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## POLICY ADVICE

IMPROVEMENT OF THE DISTRIBUTION AND EXERCISE OF COMPETENCES  
BY ISLAND MUNICIPALITIES

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

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**Centre of Expertise  
for Local Government Reform**



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## **LIST OF ABBREVIATIONS**

|            |  |
|------------|--|
| <b>CoE</b> | Council of Europe                          |
| <b>EU</b>  | European Union                             |
| <b>GDP</b> | Gross Domestic Product                     |
| <b>HR</b>  | Human Resources                            |
| <b>ICT</b> | Information and Communication Technologies |
| <b>IM</b>  | Island municipalities                      |
| <b>Mol</b> | Greek Minister of Interior                 |
| <b>RET</b> | Road Equivalent Tariff                     |
| <b>ROP</b> | Regional Operating Programme               |
| <b>TIA</b> | Territorial Impact Assessment              |
| <b>TNA</b> | Training Needs Analysis                    |

## EXECUTIVE SUMMARY

### About this Report

This Report identifies the main institutional and policy issues characterising the distribution and exercise of competences by Greek island municipalities (IMs).

The Report presents insights from literature review as well as first-hand information collected through an extensive interview programme carried out by the Council of Europe (CoE) team with Greek institutional stakeholders and international experts (see Appendix II).

### Report's highlights

The Kallikratis reform has created a new political and administrative landscape for the islands. It has established a single municipality in each island, with some notable exceptions in the case of IMs with Polynesian character ("archipelagos") and of Crete.

As a principle, the Kallikratis Law provided for a rather homogenous framework of competences, functions, financing and internal structures of municipal authorities in Greece. However, by acknowledging the peculiarities of insular areas, the law grants the possibility to IMs to be conferred more competences and in case receive additional personnel and technical infrastructure. The Kallikratis Law also introduces a number of special provisions in the attempt to deal with the acute shortages of administrative capacities of small IMs.

The Greek legal framework thus provides for some limited differentiation of IMs from mainland municipalities in terms of additional competences – although these provisions have not been activated yet.

The CoE interview programme provides a comprehensive critical assessment of the insular governance in Greece, notably (but not only) from fifteen mayors representing the diversified landscape of Greek island municipalities.

All mayors and other officials expressed positive comments about the Kallikratis reform. In the opinion of most mayors, the establishment of a single municipality on each island (the spatial dimension of the reform) was a clear improvement compared to the previous arrangements.

Despite these positive elements and the acknowledgment of significant progress, all the interviewed stakeholders stressed the fact that the insular character of some Greek regions presents several peculiarities compared to continental areas, leading to a reduction over time in the per capita purchasing power on islands. Problems are particularly relevant in small IMs.

The Report focuses on the following challenges:

- **Administrative capacity** – All interviewees focused on the lack of administrative capacity of IMs to comply with legal requirements that do not take into consideration their special needs. New organisation charts were provided by the MoI and were typically adopted, as provided for by the law. However, only few small IMs are in a position to de facto accommodate the minimum legal requirements. No functional review has been carried out to date, despite the creation of new administrative entities further to municipal mergers of islands. The needs and the margin for economies of scale for more effective discharging of administrative tasks and the provision of public services have not been assessed. One of

the most acute administrative capacity challenges for IMs is the lack of personnel, especially lack of qualified staff such as civil engineers, lawyers and economists.

- **Fiscal policy arrangements** – All interviewees highlighted the positive effects of Kallikratis on the fiscal consolidation of small IMs. On the other hand, there is broad agreement about the inadequacy of the current system of distribution of State grants to municipalities. The allocation of public finances (State grants) is based on two broad criteria – first the number of permanent (registered) population; and second, on an ancillary basis, the so-called minimum operational cost of every municipality. Taken together, these two criteria do not appear to abide by the principle of equity nor by the one of effectiveness.
- **Whole-of-government island policy** – All mayors highlighted the lack of special consideration of the particularities of islands in Greek policy-making and legislation. All interviewees agreed on the untapped potential of stronger institutional and policy coordination about island policy at the central level. They identified the office of the Vice-Minister of Maritime Affairs and Insular Policy as a critical interface to leverage the voice of islands throughout the Government policy making.
- **Competence execution and vertical cooperation** – All interviewed stakeholders advocated a thorough functional review of municipal and regional competences in order to identify overlaps and reduce conflicts between the different levels of government. Mayors do not claim more competences. Rather, they plea for an adequate allocation of resources to execute the competences; a considerable reduction in administrative burdens; smoother, institutionalised vertical cooperation between levels of government. On the other hand, all municipalities seek a more active role by local governments on a number of selected competences.

### Draft Policy Advice

Mol might consider the following policy actions (exposed in more details in the Report) in the overall effort to

- **strengthen administrative capacity** in IMs:
  1. Undertake a thorough functional review of IMs (“who does what” analysis) in order to identify needs and gaps in the exercise of competences and to increase administrative effectiveness and efficiency, before altering any allocation of competences conferred on IMs.
  2. Evaluate IM personnel on the basis of objective performance criteria, possibly on the basis of Training Needs Analysis (TNA) methodologies, and introduce a targeted training programme so as to best fill existing gaps in expertise, beyond hiring policies. The TNA report by the CoE could serve as a model and initial benchmark.
  3. Provide effective incentives for public administration employees to move to IMs, in order to meet the minimum requirements of Art. 97 of the Kallikratis Law.
  4. Further invest in deploying a comprehensive e-government strategy to extend the ICT (Information and Communication Technologies) to IMs to avoid delays, save costs, enhance transparency and increase effectiveness and efficiency.
  5. Stimulate recourse to public-private partnerships primarily for the provision of public services but also for development policies.
  6. Specifically support IMs under 4,000 inhabitants on the planning, design and implementation of local infrastructure works and social and environmental policy interventions.

- **enhance the fiscal and financial capacities** in IMs:
7. Revise the fiscal regime so as to better account for the additional cost of insularity.
  8. Pilot re-arrangements of local revenues from touristic economic activities, to be collected and managed locally in order to cover the increased needs and demand for services due to high seasonality during the summer period.
- 
- **promote coherence governance and a consistent, whole-of-government policy<sup>1</sup> on islands:**
9. Promote the development of a Government vision for Greek Islands in the 21st Century and the introduction of a “Think Island First” principle, according to which insularity becomes an important element to be considered systematically in Government action, and islands are increasingly seen as an opportunity and parts of the solution to contemporary challenges.
  10. Launch a systematic, structured review and simplification programme for islands with a view to increasing predictability, certainty, efficiency and speed of administrative procedures concerning islands.
  11. Leverage the mandate and powers of the current Vice-Minister for Maritime Affairs and Insular Policy so that the office serves as an effective “Islands’ Envoy” within Government.
  12. Invite the Hellenic Parliament to upgrade the existing Sub-committee of Islands and Mountainous areas that operates under the auspices of the Special Standing Parliamentary Committee of the Regions to monitor and promote insular policy and facilitate direct access of insular interests, specificities and needs onto the national political agenda.
- 
- **facilitate multi-level cooperation:**
13. Introduce legal instruments to frame and organise multi-level policy relations, in particular pertaining to islands, thereby managing interdependencies and complementing institutional arrangements.
  14. Establish institutional arrangements serving as standing platforms for cooperation and information sharing with IMs and island stakeholders.
  15. Strengthen the interface between IMs and the regional and the decentralised authority level.
  16. Undertake a functional review of selected competences that might be transferred to municipalities, with the view of assessing the costs, benefits and risks of such a transfer.

### Considering criteria for IM categorisation

The current legal and policy system does not differentiate between different categories of municipalities. The uniform treatment of municipal authorities favours large continental municipalities and generates disincentives for IMs to overcome their structural deficiencies that stem from their geographical location, low population, seasonal economy and lack of administrative capacity to provide essential services to the citizens.

It is therefore essential to formulate a comprehensive set of public policies addressed to islands. A categorisation of IMs on the basis of objective criteria is opportune to prioritise strategic goals and develop tailored policies and governance arrangements protecting the Greek islands and fostering the opportunities that insularity offers for sustainable development and inclusive growth.

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<sup>1</sup> **Whole of government** denotes public service agencies working across portfolio boundaries to achieve a shared goal and an integrated **government** response to particular issues.

The weighting of criteria proposed in this Policy Advice (see table below) is indicative only. It seeks to pinpoint the insular character of the target municipalities in the most direct manner possible. In the table, some indicators are highlighted as they are believed to better reflect than others the specific specificities and challenges of IMs (i.e. the “cost of insularity”).

