inhabitants), but also relates to institutional aspects. Each municipality is administered by a deliberative body – the municipal council, elected by direct universal suffrage and comprising between 11 and 39 members, depending on the number of inhabitants – and an executive in the person of the mayor. The mayor is directly elected in the same elections as other local elected representatives. The council elects a municipal committee, headed by the mayor, which enjoys autonomous powers (pertaining to preparation of the budget and public procurement contracts) as well as powers delegated by the municipal council.

27. Each commune is administered by a communal council comprising 7 to 11 members; the president is responsible for executing its decisions. The communal council and its president are directly elected.

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<sup>1</sup> Named after Greece's first Governor following the restoration of independence, who laid the foundations of the country's administrative structure.

28. Members of local bodies are elected for four years. Bearing in mind that each list must designate a mayoral candidate, mayors and communal presidents are elected in the same elections, as members of the list having received the most votes.

29. The organisation of municipalities and communes may therefore be deemed to comply with Article 3 § 2 of the Charter.

30. Municipal and communal powers relate to local affairs and are exercised independently, notwithstanding complaints about the inadequacy of financial resources. Areas within municipalities' and communes' remit include the construction and maintenance of school buildings, community facilities, municipal amenities, household waste collection and disposal, the drafting and implementation of urban development plans, traffic management, the management of commercial and industrial premises and labour development programmes.

31. The financing of municipalities and communes is highly inadequate. It is based almost exclusively on central government transfers, representing just 3% of GDP. The levies charged by first-tier authorities (for water distribution and household waste collection) represent a very small proportion (2%) of their budgets. At the same time, the legislation in force does not allow local bodies to raise taxes, since this is a central government power. According to the KEDKE, however, municipalities and communes do not wish to raise taxes, and are opposed to direct taxation.

32. The point must be made that this stance is not conducive to the development of local self-government. Indeed, the power to raise local taxes is a key component in the political accountability of local elected representatives. According to Article 9 § 3 of the Charter, "Part at least of the financial resources of local authorities shall derive from local taxes and charges of which, within the limits of statute, they have the power to determine the rate". National legislation can set overall limits on local authorities' fiscal powers, but must not prevent the assertion of political responsibility at the local level.

33. Local capital expenditure is financed almost entirely by central government and aid from European structural funds. It is included in local authorities' budgets under special codes. This system for the financing of local authorities breaches the European Charter of Local Self-Government, since they do not have resources of their own. "Centrally Own Resource Funds" are included in the central government's budget as a financial allocation to the Prefectures.

34. Management of European structural funds is highly centralised. It is overseen by the Secretaries General of the Regions (*Peripheria*). Associations representing local authorities are involved in the management body for the European funds, but do not have decision-making power. Ideally, this system should be replaced by a shared management process allowing local authorities to decide which local projects are to be granted Community co-financing.

#### **IV. PREFECTURES**

35. Up until 1994, communes and municipalities were the only local authorities. Prefects had been appointed by the government since 1833 (under the German regency) as local administrative authorities in charge of each province. The Prefectures were regional outposts of central government, representing it in a highly fragmented country with very difficult communication routes. Act 2218/1994 provides for the creation, at prefecture level, of local authorities known as "prefectural authorities"<sup>2</sup>; their organs have been elected by direct universal suffrage since 1994.

36. The Prefectures have an average surface area of 2,444 km<sup>2</sup> and an average population of 202,483. They vary considerably in size. The largest (Etoloakarnania) has a surface area of 5,460.888 km<sup>2</sup>, a population of 224,429 and 29 municipalities, while the smallest (Mount Athos) has a surface area of 335.637 km<sup>2</sup>, a population of 2,262 and no municipalities or communes.

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<sup>2</sup> The Greek language distinguishes between the term "province", which refers to the area (*nomos*) and "prefecture", which refers to the local authority.

37. The prefectural authorities (54) constitute the second tier of local government. Set up as independent public-law corporations, they are responsible for the economic, social and cultural development of their respective areas. The boundaries of each prefectural authority coincide with the administrative boundaries of the corresponding province, with the exception of “single prefectural authorities” encompassing more than one province (the Athens-Piraeus, Rodopi-Evros and Drama-Kavala-Xanthi prefectural authorities). Each province or prefecture within the prefectural authority constitutes a prefectural administrative division sharing its seat with the province or prefecture in question. In addition, the system of prefectural authorities provides for the establishment of sub-prefectures as administrative units, particularly on islands and in isolated areas of the various provinces.

38. As noted above, Article 102 of the Constitution, as amended in April 2001, states that there are two tiers of local government but does not specify that Prefectures form the second tier. As already mentioned, however, all the authorities met by the Congress monitoring delegation agreed that the Prefectures constituted this second tier, that is, the regional level according to European usage of that term.

39. The organs of each prefectural authority are the General Council, prefecture committees and the Prefect.

A) The General Council is the prefectural authority’s primary operational body. It exercises all the responsibilities assigned to the prefectural authority, apart from those functions performed by the Prefect or prefecture committees. The number of members of the General Council, excluding the Prefect, depends on population and is set according to the following system:

Population of prefectural authorities	Number of members of the General Council
Up to 100,000	21
100,001 – 150,000	25
151,001 – 200,000	31
200,001 or more	37

B) The number of prefecture committees attached to each prefectural authority is determined by the general council, depending on the population of the prefectural authorities and administrative divisions, according to the following system:

Population of prefectural authorities and administrative divisions	Number of prefecture committees
Up to 100,000	Up to 2
100,001 – 200,000	Up to 4
200,001 or more	Up to 6

Each committee comprises a chairperson – one of the deputy prefects, nominated by the Prefect – and a number of members, depending on the size of the general council; half the members come from the minority within the general council, according to the following system:

Number of members of the General Council	Number of members of the prefecture committee	Number of members elected by the majority
21	3 (2+1)	1
25	5 (4+1)	2
31	5 (4+1)	2
37 or more	7 (6+1)	3

Each single prefectural authority has two prefecture committees. Each prefecture committee comprises a chairperson and four members, two of whom come from the minority within the single prefectural authority. The chairpersons of the prefecture committees are members of the prefecture board, nominated by decision of the chairperson of the board.

C) The Prefect has the following responsibilities:

implementing decisions of the general council and prefecture committees;  
representing the prefectural authority in a judicial and extra-judicial capacity, and taking the oaths required by the prefectural authority;  
presiding over the prefectural authority;  
heading the prefectural authority's staff, deciding on appointments and taking the actions specified in the provisions relating to appointments, all manner of job transfers and the exercise of disciplinary supervision;  
deciding on matters relating to the prefectural authority's revenue collection and budget appropriations;  
signing contracts concluded by the prefectural authority;  
exercising responsibilities assigned to him or her by law;  
setting up committees and working groups made up of members of the general council, prefectural authority officials, government officials and/or private individuals to discuss and define issues affecting the prefectural authority, and stipulating their *modus operandi* and organisational arrangements.

40. In exceptional circumstances, the Prefect can take the necessary measures in respect of matters within the prefecture committees' remit, where the interests of the prefectural authority are adversely affected. Such measures are immediately submitted to the competent prefecture committee for approval. In the event of a conflict of interest, the Prefect's functions are performed by the chairperson of the prefecture committee. The Prefect delegates some of his or her powers to the chairpersons of the prefecture committees. He or she may also delegate the exercise of his or her responsibilities to members of the General Council or the heads or other management staff of departments within the prefectural authority.