Proposed criteria and associated indicators include:

| <b>1. Geographic and spatial criterion</b><br><b>Proposed Weight: 5/5</b>   |  |
|---|--|
| This criterion captures the characteristic of insularity and remoteness and the degree of accessibility of citizens to public services. |  |
| Possible indicators   | Remarks  |
| - Size of the island  | = territorial surface in km <sup>2</sup>   |
| - Distance from the coast (mainland)  | = expressed either in km; or in required time<br><i>Justification for prioritisation: For an IM, the possibility to easily reach the continent will always be of primordial importance. The further / longer the trip to the coast, the more remote the island is, the higher the cost of insularity.</i>  |
| - Distance from the nearest service centre  | = expressed either in km; or in required time. This takes account of where the IM is located with respect to the most important public services (hospitals, schools, etc.).<br><i>Justification for prioritisation: The greater the distance from the service centre to where the service is actually delivery on the island, the higher the costs and the challenges to maintain satisfactory levels and standards of delivery. Bigger islands, islands with rough landscape or Polynesian islands are particularly affected by this.</i> |
| - Distance from Athens  | = expressed either in km; or in required time; or in frequency of connections to the capital   |
| - Accessibility   | = presence of an airport or heliport; or size of the port  |
| - Mountain character  | = expressed in average altitude. This reflects the type of territory on the island, which could be a proxy of its asperity or remoteness.  |

| <b>2. Development criterion</b><br><b>Weight: 4/5</b>              | Proposed   |
|--|--|
| This criterion captures the particular developmental needs of IMs. |  |
| - Administrative capacity  | = expressed for instance in terms of number of vacant full-time equivalent staff compared to the organigram of the municipality. |

|                  |  |
|------------------|--|
| - Infrastructure | = expressed in terms of length of road network, size of the ports, schools, health services, length of waste and drainage networks.<br><i>Justification for prioritisation: In many policy areas, the responsibility for maintaining infrastructure rest exclusively on IMs. This aspect is critical in the development of solutions to the challenge of limited resourced and reportedly unclear roles and responsibilities among various levels of government.</i> |
|------------------|--|

| 3. Demographic criterion<br>Weight: 3/5  |  | Proposed |
|--|--|----------|
| This criterion acknowledges that IMs suffer from comparatively low and decreasing population, which impacts on their capacity to provide quality services efficiently. |  |          |
| Possible indicators  | Remarks  |          |
| - Number of permanent residents  | = inhabitants living on the islands all year long  |          |
| - Number of secondary residents  | = registered owners of secondary (holiday) houses. This is particularly relevant for IMs that have a large number of holiday houses that are used only during the summer period. (Another possible indicator is the percentage of secondary houses.)   |          |
| - Seasonal population  | = number of tourists and seasonal workers<br><i>Justification for prioritisation: The oscillation of population living on the island throughout a year is one of the most distinctive characteristics of the insular economy and social fabric. Acknowledging this is critical to best match resources and competences to the actual needs of IMs. The greater the oscillation, the bigger the mis-match between “ordinary” municipal business and peak demand for services.</i> |          |
| - Population density   | = permanent residents / island surface. The lower the population density the higher the costs of basic services and infrastructure for a municipality  |          |

| 4. Economic criterion<br>Weight: 2/5   |  | Proposed |
|--|--|----------|
| Areas with different economic profiles need different municipal services to support and promote employment and entrepreneurship, education and vocational training. Moreover, this criterion defines the capacity of each municipality to levy local taxes and fees. |  |          |
| Possible indicators  | Remarks  |          |
| - Economic power   | = expressed in GDP in the primary, the secondary and the tertiary sectors. This both reflects the overall economic power of the IM and indicates the distribution of the economic activities among the main sectors. |          |



|                      |  |
|----------------------|--|
|                      | = expressed also as overall occupational rate; unemployment; seasonality; employment mobility, etc.  |
| - Insular employment | <p>= expressed in full-time equivalent jobs. This captures the capacity of the island to host jobs. It could also be disaggregated across jobs in the primary, the secondary and the tertiary sectors, to express economic diversification.</p> <p><i>Justification for prioritisation: The higher the insular employment, the stronger the economic power of an IM. Costs and public services (e.g. transport) are expected to increase the greater the number of the insular population that needs to move elsewhere to perform their economic activities.</i></p> |

| 5. Social criterion   |   | Proposed |
|---|---|----------|
| Weight: 1/5   |   |          |
| This criterion indicates the needs of municipal structures for social services according to different categories of the population. |   |          |
| - Proportion of pupils in school age  | = expressed in % of the residence population. This is a proxy for the costs for education.  |          |
| <ul style="list-style-type: none"> <li>- Proportion of elderly people</li> <li>- Proportion of single-parent households</li> </ul>  | <p>= expressed in % of the residence population. This is a proxy for the costs for providing health care services. (Possible further indicators are may be envisaged.)</p> <p><i>Justification for prioritisation: The provision of social care services is a municipal responsibility. The greater the proportion of population in need, the higher the costs.</i></p> |          |

## **I. INTRODUCTION**

### **I.1. Purpose of this Report**

This comprehensive Report provides for potential policy actions in order to improve the distribution and the exercise of competences by IMs in Greece. It is developed in the framework of the European Union - Council of Europe technical assistance project on Institutional Enhancement for Local Governance in Greece.

The Report is addressed to the Ministry of Interior (Moi). It:

- integrates insights from the extensive interview programme carried out by the Council of Europe (CoE) team with Greek institutional stakeholders – notably, mayors from Greek island municipalities (IMs), senior officials and experts; as well as with international experts;
- reports on literature review and includes relevant European experiences and practices on island governance and policy-making; and
- formulates the CoE Policy Advice considerations to enhance local government reforms for Greek IMs.

The Report recalls the European Charter of Local Self-Government (“the Charter”) as well as the Monitoring Report adopted in March 2015 by the Congress of Local and Regional Authorities of the Council of Europe (“the CoE 2015 Report”).<sup>2</sup>

### **I.2. Structure of the Report**

The Report is structured as follows

- Chapter II. describes the current legal framework governing islands and IMs in Greece;
- Chapter III. provides a critical assessment, drawing from feedback and review of European experiences, and introduces possible policy actions to tackle the diagnosed shortcomings, indicating possible amendments to the Kallikratis Laws where appropriate;
- Chapter IV. presents criteria for IM categorisation (and related indicators), explaining the logic behind their possible usage;
- Appendix I. lists the competences which may possibly be further allocated to IMs, according to the law, while Appendix II. lists the participants in the CoE interview programme and desk work.

### **I.3. Methodological remarks**

A significant part of the insights that underpin this Policy Advice draws from a comprehensive interview programme conducted by the CoE Team. The programme covered not only the Greek dimension of IMs, but also included extensive collaborations and interactions with international experts addressing European experiences.

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<sup>2</sup> The Charter can be retrieved at <https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/122>; the CoE 2015 Report addresses “Local and regional democracy in Greece”, CG/2015(28)8FINAL, and can be accessed at <https://wcd.coe.int/ViewDoc.jsp?p=&id=2304139&Site=CM&direct=true>.

Discussions took place in face-to-face meetings, by phone and through Skype, as well as through email exchanges. Interviews amounted to about 30 hours cumulated discussions. A number of interviews with Greek mayors were recorded in electronic format. The detailed list of interviews is provided in Appendix II.

The interviews with Greek stakeholders primarily aimed at identifying the fundamental issues, problems and challenges that IMs face in Greece. Interviewees were asked to assess the Kallikratis reform, provide insights on the internal organisation and functioning of their municipalities (capacities, finance, and provision of services to the citizens); describe challenges they face in the exercise of their competences; and offer their expert opinions on the main issues that a future reform of the Greek local government system should address. The discussions were organised on the basis of indicative open questions in a semi-structured approach, as reported in Box 1. The questionnaire was shared with the interviewees ahead of the discussion.

### **Box 1. CoE questionnaire**

1. What is your opinion on the key institutional changes made by the Kallikratis reform in the spatial arrangement, organization and operation of the IMs?
2. What are the positive and negative aspects of setting up one municipality in each island?
3. What are the biggest challenges that your municipality faced in the initial period after the Kallikratis reform with regard to the internal restructuring?
4. What are the greatest challenges in terms of exercising municipal responsibilities, especially for delivering critical services to the citizen such as water and sanitation, waste, social services, etc.?
5. What additional competencies would you like to have and what would you prefer dropping, in the framework of the current debate about reforming local government?
6. What would you like to change in how municipalities are organized and operating?
7. How does the intra-municipal decentralization work?
8. How would you assess the cooperation with the Region?
9. How would you assess inter-municipal cooperation with other island municipalities?
10. What are the key issues of cooperation with the Region and other municipalities?
11. How are relations with decentralised administration?
12. What are the criteria for allocating the State grants and investment resources? Are they adequate to the needs of your municipality?
13. What are the greatest needs in terms of strengthening the administrative capacity of the municipality?
14. What are the main sources of investment funding of your municipality?
15. What is the biggest problem facing the local community? Do you have the competence and the powers to resolve it?

The Greek interviewees represented all types of IMs in Greece – very small, remote, medium sized and large municipalities (see Table A.I. in Appendix II.). Special attention was paid to the characteristics of the local economic structure and to the degree of their differentiation between primary, secondary and tertiary economic sector. This was meant to capture potential variations in the policy priorities of the different municipal entities. In this context, the sample of fifteen mayors with whom the CoE Team interacted is representative of all categories of Greek IMs.

## II. THE GREEK ISLANDS: AN OVERVIEW

### II.1. General remarks

In Greece, the total amount of island territories (including islets, rocks and desert islands) is approximately 9.837 covering 18,8% of the total land territory. According to the 2011 national census, only 112 of such islands are permanently inhabited.

**The Kallikratis reform has deeply revised the political and administrative features of Greek islands, by establishing a single municipality in each island, with some notable exceptions in the case of IMs with Polynesian character (“archipelagos”) and of Crete.**

In total, there are 65 IMs with considerable variations according to their population and size. These are scattered across 9 of the 13 regions of Greece as follows.

| Distribution of IMs among the Greek regions |               |
|---|---------------|
| Region                                      | Number of IMs |
| South Aegean                                | 34            |
| North Aegean                                | 9             |
| Attica                                      | 7             |
| Ionian Islands                              | 7             |
| Thessaly                                    | 3             |
| East Macedonia and Thrace                   | 2             |
| Creta                                       | 1             |
| Peloponese                                  | 1             |
| Stereia Ellada                              | 1             |
| <b>Total</b>                                | <b>65</b>     |

**A first differentiating indicator refers to the number of permanently (all-year) resident population.** From the 65 IMs, only 27 have more than 4,000 inhabitants. They form a rather heterogenous group:

- Crete is by far the largest island and one of the largest in the Mediterranean with a population of 623,065 inhabitants. This is the only island whose territory hosts more than one municipality. It comprises 21 municipalities.
- Apart from Crete, there is a group of large IMs (with population between 50,000-120,000 inhabitants): Lesbos (86,436 inhab.), Chios (52,674 inhab.), Rhodes (115,490 inhab.) and Corfu (102,071 inhab.).
- The rest is a group of medium sized IMs with population from 4,000-50.000 inhabitants.

IMs with less than 4,000 inhabitants also comprise different groups of IMs:

- 13 IMs have less than 1,000 inhabitants,
- 12 IMs from 1,000-2,000 inhabitants; and
- 13 IMs from 2,000 to 4,000 inhabitants.

However, population is not the only criterion for grouping IMs. Some IMs play an important role either as capital cities of the region or as regional unit hosting important public services and functions.

## **II.2. The current legal framework governing IMs**

**As a principle, the Kallikratis Law provided for a rather homogenous framework of competences, functions, financing and internal structures of municipal authorities in Greece. However, the law grants the possibility to IMs to be conferred more competences and in case receive additional personnel and technical infrastructure.**

- According to article 204 of the Kallikratis Law, these additional competences fall into four sectors, namely a) agriculture, livestock and fisheries, b) natural resources, energy and industry, c) transport and communications and d) planning and environment. The list of competencies is available in Appendix I.
- However, the implementing decree to apply this provision has not been adopted yet, not least because of the lack of administrative capacity of IMs to exercise them. Previously exercised by the Prefectural Councils (which have been abolished), in practice these competences are currently exercised by the Regions.

**The Kallikratis Law also introduces a number of special provisions in the attempt to deal with the acute shortages of administrative capacities of small IMs.**

- According to article 205 of Law 3852/2010 for technical works, small IMs with less than 4000 inhabitants of the South Aegean Region can apply for technical assistance to the Directorate of Technical Works of the Region.
- Moreover, small IMs can apply for technical assistance and administrative support to the largest municipality of their regional unit. This often happens with the case of the Treasury Service.
- According to law, IMs can conduct inter-municipal programmatic contracts for implementing public works services and procurement.
- They can also conduct programmatic contracts with their respective region. This practice is often employed for the implementation of technical infrastructure projects.

**In sum, the Greek legal framework provides for some limited differentiation of IMs from mainland municipalities in terms of additional competences. However, these provisions have not been activated yet, due to a number of reasons, including:**

- missing implementing decrees;
- the lack of the necessary additional (human and financial) resources for IMs;
- shortage of relevant personnel and resources also in those larger municipalities that would be supposed to lend support to smaller IMs; and
- the fact that there currently is no differentiation between different groups of IMs, which does not facilitate prioritisation in implementation.

The challenges raised by the partial implementation of the Kallikratis reform were already the object of the CoE 2015 Report. On that occasion, the CoE Congress invited the Greek authorities “to urgently implement in practice the existing provisions for insular and mountainous municipalities and to confer a special status for these areas, especially as concerns finances” (Recommendation *i.* of the Report).

### **III. THE GREEK ISLANDS: A CRITICAL ASSESSMENT**

This section reports the main findings and key messages from the interview programme. Particular emphasis is thereby put on the feedback received from the Greek mayors.

**It is worth underlying that the feedback received largely confirms the findings highlighted also in CoE Peer Review Report and in the CoE Training Needs Analysis exercise.**

Possible policy actions are offered for consideration, supported by selected international experiences as appropriate.

#### **III.1. General feedback**

##### General assessment of the Kallikratis reform

**All mayors and other officials expressed very positive comments and opinions about the Kallikratis reform.** Although remained incomplete because of the lacking required implementing measures, Kallikratis is considered a milestone reform in particular for the following reasons:

- establishing a specific program for the internal re-organisation of municipalities, especially those that resulted from the merger of a large number of entities;
- prompting improvement of capacities in terms of qualified personnel and the modernisation of public service delivery to the citizens especially in critical areas such as waste and water management as well as basic infrastructure such as ports and road networks.

##### Spatial dimension of the reform

**Most mayors expressed very positive comments about the establishment of a single municipality on each island.** A number of qualifying remarks are worth highlighting:

- Small IMs were not affected by the spatial consolidation of Kallikratis reform, since they already included a single municipal entity.
- By contrast, Kallikratis radically changed the territorial administration on larger islands, where the reform merged a large number of entities to single municipalities that now cover significant geographical areas formerly comprising prefectural authorities. This was the case for instance of the islands of Lesbos, Rhodes and Corfu.
- The mayors of large islands generally expressed very positive opinions about the spatial consolidation component of the Kallikratis reform. Particularly praised were the positive effects of the creation of a single municipality on the political capacity to overcome deadlocks between different localities in highly politicised issues such as waste management and the location of relevant infrastructure. The achievement of economies of scale in the provision of services to the citizens was also highlighted as a positive development for large islands since the reform.
- The spatial dimension was also beneficial to large islands with Polynesian character, whereby the smaller islands now enjoy better financial viability to sustain the provision of

the very basic services to their citizens as well as to implement any infrastructure project. That would have been nearly impossible without the support of the single municipality. The example of Naxos and the complexity of its tiny inhabited islands (Koufonisia, Scinoussa, Donousa, Iraklia) is a point in case.

- Some remarks were made to possibly consider intra-municipal decentralisation on an *ad hoc* basis, transferring additional competences and resources to small municipal communes (those established by Kallikratis). This could contribute to revitalising the small villages and bringing major policy decisions closer to the citizens.

### III.2. Typical challenges faced by IMs in Greece

Despite these positive elements and the acknowledgment of significant progress, all the interviewed stakeholders stressed the fact that **the insular character of some Greek regions presents several peculiarities compared to continental areas.**<sup>3</sup> The fundamental characteristic is the discontinuity of space that generates considerable impediments, most notably with regard to (in no specific order):

- fragmentation of markets
- high costs of infrastructure and public service provision
- high living costs due to transportation costs
- reduced capacity to achieve economies of scale in development due to low population and natural resources
- low levels of accessibility to basic services such as health provision and education
- seasonality and a tendency to over depend on one single economic activity (typically, tourism)
- limited capacities to differentiate the economic base due to the small territorial size and population
- inter-municipal cooperation.

**Seasonality of employment and economic activities** is a very important factor since during the tourism period (April to October), population increases drastically, in some instances even by threefold. Seasonality generates considerable opportunities but also constrains for IMs to respond to the raising demand for services, or different types of services.

According to a Report by ITA on Island Policy of 2016, over the last decades, IM population has decreased by 50% on average and living standards and access to basic services have deteriorated considerably, in particular in relation to education and health care. Furthermore, austerity policies in place for the last seven years have particularly affected the islands. Special tax regimes were abolished, such as the lower VAT on products and services that the islands used to enjoy. The same holds for the tax on the Dodecanese islands, a special municipal tax imposed on the gross income of local businesses. **As a result of all these dynamics, the per capita purchasing power on islands has decreased.**

**These problems are particularly relevant in small IMs. Lack of administrative capacity in absolute terms but especially in relation to qualified personnel is the most acute problem that small IMs report facing.** Small single IMs are particularly affected by the lack of incentives to

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<sup>3</sup> The relevance of islands (and mountainous areas) in Greece is also stressed by the fact that the CoE 2015 Report devoted a chapter to them (see Chapter 3.3.6 of the Report).



attract qualified personnel and by austerity measures, most notably public service recruitment restrictions. There are IMs with only one or less than five employees that are practically unable to staff the minimum required internal structures provided by the Kallikratis law. In those municipalities, the provision of public services is often based on voluntary contributions and engagement of individual citizens, third-sector organisations, and the elected officials.

A challenge that is allegedly faced by most municipalities in Greece but that disproportionately affects small IMs is the relatively limited administrative autonomy that local self-government enjoys. Systemic administrative frictions, particularly in the form of complex ex ante controls may unduly delay authorisations.

A number of these challenges are considered in closer details in the following sections. The resulting proposals for policy actions strive to bring Greece in closer alignment with the Charter, in particular with its Article 4.

### III.3. Administrative capacity

#### Minimum required levels

**All interviewees focused on the lack of administrative capacity of IMs to comply with legal requirements that do not take into consideration their special needs and capacity shortcomings.** This heterogeneity of the Greek geographical and administrative landscape was stressed also in the CoE 2015 Report: “Greece is a country with a huge diversity of geographical conditions, especially as far as mountains and islands are concerned. There are remote areas of the country with a very low density of population, vast distances, and difficult transportation: despite some provisions of Kallikratis, most of the regulation is still informed to the traditional criteria of uniformity and a special status for insular municipalities is still missing, especially from the financial point of view. This lack of special status undermines the capacity of islands municipalities to provide public services to their citizens, due to higher costs and longer procedures.” (para. 268. of the Report). Such a special status would entail specific legal provisions and customized policy initiatives that address the particular challenges facing IMs in terms of administrative capacity, finance and expertise in order to cope with insularity.