41. Provinces do not enjoy autonomous powers, however. They simply exercise powers transferred from the former prefectures, apart from those powers under the jurisdiction of the Ministry of Foreign Affairs, the Ministry of Defence, the Ministry of Finance, the Ministry of Justice, the national statistics office within the Ministry for the Economy and the veterinary border control service within the Ministry of Agriculture, as well as powers relating to the supervision of municipalities and communes.

42. Prefectural authorities' responsibilities may be divided into three broad categories: a) organisational responsibilities – institutional and administrative matters; b) matters of economic and political administration; c) operational and planning matters. Act 2647/1998, on the transfer of powers to local and regional authorities, contains a long list of powers transferred to Prefectures, including: the issuing of permits for the installation of fuel storage and transportation facilities, the issuing of licences and destruction of illegal crops within their respective areas, regulations on the use and management of grazing land, supervision of health care provision in private clinics, and the approval of agreements on the operation of inter-city transport between non-adjointing districts. Prefectures' other powers relate primarily to supervision of the application of regulatory provisions: animal health inspections, fishing fleet and aquaculture inspections, export and import inspections at the port of Piraeus and monitoring of the use of grants from Community funds, which are administered and paid directly by the Regional Secretaries General, notwithstanding Prefectures' requests that they be assigned responsibility for administering the European structural funds.

43. The State Council has previously opposed the transfer of spatial planning powers to the Prefectures, taking the view that they are of national scope and ought to be exercised by central government. On the other hand, prefectural authorities have transferred a significant number of powers to other units of government (ministries, regions or municipalities) since 1998.<sup>3</sup>

44. Prefectures are competent solely for programming aspects; operational and financial decisions are taken by Regional Secretaries General, that is, the representatives of the central government. The Prefect has to work with communes to draw up a schedule for infrastructure development, which is adopted by the prefectural council and then submitted to the Regional Secretary General and the Regional Council (an advisory body). Decisions are taken by the Secretary General, depending on the resources available from European structural funds and the criteria governing the allocation of those funds.

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<sup>3</sup> See comprehensive list set out in Appendix 3.



45. Prefectural organs may therefore be said to exercise powers delegated by central government, acting as its agents; they are subject to hierarchical supervision by the government, exercised directly by the Secretaries General of the respective Regions (*Peripheria*). The fact that Prefectures do not enjoy autonomous powers and that Secretaries General intervene in decisions relating to the management of local affairs breaches the concept of local self-government as defined in Article 3 § 1 of the Charter (principle B 1.1 of the Helsinki Declaration) and the principle of subsidiarity set out in Article 4 § 3 (principle A 1.2 of the Helsinki Declaration).

46. A new Prefectural Code has been drafted and submitted to Parliament for “rapid approval”, according to an MP from New Democracy (the governing party) who attended the meeting with the Congress monitoring delegation. The approval of this code is expected to “clarify the Prefectures’ powers”, to quote a number of Greek officials, and strengthen their institutional position as local authorities. The new code divides Prefectures’ powers into 10 categories: *(to be specified once the table of contents of the draft code has been translated)*.

47. According to the Interior Minister, the code will grant Prefectures both autonomous powers, relating to local affairs, and powers transferred by central government, relating to national affairs. This will enable the government to transfer powers to Prefectures without generating fresh opposition from the State Council. As regards the administrative supervision of Prefectures, the Minister for the Interior, Public Administration and Decentralisation said the existing system needed to be reviewed, insofar as the new code establishes only *ex post facto* supervision of legality.

48. As far as the provinces’ finances are concerned, their ordinary revenue is made up of:

- a share of national taxes and resources earmarked at central level (central autonomous funds),
- an annual endowment from central government for the fulfilment of responsibilities delegated by the latter,
- allocations from the public investment programme,
- property rentals;
- “reciprocal” fees charged “in exchange” for specific services.

Extraordinary revenue consists primarily of:

- loans, gifts and legacies;
- government grants;
- European Union endowments;
- land and property rentals.

49. The financial system applicable to Prefectures does not comply with the standards laid down in the Charter or the principles of regional self-government. According to the heads of the Greek Union of Prefectures (ENAE), Prefectures do not have resources of their own. One way or another, all of their main revenue is transferred by the various ministries, depending on the latter’s involvement in investments at prefecture level. Prefectures’ resources are included in the ministries’ budgets and transferred periodically.

50. Notwithstanding an increase in the level of financial transfers to Prefectures (transfers from the Ministry of the Interior, Public Administration and Decentralisation rose from 110 million euros in 2004 to 514 million euros in 2007), this situation nevertheless breaches Article 9 § 3 of the Charter (principle B 11.3 of the Helsinki Declaration), according to which “part at least of the financial resources of local authorities shall derive from local taxes and charges of which, within the limits of statute, they have the power to determine the rate”. The financial system also breaches the rule set out in Article 9 § 4 of the Charter (principle B 11.4 of the Helsinki Declaration), which states that the resources available to local authorities must be of a sufficiently diversified nature. It must be emphasised, however, that, in response to a longstanding demand from Prefectures, central government has taken over the payment of health benefits, which absorbed 75% of Prefectures’ expenditure. In addition, Prefectures were recently authorised to contract loans in order to pay for consultancy work and large-scale projects.

51. Both the Union of Greek Cities and Municipalities (KEDKE) and the National Union of Prefectures (ENAE) are opposed to direct taxation. The heads of both associations are in favour of reforming the taxation system

with a view to dividing tax revenue between central government and local authorities, thereby sparing them from taxing citizens. Their budgets represent approximately 2% of GDP and 5-6% of all government spending.

52. The management of Community funds is highly centralised, and prefectural authorities (along with municipalities and communes – see section 2.4 of the Resolution of the Ordinary Congress of the KEDKE, of 14-16 November 2007) are asking to be involved in a joint management capacity in the decision-making process in respect of project selection and financing (see section *CRSN 2007-2013* of the Decision of the 12<sup>th</sup> Ordinary Congress of the ENAE, of 6-8 December 2007). The five regional programmes for the 2007-2013 period are to focus on groupings of regions (*periphéria*), and administered by the Secretary General of the largest *Periphéria* in each grouping. Government officials justify the existing situation on the grounds that local authorities do not have the necessary staff training or technical resources to perform this task. In this connection, the Interior Minister informed the Congress monitoring delegation of the imminent creation – thanks to capital provided by the central government – of two private-law companies known as “Nomos Limited”, in which Prefectures are to be represented; the staff of these companies will include experts authorised to prepare projects, certify eligible spending and manage Community funds.

53. It should also be noted that Act 37/14 (2007) on the management of European funds establishes a new framework for their management; according to Interior Ministry officials, it is “clear, rigorous, and strict but not complicated”.

## **V. SUPERVISION OF LOCAL AUTHORITIES AND PREFECTURES**

54. Under Article 8 § 2 of the Charter, “any administrative supervision of the activities of local authorities shall normally aim only at ensuring compliance with the law and with constitutional principles” (principle B 4.1 of the Helsinki Declaration). Theoretically, supervision of the activities of local government organs focuses solely on legality, given that supervision of expediency ceased to exist in 1994. According to the policy communicated by the Minister for the Interior, Public Administration and Decentralisation, the supervision exercised by Regional Secretaries General over the activities of local authorities and Prefectures “consists exclusively in verifying legality and does not restrict their freedom of initiative and action in respect of specific decisions by municipal and communal authorities”. In practice, however, the boundary between supervision of legality and of expediency is very fluid. According to the heads of the ENAE, Prefectures’ financial activities are frequently subject to supervision of expediency by the Secretary General of the Region (*Periphéria*) and state inspectors, who carry out checks that go beyond supervision of legality and cross over into supervision of expediency. Likewise, during its meeting with a group of MPs from a number of parliamentary parties, the Congress monitoring delegation was told that Secretaries General often exercise supervision of expediency in the name of supervision of legality.

55. Supervision of legality is exercised in advance by the Regional Secretary General. All acts of municipal and communal councils and prefecture councils and committees are submitted to the Regional Secretary General within a specified time limit (10 days in the case of municipal and communal councils, and 15 days in the case of prefecture councils and committees); he or she verifies their legality within 20 days and gives a decision on the act in question. Where an act is deemed illegal, the Secretary General has the power to set it aside by a reasoned decision, acting either on his or her own initiative or at a voter’s request. During the meeting with the Congress monitoring delegation, the Deputy Ombudsman, who is responsible for relations between citizens and the state (in the broad sense), said that the criteria applied by Secretaries General are not always uniform or objective, partly because they lack the necessary human resources (especially lawyers) for dealing with illegal acts, and partly because their decisions may be influenced by political considerations.

56. The Secretary General can suspend local government organs on the advice of a committee (the regional supervisory committee) established by the new Local Authorities Code, which entered into force in June 2006.

57. This body operates as a second-tier jurisdiction, made up of a presiding judge, a lawyer appointed by the Interior Ministry and a representative of the ENAE. It can also dismiss organs on serious grounds of public interest. Such dismissals are effected by ministerial order, in the case of first-tier local authorities, and by presidential decree in the case of second-tier authorities, following a reasoned report by the Secretary General.

58. Applications may be made to the administrative courts for judicial review of decisions of the Regional Secretary General and the supervisory committee.

59. At the same time, the Greek Ombudsman exercises a specific type of supervision over local authorities, as is the case for all government bodies, including public corporations. He receives about 10,000 complaints each year, 30% of which concern local authorities, particularly those in the first tier. The most common grounds for complaints to the Ombudsman relate to the inadequacy of local authorities' financial resources and arbitrary decisions by elected representatives (especially in areas such as town planning, the environment, staff recruitment, welfare benefits paid by prefectural authorities and refusals by mayors to inform opposition elected representatives about particular matters).

60. In the Deputy Ombudsman's view, the system for informing citizens about local authorities' decisions is highly ineffective. Decisions are often simply displayed on bulletin boards, and citizens are not aware of them and cannot react to them. Any citizen can apply to the State Council to have acts adversely affecting his or her interests suspended or set aside. In addition, the Ombudsman can launch investigations into local government acts that adversely affect citizens. Where necessary, the Ombudsman makes recommendations to local authorities, asking them to comply.

61. Local authorities' performance is assessed by "public administration inspectors" reporting to the Interior Minister. Financial supervision is exercised by Audit Office auditors and Finance Ministry officials. Their decisions may be challenged before the administrative courts. The ENAE accuses public administration inspectors of supervising the expediency of Prefectures' acts.

## **VI. STAFF OF LOCAL AUTHORITIES AND PREFECTURES**

62. Municipalities and communes currently employ 58,619 staff, in all categories, while Prefectures employ 20,091 staff.<sup>4</sup> Civil servants employed by first- and second-tier local authorities are recruited by local government organs. More specifically, established staff are recruited from a list of candidates having passed the relevant examinations; the list is drawn up by the Supreme Staff Selection Council, which is responsible for the recruitment of established civil servants.

63. Staff remuneration is stipulated by law, and matches that of civil servants employed by central government. Local authorities' staff are covered by two separate systems: permanent (established) staff and staff recruited on the basis of private-law contracts (non-established staff). Established staff fulfil the fixed, permanent – that is, non-temporary – needs of second-tier local authorities. Prefectures are entitled to create posts under private law for indefinite periods and hire non-established staff to meet non-permanent needs for a specified period of time or a specific task.

64. The status of prefecture staff does not appear to comply with Article 6 of the Charter (principle B 10 of the Helsinki Declaration). According to that provision, local authorities must enjoy full powers in the area of staff management. It consequently goes without saying that local authorities must pay their own staff. Yet it is not Prefectures that pay their staff, but central government. This further reinforces the ambiguity of Prefectures' status and their relationship with central government, giving them very limited management and hierarchical powers vis-à-vis their staff.

65. Staff employed by both tiers of local government are trained by the National Centre for Public Administration and Local Government (CNAPAL). The Centre's governing board includes representatives of the KEDKE and the ENAE. According to CNAPAL management, only 30% of local authorities' staff have attended its courses. In their view, the general standard achieved by such staff is still too low. However, candidates must have attended courses at the CNAPAL's training college in order to be appointed as the director or director general of a local authority. Attendance of CNAPAL courses can equate to more rapid career progression for civil servants.

66. Staff can move from one local authority to another, or from a central government agency to a local authority. The system of financial incentives designed to encourage staff mobility in favour of smaller, more remote local

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<sup>4</sup> Data supplied by the Ministry of the Interior, Public Administration and Decentralisation, 2007.

authorities does not give civil servants sufficient motivation to move to such areas. Only officials who go and work for local authorities in border areas are entitled to a small pay rise and a grant to cover removal expenses.

## **VII. ASSOCIATIONS OF LOCAL OR PREFECTURAL AUTHORITIES**

67. The Greek legal system complies with the provisions of the Charter and the principles of regional self-government as regards local authorities' and prefectures' right to associate. Greek local authorities are allowed to form consortia of municipalities and communes in order to carry out tasks of common interest, such as the execution and maintenance of public works, the purchase of machinery and equipment and the creation of development programmes for the authorities concerned.

Secondly, the law provides that associations may be set up to promote co-operation and the representation of local authorities at national and regional level. In this connection, the following legal entities have been established under private law:

- local associations of municipalities and communes (TEDK) within each district; membership is compulsory for all municipalities and communes and their respective associations;
- the Union of Greek Cities and Municipalities (KEDKE), which is made up of the aforementioned associations;
- the Greek Union of Prefectures (ENAE), which represents Prefectures.

These associations are consulted about local government matters.

68. The law allows local authorities to promote international co-operation with local authorities in other states in the context of twinnings. Twinnings are decided by the municipal or communal council concerned, but must be approved by the Ministry of Foreign Affairs.

## **VIII. CITIZENS' INVOLVEMENT**

69. The Constitution does not provide for the organisation of local or regional referendums initiated by local government organs. Article 44 of the Constitution lays down rules governing the organisation of regional referendums on crucial national matters. The decision is taken by an absolute majority of MPs on the proposal of the Cabinet. The President of the Republic can organise referendums on bills relating to important social matters, with the exception of fiscal matters.

70. For the first time, the new Municipal and Communal Code allows municipal and communal authorities to hold local referendums in connection with decisions on important matters within their remit. A referendum may be held following a council decision taken by a majority of 2/3 of the total number of members. Local referendums may also be held at the request of 1/3 of citizens in relation to mergers of municipalities or communes, or at the request of 1/3 of voters within a local administrative division with a view to attaching it to a different municipality or commune.