A typical example used by almost all interviewees to illustrate the challenges faced by IMs were the provisions of the new Law on the procurement of public works, goods and services (see Box 2.).



### **Box 2. Coping with little administrative capacity: public procurement in IMs**

The Law on the procurement of public works, goods and services (Law 4412/2016) provides for any contracting authority to be equipped with a minimum level of administrative capacity, which no IM can enjoy. To illustrate, in case of the procurement of public works, contracting authorities must have three civil engineers as a minimum.

If a IM does not have the minimum administrative capacity (qualified personnel) required, the Law provides for the possibility to conduct programmatic contracts with other municipalities, the Region or other public authorities in order to procure services, public works or goods. However, as the vast majority of interviewees argued, even these alternatives are not fully functional since both the neighbouring municipalities and the region often lack the necessary personnel to support the IM requesting support.

As a consequence, during the last year small IMs have been unable to undertake public procurement.

The case of legal framework for public procurement is one of the examples where mayors from small IMs advocate the establishment of special regulatory provisions and differentiated administrative procedures that take into consideration their significant capacity shortcomings and particularities (see Section III.5. below).

#### IM internal re-organisation

The law provides for a common internal organisation of Greek municipalities. According to art. 97 of Law 3852/2010, every municipality has to organise its internal services with the following departments: a) Planning and Development, b) Finance, c) Technical Service, d) ICT Department, e) Department of Transparency, f) Legal Department, g) Department of Administration and HR, h) Social Policy and Equality, i) Environment and Civil Protection.

**New organisation charts were provided by the Mol and were typically adopted. However, only few small IMs are in a position to *de facto* accommodate the minimum legal requirements.**

It is indicative that no major re-organisation of internal administrative structures and processes was reported. Apart from the spatial consolidation that took place in large municipalities with the establishment of a single municipal authority, no internal restructuring was undertaken in order to re-organise service provision at the larger geographical entity.

**No functional review has been carried out to date, despite the creation of new administrative entities further to municipal mergers on islands. The needs and the margin for economies of scale for more effective discharging of administrative tasks and the provision of public services have not been assessed.**

Interviewed stakeholders noted that the current attempt to revise the Kallikratis law is not the outcome of a comprehensive evaluation of the structures and does not rest on a functional review of competences.

#### Qualified personnel

**One of the most acute administrative capacity challenges for IMs is the lack of personnel, especially qualified staff such as civil engineers, lawyers and economists.** This holds especially for small and medium IMs that are unable to staff their technical and municipal revenue

departments. As a result, they disproportionately depend on external assistance from the larger municipalities, causing significant problems to the citizens who are forced to travel long distances in order to execute simple transactions such as paying their water bills or local fees.

As hinted already, the same holds for **public procurement** of goods and services, where small IMs are practically unable to comply with requirements set by law including on the composition of procurement committees to evaluate competitive offers, award services and goods and certify the quality of delivery.

A further administrative area where IMs are particularly affected by lacking expert staff is **critical infrastructure** (see Box 3.).

### **Box 3. Suffering from lacking expertise: Technical contracts for critical infrastructure**

Small IMs typically resort to the expertise of the Regions to prepare and mature technical projects related to the construction and maintenance of critical infrastructure. Such cooperation is nonetheless problematic since regional authorities also lack personnel. The three island regions of North and South Aegean and Ionian Islands are considerably understaffed.

Moreover, support from regional authorities is voluntary and often depends on decisions by the Heads of Region, since the law provides for technical assistance to small IMs exclusively from the larger municipal authority of the regional unit. Regions are not legally mandated to provide technical support.

In the case of projects falling in the Regional Operating Programmes (ROPs), the Regions are reported to have an active interest in providing their technical assistance to small IMs, since this increases absorption rates of the ROPs. The same holds for small infrastructure maintenance projects financed by the Public Investment Programs. However, in some cases EU structural funds mandate that a competitive assessment be carried out on the project proposals submitted to the Regions before incorporation in the ROP. In these cases, the Regions have fewer incentive to provide technical assistance to municipal authorities and tend to refrain from engaging further.

In this context, a rather unanimous opinion of all interviewees is that central Government departments should support a task force of experts that would provide technical assistance to IMs for the incorporation and implementation of projects into the ROPs; the sectoral OPs; and the Public Investment Programme.

### Policy considerations

Mol might consider the following policy actions in the overall effort to **strengthen administrative capacity** in IMs, so as to further align Greece's practise to the CoE Recommendation on capacity building at local and regional level:<sup>4</sup>

- 1. Undertake a thorough functional review of IMs ("who does what" analysis) in order to identify needs and gaps in the exercise of competences and to increase**

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<sup>4</sup> See Recommendation CM/Rec(2007)12 of the Committee of Ministers to member states on capacity building at local and regional level, adopted by the Committee of Ministers on 10 October 2007, at [https://search.coe.int/cm/Pages/result\\_details.aspx?ObjectID=09000016805d5271](https://search.coe.int/cm/Pages/result_details.aspx?ObjectID=09000016805d5271).

**administrative effectiveness and efficiency, before altering any allocation of competences conferred on IMs.**

- a. “Right-sizing” public service and island administration – not necessarily down-sizing them – should be the compass for approaching the reform.
  - b. The Mol could consider leading this exercise, setting the analytical framework for the review and carrying out the reviews whenever appropriate.
- 2. Evaluate IM personnel on the basis of objective performance criteria, possibly on the basis of Training Needs Analysis (TNA) results, and introduce a targeted training programme so as to best fill existing gaps in expertise, beyond hiring policies. The TNA report by the CoE could serve as a model and initial benchmark.**
  - a. The Mol could consider leading this exercise, setting the criteria, carrying out the evaluations whenever appropriate.
  - b. Trainings could be organised at the regional level.
- 3. Provide effective incentives for public administration employees to move to IMs, in order to meet the minimum requirements of Art. 97 of the Kallikratis Law.**
  - a. Incentives might take the form of career advancements, allowances for housing and transport to personnel relocating to IMs (see Box 4).

#### **Box 4. Organising relocation expenses schemes: the UK Isle of Man**

The Isle of Man Government has a scheme which allows for relocation expenses to be paid to assist successful candidates in relocating to the Island. Where a vacancy is to be advertised off Island, financial assistance can be offered to a successful candidate who resides outside of the Isle of Man. Relocation expenses are intended as a recruitment incentive and to enable off-Island appointees to take up an appointment as quickly as possible.

The Relocation Expenses Scheme is made up of three parts:

- a relocation grant;
- an interest free advanced salary; and,
- till recently (but suspended) a housing assistance.

The allowances are outlined in a publicly available document

(<https://www.gov.im/lib/docs/hr/iompsc/Handbook/relocationexpensescheme.pdf>).

#### **Implications on the Kallikratis Law 3852/2010**

If followed up, the proposed policy action 3 would require amending Article 257 and Article 258 of the Law.

- 4. Further invest in deploying a comprehensive e-government strategy to extend the penetration of ICT to IMs also, so as to avoid delays, save costs, enhance transparency and increase effectiveness and efficiency.**
  - a. The e-government programme should be activated both government-to-government (e.g. for the management of revenues and to ensure legal controls) and on the

interface between government and the citizen and economic operators (for instance in the form of so-called “one-stop shops”).

**5. Stimulate recourse to public-private partnerships primarily for the provision of public services but also for development policies.**

- a. Structured approaches could be developed to compare risks and benefits of public-private partnerships on a case-by-case basis to address societal and economic challenges, notably at IM level and at regional level. Such partnerships might be envisaged in areas such as industrial recovery and regeneration; transport and water infrastructure; waste collection and management; energy production.

**6. Specifically support IMs under 4,000 inhabitants on the planning, design and implementation of local infrastructure works and social and environmental policy interventions.** Such support could be ensured by:

- a. establishing a dedicated government service at the central level to provide administrative assistance to those small IMs. That service might take the form of a task force consisting of experts from all ministries but most importantly from the Interior, the Ministry of Economy and Development, the Ministry for Shipping and Island Policy, the Ministry of Infrastructure and Transport, the Ministry of Tourism, the Ministry of Immigration Policy, the Ministry of Administrative Reform, and the Ministry of Social Security and Social Solidarity;
- b. introducing a special development programme targeting infrastructure, e-government, human resources development and the modernisation of service provision by small IMs; and
- c. revising ROPs in order to earmark more funding for technical assistance to small IMs.

### **III.4. Fiscal policy arrangements**

**All interviewees highlighted the positive effects of Kallikratis on the fiscal consolidation of small IMs.** Especially when it came to municipal consolidations, the reform has notably contributed avoiding bankruptcies of small pre-existing small municipalities that were merged to a single large IM. Examples of such positive developments are Rhodes, Naxos and Corfu, which include a large number of entities.

**On the other hand, there is broad agreement about the inadequacy of the current system of distribution of State grants to municipalities.** At present, the allocation of public finances (State grants) is based on two broad criteria – first the number of permanent (registered) population; and second, on an ancillary basis, the so-called minimum operational cost of every municipality. **Taken together, these two criteria do not appear to abide by the principle of equity nor by the one of effectiveness.** In some cases, they may even generate disincentives for small IMs to grow and provide quality services to their citizens.