71. In addition, the law provides for the creation of district councils and popular assemblies with a view to encouraging citizens' involvement in local affairs. At the municipal and communal level, each municipal or communal council can divide its area into districts and set up district popular assemblies and councils. In those municipalities and communes not divided into districts, the mayor or communal president can call at least one popular assembly in order to provide information and generate discussion on important local matters. Residents can also submit proposals with a view to resolving issues within the remit of the municipal or communal council or the council of the local or municipal administrative division. Such proposals must be discussed by the council where they are submitted by at least 25 people; those concerned are informed of the decision taken.

## **IX GENERAL CONCLUSIONS**

72. The Congress monitoring delegation's overall impression is that the systems of local and prefectural government are democratic, while the "regional" level (*periphéria*) simply consists of regional branches of central government without direct democratic legitimacy.

73. As regards the degree of self-government enjoyed by first- and second-tier territorial authorities (Article 102 § 1 of the Constitution), there are clearly problems in relation to the provisions and principles of the European Charter of Local Self-Government and the principles set out in the Helsinki Declaration.

74. The “regional” level, for its part, cannot be regarded as consistent with the principles of healthy regional self-government, owing to its nature, composition, advisory status and total dependence on the government.

75. Before going on to analyse the situation further, we must invite the government to take a decision as to whether the European Charter of Local Self-Government (approved in 1989) applies to the prefectural authorities (*nomoi*) set up in 1989, that is, after the Charter was ratified.

76. Unless the government opts to regard existing or future prefectural authorities as forming a regional level – in accordance with European criteria – to which the Helsinki principles (pending a European charter of regional democracy) would be applicable, the rapporteur takes the view that, as stated in paragraph 5, it is essential to eliminate any ambiguity as to the application of the European Charter of Local Self-Government; a level of government as important as that of the *nomoi* must be covered by the Council of Europe’s international legal instruments.

77. The current status of Prefectures raises issues in terms of their autonomy vis-à-vis central government. It would be advisable, therefore, to clarify the Prefectures’ institutional status as local authorities, and to eliminate the ambiguity arising from the continued existence of certain features of the former government prefectures, which must not be treated as regional agents or branches of central government.

78. Prefectures’ current dependence on the government (of whatever stripe) is demonstrated by the fact that they lack autonomous powers, only exercise powers transferred by the government and are financed exclusively by budgetary transfers from a number of ministries, and that their staff are paid by the government; these aspects will have to change. The new prefectural code under discussion should afford an opportunity to rectify the situation.

79. Many of the proposals set out in the draft code are a step in the right direction in terms of ensuring greater compliance with the European Charter of Local Self-Government. For example, the code establishes autonomous powers, delegated powers and *ex post facto* supervision of legality.

80. As regards the financial autonomy of prefectural authorities, those we spoke to acknowledged that, financially speaking, they depended almost exclusively on transfers from central government, although it should be noted that the level of such transfers has increased significantly in recent years. To a large extent, this is also the case for local authorities, in breach of Article 9 § 3 of the Charter (and principle B 11.3 of the Helsinki Declaration), which stipulates that at least part of the financial resources of local authorities must derive from local taxes and charges of which, within the limits of statute, they have the power to determine the rate.

81. The rapporteur takes the view that the financial system must be modified so as to make a wider range of revenue sources available to local authorities, in accordance with the provisions of Article 9 § 4 of the Charter (principle B 11.4 of the Helsinki Declaration), by developing a framework for greater financial autonomy thanks to local revenue collection (fees, loans and direct taxes).

82. In the context of decentralisation and the transfer of powers to local authorities, it would be a very positive step if, in the future, the financial system could be adapted so as to strengthen local financing arrangements, in accordance with Article 9 § 1 and § 2 of the Charter (principles 11.1 and 11.2 of the Helsinki Declaration), such that the financing of local authorities represents a larger share of GDP and of total government spending.

83. Another of the issues raised was central government supervision of Prefectures. While some of those we spoke to deny that there are any problems or excessive central government intervention in this respect, others complain that such supervision is not exercised in a uniform manner and that supervision of legality often turns into supervision of expediency. One MP said that, in fact, “supervision is exercised on the whim of central government”, accounting for the attitude of those who maintain that its application is not strictly legal or uniform,

whereas Article 102 § 4 of the revised Constitution states that “the State shall exercise the supervision of local government agencies, which shall consist exclusively in legality checking”.

84. Article 8 § 2 of the Charter (and principle B 4.1 of the Helsinki Declaration) provides solely for supervision of legality. The administrative autonomy enjoyed by local government organs does not appear to be consistent with the systematic prior supervision of their activities on an ongoing basis. All instances of supervision of expediency (allowed in exceptional cases in respect of tasks delegated to local authorities) must therefore be abolished.

85. The existing system for the management of European funds will undoubtedly be streamlined and made more efficient for the 2007-2013 period thanks to the reduction in the number of major operational programmes from 13 to five, according to the grouping arrangement outlined in point 46.

86. Nevertheless, the system continues to be overly centralised and overly concentrated in the hands of the Regional Secretaries General. Although calls for projects are circulated widely, including via the Internet, when it comes to selection and funding there is still a democratic deficit in terms of the involvement of local and prefectural elected representatives.

87. Democratic, participatory management of European funds (2007-2013) also necessitates regional reform with a view to entrusting the management (or even co-management) of European projects to regional elected representatives, rather than having structural funds policy decided and steered by the central government. Some of those we spoke to lamented “a real democratic deficit in the management of European funds”. This is confirmed by the aforementioned demands of the KEDKE and the ENAE.

## **X. REGIONAL REFORM – CURRENT SITUATION AND PROSPECTS**

88. The 13 regions (*peripheria*) are outposts of central government, thereby constituting a territorial level representing the various ministries. As stated above, each Region has two organs: the Secretary General, appointed by the government, and the Regional Council, made up of prefectural elected representatives and representatives of local associations of municipalities and communes and social and economic bodies. Bearing in mind that the 54 Prefectures constitute the second tier of local government, it may be concluded that there are two units of government at regional level, the boundaries of which do not coincide: Prefectures (local authorities) and Regions (outposts of central government).

89. These two units of government engage in institutional relations with one another and with first-tier local authorities (municipalities and communes); their powers and legitimacy differ considerably. Regional organs, particularly the Secretaries General, exercise very wide-ranging powers without the slightest democratic legitimacy, while prefectural organs enjoy full political legitimacy as a result of their election by the people.

90. The rapporteur is consequently of the opinion that the need to break with the latent centralism maintained by the central government via the 13 *Peripheria* (in particular through the institution of the Secretary General, who is in fact a regional agent of central government, representing and co-ordinating the 17 government ministries and applying central government decisions) is a sufficient justification for regional reform, if Greece wishes to extend the principles of subsidiarity and proportionality beyond the communes and prefectures and work towards ensuring their full implementation.

91. This view appears to reflect a widespread feeling among the Greek political class, including both the majority and the opposition. Those we spoke to said they no longer wanted *peripheria* that were outposts of central government, but new democratic structures instead.

92. While there is clearly a desire for ambitious regional reform, the various political parties still need to reach a consensus on the details.

93. The reform sketched out by those we spoke to, with some political variations, would pursue a dual objective:

- streamlining of institutional structures (*nomoi* and *peripheria*) by grouping prefectures together into “super-prefectures” or incorporating them into “restructured” *peripheria*;

- “top-down” democratisation of *peripheria* organs.

94. The office of *Peripheria* Secretary General comes up time and again as one of the most controversial centralised organs. As mentioned above, the political and administrative status of Regional Secretaries General does not appear to be compatible with either the European Charter of Local Self-Government or the principles of regional self-government. It is not really acceptable for a state official, appointed by the government and therefore without the slightest democratic legitimacy, to be able to exert such a strong influence over the management of local authorities, in terms of decisions on the financing of their activities and investments and administrative supervision of their organs, including the power to suspend or dismiss the latter. In accordance with the principle of local and regional self-government, these tasks ought to be assigned to a democratically elected body.

95. The minister says he is not wedded to the idea of retaining the title of *prefecture*; these second-tier authorities could be known as *regions*. The forthcoming discussion of the new prefectural code, which is expected to stabilise this tier of government, may not be geared to subsequent reform, although the Interior Minister did say that the “new prefectural code will be designed to be able to adapt to future reform of intermediate units of government”.

96. In any event, the abolition of Prefectures can be expected to give rise to political issues. The new political class formed around the Prefectures is highly influential, shaping the contours of reform. According to all those we spoke to, the *nomoi* have acquired “traditions, roots and political staff attached to this institution”; in other words, they are firmly anchored in Greek society and politics and the resulting force of inertia may inhibit any reform, even though their excessive numbers and small size make it impossible to optimise their management, particularly from an economic perspective and in connection with European projects. The idea is thus to group them together within super-structures, rather than scrapping them.

97. We were also told that administrative units (the former Prefectures?) would probably be retained in order to fulfil local obligations, but that there would probably be just a single elected council (regional or prefectural) and a single elected president.

98. When questioned, the minister said he was not in favour of holding a popular referendum on such reform. In his view, it should be up to the political parties to express their wishes. The president of the ENAE, for his part, says the association is open to reform aimed at making Prefectures bigger. In turn, the prefects we met expect the reform to give the institution “a stable basis that does not change with each government”. They are also determined to argue for its continued existence; they believe it has a legitimate democratic basis (four elections having already been held), and want it to be assigned new powers.

99. The president of the KEDKE also supports reform, which in his view should provide for the democratic election of Regional Secretaries General and of the Regional Council, in the context of a smaller number of regions (7 to 10). He also thinks Prefectures ought to be incorporated into new regions covering a larger area.

100. Generally speaking, the parliamentary parties represented at the meeting with the Congress monitoring delegation (New Democracy, PASOK and the Left-wing Coalition) support reform. New Democracy MPs believe there are levels of planning best supervised by central government, and that the Prefectures are too small to be assigned powers relating to development. They are proposing a system of regions with elected organs; Prefectures within each Region would be responsible for implementing regional policies. As they see it, the aim is to create elected regional councils; in order to introduce a third tier, however, it will be necessary to revise the Constitution, which provides for only two tiers. They are in favour of retaining Prefectures within Regions, the latter forming the second tier of authorities provided for by the Constitution.

101. According to the representative of the PASOK, mergers between municipalities and communes have strengthened this first tier of local government and altered the balance of power between such authorities and the Prefectures, which have been weakened as a result of their large numbers. In his view, it is necessary to proceed with further mergers of municipalities and communes, and to create a second tier based on regions, with regional councils elected by direct universal suffrage. He believes politicians are not ready to announce to Greek society that Prefectures are to be scrapped, and that they cannot suddenly be abolished.

102. The MP from the Left-wing Coalition says the current situation stems from state centralism resulting from historical factors. He told the Congress delegation that there were no legislative proposals aimed at creating a third tier or defining the second tier of local government. Greece needed its local authorities to be more fully integrated, the Regional Secretaries general being merely “the long arm of the state”. If the legislature wished to create a second tier made up of strong local authorities, it would have to merge Prefectures and group them into new regions with a democratically elected regional council and secretary general. Lastly, under the existing system the fourth Community Support Framework would be administered by the government.

103. It should be noted, however, that the adoption of a new prefectural code is simply a preliminary step with a view to reforming the regional level. While the code will consolidate prefectural authorities by granting them autonomous powers, the “regional problem” will remain, owing to the continued existence of a dual system of regional government, made up of territorial authorities (prefectures), on the one hand, and central government representation (*peripheria*), on the other.

104. The supervision and monitoring role played by Regional Secretaries General remains problematic.

105. While it will clearly be difficult to create regions enjoying powers – and of a size – consistent with other European systems, it seems reasonable to hope that the *peripheria* will be turned into genuine regions with directly elected organs, including the Secretary General, substantial powers and sufficient financial autonomy to enable them to fulfil the tasks assigned to them.

106. The number of regions (currently 13) will undoubtedly have to be reduced in the future. Those we spoke to talked about having 7, 8 or 10 regions. Such a reduction would allow genuine co-ordination of territorial policies. It should be noted, however, that one of the difficulties involved in reducing the number of regions stems from the fact that island regions require special arrangements.

107. While on a theoretical level many political leaders acknowledge the value or necessity of the eventual creation of strong regions bringing together a number of Prefectures to form the executive level, it is important to note a number of obstacles that are mentioned when the prospect is discussed:

- a) The current government says it wishes to obtain the broadest possible political consensus on the subject, and has hitherto focused on strengthening and stabilising first- and second-tier authorities in terms of both financial aspects and institutional supervision (it cites the local authorities’ code as an example).
- b) All political players are conscious that any institutional reform is liable to generate additional levels of taxation. Demands are consequently being voiced for comprehensive tax reform that does not place “any additional burden on citizens”.
- c) Explanations will have to be given and efforts made to motivate – if not “recycle” – the various political staff employed at sub-state levels; otherwise, there is a danger that reducing the numbers of both elected representatives and officials in the context of new regional structures will give rise to a counter-effect in terms of harnessing energy and the clarity and credibility of such a “regional revolution” in a country that was basically centralised until 1988.

108. Among the positive aspects likely to change people’s mentality, we were told several times about the emergence of a “regional awareness” thanks to co-operation between *Peripheria* and Prefectures in relation to practical projects (in relation to water and energy, for example).

109. Institutional reform is essential with a view to developing regional self-government, insofar as the State Council’s “rigidity” is preventing the legislative devolution of central government powers to intermediate authorities (e.g. spatial planning).

110. There consequently appears to be a clear need to reform the regional level; this was acknowledged by all the authorities the Congress monitoring delegation met. The general feeling seems to be that regions ought to be democratised, without abolishing Prefectures or revising the Constitution in order to create a third tier of territorial authorities.



111. Twelve years on from the creation of Prefectures as local authorities, it is time to look at the outcome of that reform. Is it not true that the creation of Prefectures as opposed to democratised regions has weakened the system of local government and made it less well-integrated? How can regions headed by central government officials and set up to manage European structural funds be reconciled with regional-type authorities (Prefectures), legitimated by the wish of the people, whose natural focus is on regional development?

112. It is clearly difficult to democratise Regions by introducing elected Regional Councils and Secretaries General while maintaining Prefectures in their present form. Such a reform would necessitate the creation of an additional level of self-government, and there is widespread reluctance to create a third tier of territorial authorities. It is not simply a matter of the problems associated with revising the Constitution, the procedure for which is always complicated and cumbersome. Above all, there is an awareness – borne out by experience in some cases – that three tiers of territorial authorities would be excessive.