While it is grounded on constitutional provisions, the **population criterion** fails to properly reflect the actual needs of local governments – most notably because of the linear re-distribution formula that operationalises it.<sup>5</sup> In particular, it appears that the criterion:

- does not take into account (seasonal) fluctuations of population living on the island, which affect the type and scale of public services IMs must deliver;
- it poorly reflects the actual distribution of costs. Municipality's operating costs do not increase linearly for each additional inhabitant. For example, the costs of sewage maintenance in a town of 50,000 inhabitants are not necessarily five times higher than the sewage maintenance costs in a town of 10,000. Using the population criterion only does not seem to be effective to cover costs of public goods. These costs in fact decrease when the number of consumers increases.
- coupled with the de facto impossibility for municipalities in Greece to levy own taxes (and hence their only recourse to “reciprocity fees”, namely user charges connected to the provision of specific services), the population criterion generates the unequitable situation where for the same right and service (e.g. garbage collection) inhabitants on remote islands pay more per capita than inhabitants in mainland or in more densely populated municipalities.

The implementation of the **minimum operational cost criterion** also deserves further attention from a legal, administrative and economic perspective:

- From a **legal perspective**, Greek law does not differentiate between core and discretionary competences of municipal authorities. Municipalities must execute all competences allocated to them by law. No competences are to be considered basic, minimum or core competences. There is no legal base for the definition of a minimum operational cost of exercising a number of core competences that is considered a sub-set of the ones - provided by the law.
- From an **administrative perspective**, the current system has produced considerable disincentives for small IMs to grow. The calculation of minimum operational costs for the distribution of State grants takes in consideration only the number of current employees and not the needs for the staffing of the above mandatory departments. The current system does not seem to provide sufficient incentives to economise on administrative costs; rationalise allocation of staff; and enhance overall administrative efficiency. The calculation scheme also fails to consider different possible allocation of investment (and, consequently, of maintenance and operating costs) between personnel costs (employing staff) and equipment (e.g. usage of computers). It is also to be ascertained whether the scheme differentiates between the costs of employing manager-level, technical experts and less skilled personnel, whose wage classification may differ.

Small IMs are often in situations where their few (human) resources are inefficiently allocated across their administration. For instance, they lack essential services such as the Finance Department or technical services. Larger IMs might have an adequate total number of public employees, yet not distributed efficiently across the various administrative services so as to match the actual needs.

- From an **economic perspective**, the execution of a competence cannot be costed uniformly, because of context-specific factors in each municipality. Setting average standards costs related to the supposed minimum capacity required to execute a competence is feasible, but it may create disincentives to rationalizing and increasing

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<sup>5</sup> The CoE 2015 Report refers to “distortions” emerging from the use of the population criterion (see para. 87. of the Report).

productivity. Moreover, due to the geographical and population characteristics of IMs, the costs of providing services is considerably higher than in continental Greece where one can achieve considerable economies of scale on a proper geographical unit. This is particularly the case for basic services such as waste collection and management, water provision and drainage systems.

The recourse to the “**reciprocity fee**” regime is not efficient either. To set such fees to a cost-recovering rate, many IMs would have to charge excessively high fees which inhabitants would not be prepared and able to pay. As a consequence, these IMs use a part of the State grants to compensate for the deficit they are incurring by setting below-cost-recovering fees, thereby aggravating their dependency from State budget and limiting administrative autonomy further.

### Policy considerations

While a comprehensive assessment of the “Inter-governmental fiscal relations and local financial management in Greece” is provided by the dedicated CoE Policy Advice<sup>6</sup>, two policy actions related to IMs are highlighted here that the MoI might consider in the overall effort to **enhance the fiscal and financial capacities** in IMs:

- 7. Revise the fiscal regime so as to better account for the additional cost of insularity.**
  - a. Such revision might take the form of diversified subsidies for ferry transport and of additional transfers allocated on top of standard funding (see Box 5.).
  - b. The State grants (KAP) scheme should also be revised with a view to better account for the specificities of IMs (and other remote areas).

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<sup>6</sup> See CoE Policy Advice “Local finance benchmarking on financial resources and financial management - national level” CELGR/PAD(2017)3.

### Box 5. Recognising islands' financial needs: Denmark and France

In **Denmark**, legal provisions on subsidies for ferry tariffs for goods as well as for passengers, cars, busses, etc. These constitute the greater part of the State grants, in accordance to the Act on municipal compensation and general grants to municipalities (<https://www.retsinformation.dk/Forms/R0710.aspx?id=186716>). The funds are not ear-marked, and they generally cover 2/3 of the island needs. The remaining budget is provided by the municipalities themselves.

Originally, the annual State operating aid was allocated as a fixed amount on the Finance Act and was regulated with the consumer price index for transport. For each ferry route a maximum amount was calculated that the State aid could not exceed. The maximum amount was divided according to a key, while the distribution was weighted according to the objective criteria such as Sail length (5/10); number of farms in operation (3/10); number of persons in working age groups (1/10); and the island's total population (1/10).

Nowadays, the calculations are based on the "Road Equivalent Tariff" (RET) approach, first introduced in Scotland (<https://www.transport.gov.scot/public-transport/ferries/road-equivalent-tariff/>). In Denmark, RET is not fully followed yet because of budgetary constraints, but subsidies are progressively approaching it over the years. (On Ferry fares policies, see <https://europeansmallislands.files.wordpress.com/2017/02/ferry-fares-report.pptx>).

Denmark couples this with other funding, for instance the special Rural Funds to projects that can create development and jobs on small islands ("Islet support"). The islands compete for the loans and grants (about EUR 800,000 / year in total) and must win national application processes (<https://www.livogland.dk/ministeriets-egne-puljer-stoetteordninger/landdistriktpuljen-oe-stoette/oe-stoette>).

In **France**, a "*surcoût insulaire*" (i.e. the extra cost of insularity) is calculated in relation to running public offices and private businesses and to investing on islands. To illustrate, it is estimated at about +35% for the Îles du Ponant (on the French Western Coast, mainly in Brittany).

Since 2016 it is formally added to the allocation of State funds to the islands. It is enshrined in the Budget Law and the amount is revised every year, although based on standardised criteria. For 2017, it amounts to an additional transfer to islands of EUR 4 million, to be redistributed on the basis of the resident population (<https://www.senat.fr/questions/base/2016/qSEQ160521536.html>, and <https://www.senat.fr/questions/base/2016/qSEQ160622332.html>).

### Implications on the Kallikratis Law 3852/2010

If followed up, the proposed policy action 7.b. would require amending Article 259 of the Law.

8. **Pilot re-arrangements of local revenues from touristic economic activities, to be collected and managed locally in order to cover the increased needs and demand for services due to high seasonality during the summer period.**

### Implications on the Kallikratis Law 3852/2010

If followed up, the proposed policy action 8 would require amending Article 261 of the Law.

### III.5. Whole-of-government island policy

**All mayors highlighted the lack of special consideration of the particularities of islands in Greek policy-making and legislation.** There is no horizontal, whole-of-government policy for islands. At State level, for instance, the budget elaboration process and the policy planning process do not appear to be systematically coordinated. Budgeting and State grants allocation schemes do not necessarily reflect policy preferences and strategic goals. As a result, whenever the local dimension is at stake, public policies and regulatory instruments often exclusively reflect the needs and conditions of continental municipalities, neglecting those of IMs.

All interviewees agreed on the untapped potential of stronger institutional and policy coordination about island policy at the central level. **They identified the office of the Vice-Minister of Maritime Affairs and Insular Policy as a critical interface to leverage the voice of islands throughout the Government policy making** (see Box 6.). The fact that Greece already features a political portfolio specifically dedicated to the islands clearly constitutes good international practice.



### Box 6. A discussion with the Vice-Minister for Maritime Affairs and Insular Policy

Most of the 90 minutes long discussion that the CoE Team had with the Vice-Minister focused on the overall island policy of the Greek Government and the priorities of its portfolio, and on the ministry's action plan to strengthen IMs.

The Ministry is mainly active in promoting horizontal coordination, since most of the competences over island policy are shared among several other ministries. There is, on the other hand, great margin for further strengthening structures and practices. A national Committee for Island Policy is yet to be activated. The Committee, which would operate under the auspices of the Prime Minister, should comprise the main ministers with competences over island policy, mayors, head of the island regions and representative of the social partners.

Island policy in Greece has de facto not been defined yet with precise competences across the most important policy areas that affect islands. The Ministry for Shipping and Island Policy has nonetheless defined a number of priorities, including:

- promoting the issue of special regulatory regimes for the European islands at EU level, in areas such as fisheries, energy, agriculture transport and competition;
- creating a special EU fund for the promotion of social, economic and environmental cohesion of European islands. Alternatively, promoting mandatory allocation of 20% of available funding for Greece on island regions;
- supporting regulatory impact assessment on islands of all EU and national policy proposals;
- introducing exemption from State aid policies for islands in economic sectors where competition is not really effective due to the insular character;
- creating a EU task force for islands to assess the impact of all policy proposals on islands and the elaboration of proper indicators for the allocation of funds and the definition of exemptions to State aid regulations; and
- adopting of a transport equivalent tariff or other incentives.

Apart from those rather macro political objectives The Ministry also concentrates its intervention on specific projects, such as the promotion of energy autonomy of island through renewable energies; boosting investments on water and drainage systems; and completing a network of seaplane landing areas.

The Ministry has no direct competence over IMs. However, it promotes cooperation with the Ministry of Interior and the Ministry of Development the creation of a dedicated expert task force to undertake the preparation and maturity of infrastructure projects eligible for inclusion in the national and Regional Operational Programmes for the structural funds, and/or for the National Investment Programme. As highlighted above, this initiative is crucial and very much needed, given the lack of capacity in small IMs to undertake such activities with their own resources.

### Policy considerations

Mol might consider the following policy actions in the overall effort to **promote a coherent governance and a consistent whole-of-government policy on islands**:

9. **Promote the development of a Government vision for Greek Islands in the 21<sup>st</sup> Century and the introduction of a “Think Island First” principle, according to which insularity becomes an important element to be considered systematically in Government action, and islands are increasingly seen as an opportunity and parts of the solution to contemporary challenges. (See Box 7.)**

- a. The public announcement of the principle would signal the clear political commitment by the Government to gear up its insular policy, instilling trust and confidence necessary to stimulate investments and development on islands.
- b. The principle could find several operational expressions, including:
  - i. aligning sectorial policies and structural reform initiatives on the islands, such as strategic budgeting reforms; fiscal regime revisions; better regulation, public sector innovation, administrative simplification, human resource management and capacity-building programmes;
  - ii. introducing and mainstreaming “island-proof” policies and legislation – i.e. building a broad-based islands awareness into the decision-making process of relevant parts of the public sector;
  - iii. developing Territorial Impact Assessments, with specific focus on islands and remote areas, as an ex-ante procedure to gauge the potential impacts on island communities and the economy of Government action – and embed TIA in an enhanced Regulatory Impact Assessment system; and
  - iv. promoting dedicated procedures and channels to facilitate the participation of island communities and stakeholders in decision-making (public consultation).

#### **Box 7. Assessing the impacts on islands: Ex ante tools for “island-proofing” Government action**

“Territorial Impact Assessment” (TIA) is broadly defined as the evidence-based procedure (or method) to evaluate the likely impact of policies, projects or regulatory initiatives on a given territory, highlighting the importance of the geographic distribution of consequences and effects and considering the spatial developments across the national jurisdiction.

TIA methodologies have been developed both at the national and the European level. Possible reference guidance can be accessed on the European Commission Impact Assessment Toolkit (#23, at [http://ec.europa.eu/info/files/better-regulation-toolbox\\_en](http://ec.europa.eu/info/files/better-regulation-toolbox_en)) and on the ESPON website ([http://www.espon.eu/main/Menu\\_Publications/Menu\\_Guidance/TIA.html](http://www.espon.eu/main/Menu_Publications/Menu_Guidance/TIA.html)).

Focusing TIA on specific socio-geographic areas such as remote, mountainous zones and islands allows determining re-distributional costs and benefits and helps better tailor decision-making. A number of countries have introduced requirements to carry out TIAs as a part of the regular regulatory impact assessment procedures by the Government. For instance:

- in **Denmark**, every legislative proposal likely to affect rural areas and islands, the lead ministry must produce a related TIA. This requirement is very recent, it is being implemented since February 2017 under the coordination of the Ministry for Business, Industry and Financial Affairs;
- in **Scotland**, island impact assessment is actively considered, as a critical element of the new overarching “island-proofing” approach to be undertaken by Government, further to the “Our Islands-Our Future” Initiative in 2013-2014, and as a part of the “Future of Islands Bill”, currently under elaboration. The Scottish Government has committed to assessing the consequences of future bills on, among other, island communities (see <http://www.gov.scot/Publications/2015/09/5388/3>)

**10. Launch a systematic, structured review and simplification programme for islands with a view to increasing predictability, certainty, efficiency and speed of administrative procedures concerning islands.**

- a. The programme should first aim at reducing administrative burdens and streamlining procedures disproportionately affecting IMs, citizens and stakeholders on islands. Such administrative simplification should be undertaken through:
  - i. diffusing ICT and digitalisation of the island public administration;
  - ii. enhancing one-stop shops for citizens and stakeholders;
  - iii. considering special procedures or dedicated administrative support for islands, including in relation to ex ante controls; procedural requirements for the execution of competences; and EU Structural Funds governance;
  - iv. promoting ex-ante conditionality approaches and rewarding “entrepreneurial”, innovative, pioneering and quick reforming IMs. If proven effective, such approaches could be applied progressively not only to implement administrative simplification reforms but also to policies and public service delivery more generally.
- b. The programme should also roll out ex post reviews specifically investigating the consequences and challenges that policies and legislation in force have had on islands.
- c. The programme should seek the active involvement of stakeholders.

**Implications on the Kallikratis Law 3852/2010**

If followed up, the proposed policy action 10.a.ii. (on one-stop shops) would require amending Article 98 of the Law.

**11. Leverage the mandate and powers of the current Vice-Minister for Maritime Affairs and Insular Policy so that the office serves as an effective “Islands’ Envoy” within Government.**

- a. The office should be tasked with ensuring that the insular dimension is actively considered at the central level in both the formulation and implementation of policies and legislation and in the implementation of structural reforms, including the provisions of the Kallikratis Law.
- b. The mandate could be expanded to encompass:
  - i. enhanced political accountability for the islands’ sustainable development and inclusive growth, as well as public visibility (the public reference contact – the “Island Desk” – in the Government) for island citizens and stakeholders;
  - ii. the promotion of a constructive dialogue and smooth communication between the Government and all stakeholders involved in the insular policy, including island citizens, IMs and their representatives;
  - iii. the promotion of the “Think Island First” principle within Government decision-making, helping identify the interests and needs of Greek islands and ensure that they are considered at an early stage;
  - iv. the active horizontal coordination among key ministries such as, depending on the dossiers, according to the topic such as Ministry of Interior, the Ministry of Economy and Development, the Ministry of Shipping and Island

- Policy, the Ministry of Infrastructure and Transport, the Ministry of Tourism, the Ministry of Immigration Policy, the Ministry of Administrative Restructuring, and the Ministry of Social Security and Social Solidarity, the Ministry of Health, the Ministry of Defence, the Ministry of Environment and the Ministry of Education;
- v. the development of a “watchdog function” to monitor policies and actions affecting the islands;
  - vi. the elaboration of methodologies and the relevant analytical tools to implement the insular policy;
  - vii. the monitoring and facilitation of the vertical coordination between IMs, Regions, de-centralised authorities and the Government on policy and administrative matters directly pertaining to the islands; and
  - viii. further exploitation of EU-wide initiatives targeting islands.
- c. The administrative apparatus and the resources allocated to the office should be strengthened proportionally to the expanded mandate.

**12. Invite the Hellenic Parliament to upgrade the existing Sub-committee of Islands and Mountainous areas that operates under the auspices of the Special Standing Parliamentary Committee of the Regions to monitor and promote insular policy and facilitate direct access of insular interests, specificities and needs onto the national political agenda.** (See Box 8.)

#### **Box 8. Parliamentary institutional focus on (small) islands: Denmark**

In 2011, the **Danish Parliament** decided to set up a new standing Committee for Rural Districts and Islands. The Committee gives relevant associations, organisations and citizens in rural districts and small islands direct access to the Danish Parliament.

As part of its work, the Committee follows the handling of concrete proposals and issues in the various committees, including discussions of the Government’s rural district reports and regional policy reports to the Danish Parliament, and possibly other relevant broad initiatives, etc., from the Government and others. Since developments in these areas cover most policy sectors, the Committee’s remit thus runs across several ministerial areas and the remits of other parliamentary committees.

Recognising the specificities of small islands, the Committee has set up a special sub-committee with a view to following the conditions for and developments on small islands. In Denmark, “small islands” are islands which are not connected to the mainland by a bridge or dam, which have a permanent population of 20 to 1,200 inhabitants, and which are not independent municipalities.

See [http://www.thedanishparliament.dk/Committees\\_and\\_delegations/Committees/ULOE.aspx](http://www.thedanishparliament.dk/Committees_and_delegations/Committees/ULOE.aspx).

### **III.6. Competence execution and vertical cooperation**

**All interviewed stakeholders advocated a thorough functional review of municipal and regional competences** in order to identify overlaps and reduce conflicts between the different levels of government.

**The principal demand by the interviewed mayors is not to claim more competences.** Rather, they plea for:

- an **adequate allocation** of resources to execute the competences currently conferred to local governments;
- a considerable **reduction in administrative burdens** in the exercise of those competences; and
- smoother, **institutionalised vertical cooperation** between levels of government.

These claims mirror the findings of the CoE 2015 Report, which acknowledged that “the number and importance of powers and competences presently enjoyed by municipalities do not seem too limited. In addition to the competences already listed in the previous legislation, Kallikratis reform transferred many new competences to municipalities. The main concern is the lack of adequate financial and human resources to adequately manage them.” (CoE 2015 Report, para. 148., 261. and 263.)

The two regional associations of municipalities of South and North Aegean unanimously decided to reject additional competences provided to IMs by the Kallikratis Law<sup>7</sup> and not to submit an official request to the Mol for the issuing of the relevant Presidential Degree.

With a view to enhance public performance at the local level, on the other hand, all municipalities seek a **clearer and possibly more active role by local governments** in the following areas of competences:

- the primary health care, by transferring competences related to running local health centres and by providing incentives to doctors to operate on the islands;
- the transfer from the Public Real Estate Organisation (*Ktimatiki Ypiresia tou Dimosiou*) to IMs of the rights to manage and use local beaches (local beaches belong to the public real estate organisation but they provide a great source of revenue to the municipalities during the summer period);
- the administration of ports through the creation of port funds in every municipality;
- the clarification of competences over road maintenance;
- the transfer of competences on agriculture, especially those that relate to the information on sanitary and phytosanitary risks and the controls over production conditions;
- the transfer of competences on archaeological sites (all archaeological sites being managed by the Archaeological Service, IMs cannot include them in their tourist promotion plans. The municipalities would desire the transfer of the rights to use and development for tourist purposes and safety).
- the promotion of energy autonomy through the creation of cooperatives for renewable energy.