113. The idea of turning regions into second-tier territorial authorities and reducing their number appears to have the support of parliamentary parties. The latter also point to the difficulty of abolishing Prefectures, however, which they have used to develop their own political support bases. Most prefectural elected representatives have already amassed considerable administrative experience, prompting them to have other aspirations. It is even foreseeable that the future of the new democratic regions will be built by local elected representatives currently serving in Prefectures.

114. There appears to be a consensus that there are too many Prefectures and Regions at present, and that both Prefectures and Regions should be retained. Be that as it may, the 2001 revision of the Constitution necessitates a review of the intermediate level; the most plausible option, however, appears to be that of reducing the number of Prefectures and *Peripheria* and incorporating Prefectures into new democratic regions as bodies responsible for implementing regional development policies.

115. The rapporteur is of the opinion that, from a morpho-geographical standpoint, Greece should have only two tiers of sub-state authorities: strong municipalities (but fewer of them) and strong regions – whence the need to integrate the intermediate level, such that the Prefectures are simply a link between the local and regional levels.

116. In addition, if “regionalism” is to progress in Greece, central government will have to abandon its “supervisor” mentality and instead become a “planner” able to work with regions and engage in dialogue with them.

117. In this context, the rapporteur calls on the Greek authorities to continue their political dialogue with the Congress of Local and Regional Authorities of the Council of Europe with a view to considering options and prospects for the full application of the Charter and the principles of regional self-government and the implementation of effective democratic reform of the regional level in Greece.

## APPENDIX 1

### **Programme for the first official visit by the Congress monitoring delegation (Athens, 14–16 May 2007)**

#### MEMBERSHIP OF THE CONGRESS DELEGATION

Mr Jean-Claude VAN CAUWENBERGHE, (Belgium, R, SOC), Chair of the Ad Hoc Working Group on Regions with Legislative Power and the Reflection Group on Regionalisation of the Congress and rapporteur on regional democracy in Greece

Mr Guido RHODIO, (Italy, L, EPP/CD), rapporteur on local democracy in Greece

Professor António Rebordão MONTALVO, consultant (Portugal) and member of the Group of Independent Experts on the European Charter of Local Self-Government

Ms Antonella CAGNOLATI, Director of the Congress

Ms Irina BLONINA, Consultant

#### PROGRAMME

Monday 14 May 2007

9.00am – 1.30pm Ministry of the Interior, Public Administration and Decentralisation

Business meeting with:

Mr Patroklos GEORGIADES, Secretary General of the Ministry

Regional Secretaries General:

Mr Charalambos MANIATIS, Secretary General of the Attica Region

Mr Andreas LEOUDIS, Secretary General of the West Macedonia Region

Mr Michalis ANGELLOPOULOS, Secretary General of the East Macedonia and Thrace Region

Ms Aggeliki AVOURI, Secretary General of the Peloponnese Region

Ms Areti BELLIA, Director of Development Programmes and International Organisations

Mr Grigorios FRESKOS, Director General of Local Government

Ms Vicki GIAVI, Director responsible for the Organisation and Operation of Local Authorities

Mr Konstantinos THEODOROPOULOS, Director of Local Finances

Ms Eva MYLONA, Administrator, Directorate of Administration

Ms Athina SOFIANIDOU, Administrator, Directorate of Development Programmes and International Organisations

2.00pm-3.00pm Political meeting with Mr Prokopios PAVLOPOULOS,  
Minister for the Interior, Public Administration and Decentralisation

6.00pm-8.00pm Greek Union of Prefectures (ENAE)

Mr Dimitrios DRAKOS, Prefect of Messinia and President of the ENAE

Mr Kostandinos TATSIS, President of the enlarged self-governing Prefecture of Drama, Xanthi and Kavala and First Vice-President of the ENAE

Mr Loukas KATSAROS, Prefect of Larissa and General Secretary of the ENAE

Mr Ioannis STRATAKIS, Prefectural Councillor, Florina

Mr George PAVLIDIS, Prefect of Xanthi

Mr Konstantinos KONTOGEOGOS, Prefect of Evrytania

Mr Elias VLAHOYIANNIS, Prefect of Trikala

8.30pm Business dinner with ENAE representatives and members of the Greek delegation to the Congress (Chamber of Regions)

Tuesday 15 May 2007

- 9.00am-10.30am Meeting with representatives of the Union of Greek Cities and Municipalities (KEDKE) and full and substitute members of the Greek delegation to the Congress (Chamber of Local Authorities)
- Mr Konstadinos TZANAKOULIS, Mayor of Larriseon  
Ms Theodora TSIKARDANI, municipal councillor, Servia  
Mr MOURATOGLU, municipal councillor, Edessa
- 11.00am-1.00pm Greek delegation to the Parliamentary Assembly of the Council of Europe and members of Parliament
- Ms Elsa PAPADIMITRIOU (ND), Chairperson  
Ms Zetta MAKRI (ND), Chair of the Law and Order Committee  
Mr Theofilos VASILIOU, Deputy Chair of the Committee  
Mr Ioannis VLATIS (PASOK)  
Mr Fotis KOUVILIS (SYNASPISMOS)  
Ms Voula SYRIGOS, Secretary of the delegation
- 1.00pm-3.00pm Lunch break at Parliament
- 4.30pm-6.00pm Meeting with Professor Spyridon FLOGAITIS, member of the Group of Independent Experts on the European Charter of Local Self-Government in respect of Greece

Wednesday 16 May 2007

- 9.00am-11.00am Meeting with Ms Calliope SPANOU, Deputy Ombudsman
- 11.00am-12.30pm Internal meeting of the Congress delegation
- 1.00pm-3.00pm Meeting with representatives of the bodies responsible for training and selection of prefecture staff (INEP, ESTA, ASEP).

## APPENDIX 2

### **2<sup>nd</sup> visit of the congress of local and regional authorities of the council of Europe Athens 28 – 29 January 2008**

#### MEMBERS OF THE DELEGATION OF THE CONGRESS OF LOCAL AND REGIONAL AUTHORITIES OF THE COUNCIL OF EUROPE

Mr. Jean-Claude Van CAUWENBERGHE, (Belgium, R, SOC), President of the ad hoc Working Group «Regions and the legislative powers» and the Working Group for the regionalization, Rapporteur for regional democracy in Greece

Professor Mr. António Rebordão MONTALVO, Expert (Portugal), Member of the Independent Working Group for the European Chart of Local Autonomy

Ms. Lilit NIKOGHOSYAN, Co-secretary of the Institutional Commission of the Congress

#### Programme

Monday, 28<sup>th</sup> January 2008

#### **11:00 – 14:00**

##### **Association of Prefectural Administrations of Greece (ENAE)**

A) Chair of ENAE:

Mr. Konstantinos TATSIS, First Vice-President of ENAE, President of Prefectural Authorities of Drama – Kavala – Xanthi

Mr. Konstantinos EVMIRIDIS, Second Vice-President of ENAE, Prefect of Drama

B) Full members of the Greek Delegation in the Congress

Mr. Georgios PAVLIDIS, Head of the Delegation, Prefect of Xanthi

Mr. Elias VLACHOGIANNIS, Board Member of ENAE, Prefect of Trikala

Mr. Ioannis MICHAS, Board Member of ENAE & Head of the PASOK Party, Prefect of Piraeus

C) Alternate members of the Greek Delegation in the Congress

Mr. Ioannis STRATAKIS, Board Member of ENAE, Counsellor, Prefecture of Florina

Ms. Adamantia TZANETEA, Vice Prefect of Lakonia

D) Heads of Political Parties in ENAE Board

Mr. Ioannis MICHAS, Board Member of ENAE & Head of the PASOK Party, Prefect of Piraeus

Mr. Georgios AGORASTAKIS, Board Member of ENAE & Head of SYNASPISMOS Party, Counsellor, Prefecture of Chania

Tuesday 29<sup>th</sup> January 2008

#### **11:30 – 14:30**

##### **Ministry of Interior**

Meeting with the General Secretary of the Ministry of Interior and representatives of the competent authorities of the Ministry

Mr. Charalambos MANIATIS, General Secretary of Attiki Region

Mr. Ioannis ZANNETOPOULOS, General Director of Development Projects

Mr. Panagiotis SKIADAS, Director of Administration

Ms. Areti BELIA, Director of Development Projects & International Organisations

Ms. Reggina VASSILATOY, Head of the Section of Relations with International Organisations

Mr. Georgios STEFANAKIS, Expert, Direction of Local Finance

Ms. Eva MYLONA, Expert, Direction of Administration

Mr. Kostas GALANIS, Expert, Member of the Working Group of the New Code of Prefectural Authorities, Direction of Organisation and Functioning of Local Government

Ms. Athina SOFIANIDOU, Expert, Direction of Development Projects of Development Projects & International Organisations

## APPENDIX 3

### **Powers transferred by prefectural authorities to other units of government**

1. Act 2639/1998 provides for the transfer of powers from employment and labour directorates within prefectural authorities to the Ministry of Labour and Social Security.
2. Act 2623/1998 and presidential decree 8/2000 transfer the power to amend the electoral roll from prefectural authorities to municipalities.
3. Section 14 § 29 of Act 2817/2000 (OG 78/A) transfers the various powers enjoyed by prefects and prefectural authorities in respect of primary and secondary education to the Ministry of Education and Religious Affairs. These powers are exercised by regional departments of the ministry. Similarly, Act 3467/06 transfers the power to set up committees to assess and selecting suitable school sites and buildings to regional education directors.
4. Act 3386/2005 transfers the remaining powers covered by Section 15 of Act 2639/1998 and Act 2910/01 on the issuing of work permits to foreigners to the regions.
5. Act 3103/03 transfers the authority to issue passports to the Ministry of Public Order (the police).
6. Act 3462/2006 on the Municipal and Communal Code transfers the power to organise municipal and communal elections to Regional Secretaries General.
7. Act 3284/04 transfers the exercise of powers relating to nationality (naturalisation and specific instances of the acquisition of nationality) to regions.
8. Presidential decree 52/2001 transfers responsibility for the health care of public sector employees to public sector social security funds.
9. Act 2503/97 transfers powers relating to civil service careers to regions.
10. Act 3325/05 provides for the granting of licences to operate bread sales outlets to be assigned to municipalities.
11. Act 2508/97 provides for the approval of urban development plans to be assigned to municipalities and communes.
12. Act 3199/03 provides for the granting of permits for water use and the construction of water works to be assigned to regions.
13. Act 2325/1995 provides for the abolition of the Propagation and Monitoring Equipment Certification Centres attached to prefectural authorities. Their responsibilities have been transferred to central government in the form of an autonomous unit within the Ministry of Agricultural Development.
14. Act 2945/2001 provides for the Agricultural Training Centres' responsibilities to be transferred to the GEEKA "DIMITRA" organisation. The Agricultural Development Directorates were previously in charge of training farmers and providing them with information. The transfer of these responsibilities has meant that projects are no longer co-ordinated in accordance with regional needs. As a result, some of the centres are under-utilised – or have even been closed – owing to a lack of scientific staff, equipment and so on.
15. Legislative decree 221/74 provides for the authority to allocate grazing land to be transferred to Regional Secretaries General.
16. Article 123 of the Civil Code, as amended by Act 994/79 § 6, provides for authority power to allocate land to the state or to public-law corporations free of charge to be transferred to regional secretaries general.
17. Legislative decree 221/74 provides for the authority to allocate state-owned forest land for the purposes of farming, creation of new urban centres or craft or industrial activities under Articles 1 and 3 of the aforementioned decree and the establishment of stock facilities under Article 6 of the aforementioned decree to be transferred to regional secretaries general.

18. Until 2005, prior to the application of the new Common Agricultural Policy (CAP), the Agricultural Development Directorates were responsible – in conjunction with the Department for the Organisation of Payments and Monitoring of Guidance and Guarantees (OPCOG) – for running the Integrated Administration and Control System (IACS). This system was part of a European Union programme of financial aid for the country's farmers and stock breeders; within each Prefecture, it involved the provision of information to producers and checks of automated accounting, sites, alterations, payments, land management, transfers of title and so on. With the application of the new CAP in 2006, this power was transferred to the OPCOG, which works with the UAC (Unions of Agricultural Co-operatives). Prefectural authorities are responsible solely for checking 5% of the payments to the agricultural sector, as required by the European Union, by virtue of Joint Ministerial Decision No. 394555/2000 of the Ministry of the Interior, Public Administration and Decentralisation and the Ministry of Agriculture (Official Gazette B/1324/2000).
19. The new Municipal and Communal Code provides for the management and improvement of grazing land to be transferred to municipalities and communes, which in turn submit engineering proposals/studies to their respective regions for approval and funding.
20. Under the latest Regulations on Environmental Protection, Agricultural Security and Other Provisions, the powers and membership of the rural police force are transferred to the Ministry of Public Order.

## APPENDIX 4

### Matters relating to local government finances

In accordance with the current Constitution, local authorities enjoy administrative and financial independence. The state must take all necessary steps to ensure: a) that local authorities enjoy financial independence and b) that they have the necessary resources to fulfil the remit and exercise the responsibilities assigned to them, and that those resources are administered in a transparent fashion. For the first time, the 2001 revised Constitution provides that any transfer of powers from central or regional government to local authorities must be coupled with the transfer of the corresponding resources.

#### A). FINANCIAL RESOURCES OF FIRST-TIER LOCAL AUTHORITIES

Mergers of Greek local authorities have undoubtedly been a key development in recent years. Act 1828/89 on Central Own Resource Funds contributed to local authorities' financial independence by establishing transparent, stable resources that have facilitated the planning and achievement of objectives and goals as well as ensuring the country's development.

Similarly, as part of the implementation of the "Kapodistria" plan, a series of laws and regulations have given first-tier local authorities the necessary impetus to take action, while enjoying central government support.

The Central Own Resource Funds were set up to serve as powerful agencies responsible for providing first-tier local authorities with funding from the central government budget, the amount being stipulated by law. Central Own Resources are distributed annually by decision of the Interior and Finance Ministers, following a proposal and concurring opinion from the Union of Greek Cities and Municipalities; they are designed to mitigate geographical and financial disparities, in particular by:

- covering local authorities' operating expenses;
- financing community development; and
- financing special plans aimed at improving the quality of services to citizens.

To date, the level of Central Own Resources has increased significantly each year.