### Policy considerations

Mol might consider the following policy actions in the overall effort to **ensure effective exercise of competences and facilitate multi-level cooperation**, so as to further align Greece's practise to the CoE Recommendation on local and regional public services:<sup>8</sup>

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<sup>7</sup> The competences are those provided for by Law 3852/2010, Art.204, listed in Appendix I. to this report.

<sup>8</sup> See Recommendation CM/Rec(2007)4 of the Committee of Ministers to member states on local and regional public services, adopted by the Committee of Ministers on 31 January 2007, and the related Guidelines, at [https://search.coe.int/cm/Pages/result\\_details.aspx?ObjectID=09000016805d6b5e](https://search.coe.int/cm/Pages/result_details.aspx?ObjectID=09000016805d6b5e).

**13. Introduce legal instruments to frame and organise multi-level policy relations, in particular pertaining to islands, thereby managing interdependencies and complementing institutional arrangements.**

- a. Such instruments may take the form of “contracts” or “agreements” that cover specific policy areas or that provide for multi-annual framework conditions and strategies (see Box 9.).
- b. One of the greatest strengths of contracts is that they are based on mutual agreement (not on exclusively top-down or bottom-up approaches) and can help bridge gaps in terms of fiscal, administrative, expertise capacity.

**Box 9. Framing coordination and policy actions through agreements: Italy and France**

In **Italy**, IMs (so-called *Comuni delle Isole minori*) have entered into formal cooperation with the State, the seven Regions with islands and with the National Association for Parks and Protected Marine Areas (Federparchi), in the form of a Framework Agreement on local economic development since 2000.

Among other provisions, the Framework Agreement sets out strategic policy objectives, roles and obligations. It also organises the common inter-institutional action, including the State funds disbursed for its application.

A common programmatic document (*Documento Unico di Programmazione isole minori, DUPIM*) outlines the multi-annual priorities for intervention, encompassing both public and private initiatives. The DUPIM, which is drawn up by the IMs and ratified by the Regions, is in turn implemented through an Integrated Project for Territorial Development (PIST).

ANCIM, the Association of small Italian IMs, represents the municipalities and it is integral actor in this multi-level cooperation scheme. See <http://www.ancim.it>.

In **France**, the Îles du Ponant are partners in the territorial chapters of the Planning Agreement (*Contrat de Plan*) between the French State and the Region of Brittany, of which the current framework covers the years 2015-2020. Through their Association (<http://www.iles-du-ponant.com>), they signed a Partnership (*Contrat de partenariat*) with the State and the Region spelling out the commitments by all levels of government to the sustainable development on the islands. The main operational priorities include:

- Housing, in particular promoting social housing and housing fostering economic development;
- Economic development, notably promoting entrepreneurship and start-ups on the islands;
- Sustainability, promoting the ecologic and energetic transition and the preservation of biodiversity; and
- Basic collective services to the population, including social and health care, education and sport.

**Implications on the Kallikratis Law 3852/2010**

If followed up, the proposed policy action 13.a. would require amending Article 99, Article 100 and Article 105 of the Law.



**14. Establish institutional arrangements serving as standing platforms for cooperation and information sharing with IMs and island stakeholders.**

- a. Such arrangements may take the form of “political fora” or “conferences” or more “technical working groups” spanning over a variety of policy areas or being reform specific.
- b. In the light of such arrangements, it would be worth considering reviewing the provisions on inter-municipal cooperation in order to identify the possibility of introducing mandatory obligations in certain policy areas.
- c. Informal, “soft” platforms may well serve the purpose, as they can contribute to flexibility, experimentation, trust-building.

**Implications on the Kallikratis Law 3852/2010**

If followed up, the proposed policy action 14 would require amending Article 101 and Article 105(b) of the Law.

**15. Strengthen the interface between IMs and the regional and the decentralised authority level.** This could be achieved by

- a. ensuring the presence of permanent staff in the regions and in the de-centralised authorities, dedicated to handling IM affairs. Such staff would serve as a sort of permanent gate-keepers and reference contacts for IMs, divided either geographically (by the IM that they cover), or by policy areas; and
- b. revising the current system of external assistance to small IMs by the larger municipality of the Regional Unit, notably by establishing dedicated distinctive department and personnel especially assigned to those IMs in needs for support.

**Implications on the Kallikratis Law 3852/2010**

If followed up, the proposed policy action 15.a. would require amending Article 280 (especially para. XI thereof) and Article 247 of the Law (in relation to the transfer of personnel). Proposed policy action 15.b. would require amending Article 205 of the Law.

**16. Undertake a functional review of selected competences that might be transferred to municipalities, with the view of assessing the costs, benefits and risks of such a transfer.**

- c. Possible competences to be considered might include those indicated above, in the field of health care, ports and road management, agriculture, archaeological sites and energy.

### Implications on the Kallikratis Law 3852/2010

If followed up, the proposed policy action 16 would require amending Article 204 of the Law.

## IV. ELABORATING RELEVANT CRITERIA

The current legal and policy system hence does not differentiate between different categories of municipalities. Article 259 (3) and (4) of the Kallikratis Law 3852/2010, for instance, already provides for the State grants to local governments to be allocated on the basis of demographic, geo-morphological, administrative, economic, social, environmental and cultural characteristics of the municipalities. **In practice, however, the uniform treatment of municipal authorities favours large continental municipalities and generates disincentives for IMs to overcome their structural deficiencies that stem from their geographical location, low population, seasonal economy and lack of administrative capacity to provide essential services to the citizens.**

**It is therefore essential to formulate a comprehensive set of public policies addressed to islands.** One of the core components of these policies is the empowerment of IMs and their capacities to engage in local economic development. Policies addressed to IMs should be designed in a manner that takes into consideration their special characteristics not only as compared with continental municipalities but also in relation to each other.

**A categorisation of IMs on the basis of objective criteria is opportune to prioritise strategic goals and develop tailored policies and governance arrangements protecting the Greek islands and fostering the opportunities that insularity offers for sustainable development and inclusive growth.**

### IV.1. On the elaboration of criteria

The categorisation of IMs and the distribution of grants and other policy-making decisions on the basis of the sole criterion of permanent population may well be quite limitative and ineffective. Other criteria should be developed that reflect the special characteristics and needs of IMs.

**Selected criteria have to be suitable to capture the fundamental characteristics of IMs which are their insularity and remoteness. These two characteristics define the degree of their economic, spatial and social vulnerability.**

As a preliminary remark, it is important to stress the key characteristics that the future criteria should feature. The selection of criteria should be based on a series of principles, as summarised by the following table:



| Principles<br>Future criteria<br>should                       | Explanation  |
|---|--|
| 1. Be <b>objective</b> and fair                               | <ul style="list-style-type: none"> <li>- The criteria should ensure that municipalities with similar characteristics are treated in the same way.</li> <li>- The application of the criteria must be immune of subjective adjustments to favour a particular municipality.</li> </ul>                            |
| 2. Be <b>dynamic</b> and able to respond to changes           | <ul style="list-style-type: none"> <li>- The criteria must be capable of taking account of significant changes in the objective circumstances of municipalities.</li> <li>- The indicators should enable smooth updating of data.</li> </ul>   |
| 3. Only use <b>high quality, verifiable and credible</b> data | <ul style="list-style-type: none"> <li>- The criteria should be operationalised by using official data only.</li> <li>- The most recent and up-to-date data available should be used.</li> <li>- Data must not be manipulated (this does not preclude the use of credible estimates and projections).</li> </ul> |
| 4. Be <b>transparent</b> and <b>simple</b>                    | <ul style="list-style-type: none"> <li>- The criteria and information about how allocations and policy decisions are derived must be transparent and available to municipalities and the general public in a user-friendly, easy to understand manner.</li> </ul>  |
| 5. Provide for <b>predictability</b> and <b>stability</b>     | <ul style="list-style-type: none"> <li>- The criteria should contribute to ensure predictability and certainty about a municipality's financial status, strategic planning (e.g. investment decisions and policy commitments).</li> </ul>  |

## IV.2. Criteria: First thoughts

Possible criteria could refer to:

1. Geography and spatial setting
2. Development
3. Population
4. Economic power
5. Social context

Generally speaking,

- these criteria may be applied to categorise all municipalities in Greece – both the IMs as well as the municipalities on the mainland.
- It is also important to recall that the selection of the criteria eventually is a political decision, less a technical one. By contrast, the identification of the most appropriate indicators expressing a given criteria is a rather technical task.
- In order to operationalise the criteria, a number of indicators have to be specified that account for the special characteristics and needs of IMs.
- **The criteria may need to be weighted differently so as to capture the particular geographic, social, developmental and economic conditions of IMs in comparison with the continental ones.**

- In that respect, the sole logic of differentiating IMs on the basis of the permanent population criteria appears to be insufficient. **The weighting proposed in this Policy Advice (see table below) is indicative only. It seeks to pinpoint the insular character of the target municipalities in the most direct manner possible.** In the table, some indicators are highlighted as they are believed to better reflect than others the specific specificities and challenges of IMs (i.e. the “cost of insularity”). A justification of the selection of those indicators is provided in the table directly.
- A balance should be sought between the richness of the criteria and their capacity to reflect the peculiarities of each individual type of IMs on the one hand, and the technical feasibility of the formula that will eventually be elaborated to apply those criteria. The latter issue is relevant and may suggest **limiting the number of criteria to be deployed**. For instance, relevant and harmonised data need to be made available for all municipalities – which might be a challenge. Moreover, the more complex the formula, the higher the risk of interpretation, derogations and variation over time of the outcomes from the categorisation.
- The elaboration of a more structured definition of the criteria and their operationalisation through relevant statistical data could be the subject of a separate Technical Assistance exercise.