The following amounts have been allocated from the Central Own Resource Funds over the last six years:

CENTRAL OWN RESOURCE FUNDS	AMOUNT IN EUROS
2001	1,361,952,015.00
2002	1,437,653,240.00
2003	1,560,000,000.00
2004	1,790,000,000.00
2005	2,049,272,400.00
2006	2,165,263,000.00

The system of ordinary grants to local authorities was reviewed and updated in 2001. Local authorities are financed on the basis of the latest census, which until 2000 was the primary criterion for the distribution of Central Own Resources, depending on the number of municipal administrative divisions and the level of operating expenses.

The following amounts have been allocated to Greek municipalities and communes in the form of ordinary grants over the last six years:

ANNUAL ORDINARY GRANT	AMOUNT IN EUROS
2001	808,706,945.19
2002	891,576,961.41
2003	964,000,000.00
2004	1,044,400,000.00
2005	1,283,800,000.00
2006	1,373,600,000.00

The total amount allocated to Greek municipalities and communes from the Central Own Resource Funds in 2007 will be 2,295,198.00 euros, including 1,529,800,000.00 euros in the form of ordinary grants.

Local authorities receive financing to enable them to exercise the responsibilities transferred to them by law and to cover the cost of their activities; in particular, this includes:

- operating and staff payment expenses in respect of kindergartens, for which they are responsible under Act 2880/2001;
- operating and staff payment expenses in respect of municipal sports facilities, for which they are responsible under Act 2880/2001;
- operating and staff payment expenses in respect of corporations, for which they are responsible under Act 3106/2003;
- operating expenses in respect of primary and secondary schools;
- drug prevention programmes in conjunction with OKANA;
- other local government activities, as proposed by the KEDKE.

In addition to the aforementioned revenue from the Central Own Resources Funds, first-tier local authorities also receive sizeable resources from the central government budget (in the form of financial allocations to local authorities under Section 3 § 1-2 of Act 2240/94 to cover the implementation of operating plans in respect of Citizens' Service Centres (ΚΕΠ) and the payment of part-time staff and staff on fixed-term, private-law contracts under presidential decree 164/2004) and from other sources, such as revenue from deposits in respect of the issuing of residence permits to foreigners (Section 16 § 6 of Act 2946/01, replaced by the provisions of Section 92 § 6a of Act 3386/05), beer tax (Article 9 of legislative decree 703/70), advertising fees (Section 9 of Act 2880/01) and property tax, in accordance with the provisions of Section 24 § 19 of Act 2130/93.

#### B). Financial resources of prefectural authorities

Act 3345/2005 on Financial Matters pertaining to Prefectural Authorities and Regulations on Administrative Matters (Official Gazette 138/A) promulgated a series of regulations on financial arrangements in respect of prefectural authorities, with immediate effect. The aforementioned regulations are designed to update the institutional framework for the financing of prefectural authorities from the Central Own Resource Funds and to reinforce their position by making them a stimulus to the development of local businesses.

Act 2672/1998 required prefectural authorities to pay health care and social security benefits out of their own resources. Yet such benefits absorbed a large proportion of the total resources allocated to prefectural authorities from the Central Own Resource Funds (79% in 2004); by and large, this proportion increased from year to year. As an indication, social security benefits accounted for 51% of Central Own Resources in 1999, 49% in 2000, 63% in 2001, 74% in 2002, 76% in 2003 and, as already stated, 79% in 2004.

This financial obligation left prefectural authorities with insufficient resources to discharge their responsibilities in terms of investment in, and restoration of, the road network; some authorities had difficulty covering their operating expenses and had to request additional financing from the Interior Ministry. It had the effect of depriving second-tier local authorities of stable resources enabling them to fulfil their remit; it represented a



departure from Article 102 § 5 of the Constitution, which, on the one hand, stipulates that local authorities must enjoy the necessary financial independence to exercise their responsibilities and, on the other, prohibits the transfer of powers to those authorities unless it is coupled with the transfer of the corresponding resources.

Under Act 3345/2005, health care and social security benefits are to be paid in the form of a grant from the central government budget, since this is a central government responsibility.

Under the new institutional framework, the aforementioned benefits are no longer paid from the Central Own Resource Funds for prefectural authorities; for the first time, the latter receive stable, fixed resources. Moreover, the sizeable sum remaining once they have paid their operating expenses can be used to cover public works and investments, according to regional needs. This change equates to a significant increase in Central Own Resources for prefectural authorities, which quadrupled between 2004 and 2007, while the level of investment – including in respect of the road network – increased from 2.663% to 4.003%.

Since 1 July 2005, annual grants to prefectural authorities from the Central Own Resource Funds have included VAT of 2% and transportation duties of 10%. Half of the aforementioned sum is earmarked for capital expenditure financed exclusively from national resources.

Similarly, bearing in mind the external costs engendered by vehicles using the country's road network, as well as maintenance costs, the Central Own Resource Funds now include transportation duties in order to cover expenditure on improving and maintaining the road network within prefectural authorities' boundaries.

This has made it possible to improve services to road network users, irrespective of weather conditions.

A list setting out changes in the Central Own Resource Funds for prefectural authorities since 2004 is appended to this report.

CENTRAL OWN RESOURCE FUNDS						
YEAR	OPERATING EXPENSES	INVESTMENTS	ROAD NETWORK	TOTAL CENTRAL OWN RESOURCE FUNDS	SOCIAL SECURITY	OVERALL TOTAL CENTRAL OWN RESOURCE FUNDS
2004	104,100,264	5,869,406	0	109,969,670	389,983,670	499,953,340
	51,692,897	2,934,703	0	54,627,600	182,908,200	237,535,800
	80,508,263	64,451,437	28,868,350	173,828,050	0	173,828,050
	132,201,160	67,386,140	28,868,350	228,455,650	182,908,200	411,363,850
2006	134,350,000	134,350,000	80,900,000	349,600,000	0	349,600,000
2007	162,200,000	162,200,000	78,600,000	403,000,000	0	403,000,000

## APPENDIX 5

### Regional matters

Firstly, it should be noted that Greece's use of the term "region" differs markedly from that of the Congress. As far as Greece is concerned, the term "regions" refers exclusively to regional branches of central government. The Greek Constitution provides for two tiers of local government, although it does not specify the authorities in each tier. Under the legislation in force, municipalities and communes form the first tier of local government, corresponding to the term "local authorities" as used by the Congress. Prefectural authorities form the second tier of local government, corresponding to the term "regional authorities" as used by the Congress. The fact that the two tiers of local government are not specified in the Constitution is not an oversight, but a deliberate choice.

The following points should also be made:

- Regions and prefectural authorities are two separate institutions;
- Regions, in the sense of regional branches of central government, were created under Act 2503/1997 (Section 1 § 1) and enjoy specific legal status;
- the aforementioned Act provides that laws and regulations must not undermine the powers of prefectural authorities, municipalities or communes;
- Regional Secretaries General are government representatives responsible for the implementation of government policy in relation to the regions, and for regional police forces, fire brigades and port authorities. They also exercise the various responsibilities assigned or transferred to regional departments, as well as those assigned to them by law. These responsibilities include supervision of the acts of municipalities, communes and prefectural authorities. Under the legislation in force, Regional Secretaries General also exercise supervision of public-law corporations with their headquarters in the Region concerned, where the latter are not subject to supervision by ministries, prefectural authorities, municipalities or communes;

Regional Councils are collective bodies headed by the Regional Secretaries General. Their membership is stipulated by Section 1 § 3 of Act 2503/1997, and their responsibilities by Section 63 §