The following table elaborates on the criteria and associates possible indicators (proposed priority indicators are highlighted for each criterion).

| 1. Geographic and spatial criterion<br>Proposed Weight: 5/5   |   |
|---|---|
| This criterion captures the characteristic of insularity and remoteness and the degree of accessibility of citizens to public services. |   |
| Possible indicators   | Remarks   |
| - Size of the island  | = territorial surface in km <sup>2</sup>  |
| - Distance from the coast (mainland)  | = expressed either in km; or in required time<br><i>Justification for prioritisation: For an IM, the possibility to easily reach the continent will always be of primordial importance. The further / longer the trip to the coast, the more remote the island is, the higher the cost of insularity.</i>   |
| - Distance from the nearest service centre  | = expressed either in km; or in required time. This takes account of where the IM is located with respect to the most important public services (hospitals, schools, etc.).<br><i>Justification for prioritisation: The greater the distance from the service centre to where the service is actually delivered on the island, the higher the costs and the challenges to maintain satisfactory levels and standards of delivery. Bigger islands, islands with rough landscape or Polynesian islands are particularly affected by this.</i> |
| - Distance from Athens  | = expressed either in km; or in required time; or in frequency of connections to the capital  |
| - Accessibility   | = presence of an airport or heliport; or size of the port   |

|                      |   |
|----------------------|---|
| - Mountain character | = expressed in average altitude. This reflects the type of territory on the island, which could be a proxy of its asperity or remoteness. |
|----------------------|---|

| 2. Development criterion<br>Weight: 4/5                            |  | Proposed |
|--|--|----------|
| This criterion captures the particular developmental needs of IMs. |  |          |
| - Administrative capacity  | = expressed for instance in terms of number of vacant full-time equivalent staff compared to the organigram of the municipality.   |          |
| - Infrastructure   | = expressed in terms of length of road network, size of the ports, schools, health services, length of waste and drainage networks.<br><i>Justification for prioritisation: In many policy areas, the responsibility for maintaining infrastructure rest exclusively on IMs. This aspect is critical in the development of solutions to the challenge of limited resourced and reportedly unclear roles and responsibilities among various levels of government.</i> |          |

| 3. Demographic criterion<br>Weight: 3/5  |  | Proposed |
|--|--|----------|
| This criterion acknowledges that IMs suffer from comparatively low and decreasing population, which impacts on their capacity to provide quality services efficiently. |  |          |
| Possible indicators  | Remarks  |          |
| - Number of permanent residents  | = inhabitants living on the islands all year long  |          |
| - Number of secondary residents  | = registered owners of secondary (holiday) houses. This is particularly relevant for IMs that have a large number of holiday houses that are used only during the summer period (another possible indicator is the percentage of secondary houses).  |          |
| - Seasonal population  | = number of tourists and seasonal workers<br><i>Justification for prioritisation: The oscillation of population living on the island throughout a year is one of the most distinctive characteristics of the insular economy and social fabric. Acknowledging this is critical to best match resources and competences to the actual needs of IMs. The greater the oscillation, the bigger the mis-match between “ordinary” municipal business and peak demand for services.</i> |          |
| - Population density   | = permanent residents / island surface. The lower the population density the higher the costs of basic services and infrastructure for a municipality  |          |

| 4. Economic criterion  |   | Proposed |
|--|---|----------|
| Weight: 2/5  |   |          |
| Areas with different economic profiles need different municipal services to support and promote employment and entrepreneurship, education and vocational training. Moreover, this criterion defines the capacity of each municipality to levy local taxes and fees. |   |          |
| Possible indicators  | Remarks   |          |
| - Economic power   | = expressed in GDP in the primary, the secondary and the tertiary sectors. This both reflects the overall economic power of the IM and indicates the distribution of the economic activities among the main sectors.  |          |
|  | = expressed also as overall occupational rate; unemployment; seasonality; employment mobility, etc.   |          |
| - Insular employment   | = expressed in full-time equivalent jobs. This captures the capacity of the island to host jobs. It could also be disaggregated across jobs in the primary, the secondary and the tertiary sectors, to express economic diversification.<br><i>Justification for prioritisation: The higher the insular employment, the stronger the economic power of an IM. Costs and public services (e.g. transport) are expected to increase the greater the number of the insular population that needs to move elsewhere to perform their economic activities.</i> |          |

| 5. Social criterion   |   | Proposed |
|---|---|----------|
| Weight: 1/5   |   |          |
| This criterion indicates the needs of municipal structures for social services according to different categories of the population. |   |          |
| - Proportion of pupils in school age  | = expressed in % of the residence population. This is a proxy for the costs for education.  |          |
| - Proportion of elderly people<br>- Proportion of single-parent households  | = expressed in % of the residence population. This is a proxy for the costs for providing health care services (possible further indicators may be envisaged).<br><i>Justification for prioritisation: The provision of social care services is a municipal responsibility. The greater the proportion of population in need, the higher the costs.</i> |          |

## **APPENDIX I – ADDITIONAL COMPETENCES OF IMS (ART. 204 LAW 3852/2010)**

### **A. Sector of Agriculture, Livestock and Fisheries**

1. The protection of agricultural land from other uses
2. The issuing of an opinion for the year program of Forestry proposed by the Forest service
3. The proposal for the creation of Local organisation of Land Reclamation
4. The creation of agricultural registries (for land and farmers)
5. The promotion of producer groups
6. The determination of protection zones and the destruction of illegal corps
7. The provision of licenses for new vineyards
8. The monitoring and control of wine transport and trading
9. The responsibility for providing the necessary immune propagating material and installation vine graft.
10. The lease, auction of water to fish farmers, generally, the definition of a buffer zone around the gear being fitted in marine coastal areas (Article 38, paragraphs 1, 3, subparagraphs 2 and 4 of Legislative Decree 420/1970).
11. The implementation of the terms of the lease agreements for fish farmers water (PD 915/1981 Article 8 para. 2e (cc) GG 232 A, n. 992/1979 Article 38, OG 280 A).
12. The request to provide an opinion to establish the terms of lease contracts of contiguous border lake or sea fish farmers (Article 42 para. 1 of Legislative Decree 420/1970).
13. The decision of unilateral termination of the farm lease in case of works execution (Articles 43 and 59 of Legislative Decree 420/1970).
14. The penalties and elimination to free fishermen from leased premises, as a result of law infringement (Article 44 par. 4 of Legislative Decree 420/1970).
15. The granting of permits for the establishment of packing fresh fish and packaging laboratories and processing of frozen fish.
16. The decision to reduce or complete exemption from contractual rent due to fisheries exploitation (Article 47 para. 1 of Legislative Decree 420/1970).
17. The decision to extend the farm lease (Article 47 par. 3 of Legislative Decree 420/1970).
18. The farm lease decision without auction in fishing cooperatives, the signing of the contract and the determination of the rent (Articles 50 paragraphs 1 and 3 and 51 of Legislative Decree 420/1970).
19. The opinion on the granting, renewal of a lease rental and water areas for establishing expansion and relocation of intensive aquaculture units or semi-intensive form of fish farmers water and granting license to establish and function.
20. The adoption of environmental conditions for installation of aquaculture units (Article 4 of n.1650 / 1986, Official Gazette 160 A).
21. The designation as agribusiness craft and industrial installations related aquaculture farms.
22. The determination of the spatial region of each auction (Legislative Decree 420/1970 Article 22 paragraph 1).
23. The establishment auction and the determination of their home.
24. The monitoring of pollution and contamination of the aquatic environment, training design and application management and development programs related to fisheries, aquaculture and the overall utilization of resources.

### **B. Natural Resources, Energy and Industry:**

1. The authorization seller of petroleum products for heating, for distribution and bottling of LPG, as well as sanctioning marketing companies with storage and handling of liquid fuels, liquid gas, lubricants and asphalt, in LPG filling plants and heating oil vendors.
2. The implementation of support programs for SMEs and monitoring progress on the implementation of development programs and the relevant Ministry of competence projects.

3. The implementation utilization of mild forms of energy programs.
4. The granting of installation and operating permits of reserve power plants in private hands.
5. The maintenance and updating of electronic special register of shipbuilding, conversion, repair and maintenance of ships, the entry in the register and removal from the register of these undertakings, and the monitoring, control and enforcement in these of sanctions.
6. Informing investors in business start-up issues, development programs, documents and procedures in order to grant the necessary licenses and individual approvals.
7. Cooperation with relevant collective bodies and chambers to consider matters relating to the licensing and operation of manufacturing and service companies, the inclusion of these business units in development programs and projects and generally improved business climate and the competitiveness of enterprises.
8. Control of the management of groundwater and surface water for irrigation.
9. Monitoring of the execution of works for finding groundwater and water resources utilization projects.
10. The examination of applications for water use permits and executing water resource exploitation projects.
11. Employment, Trade and Tourism. The business exception, holdings, services or work generally of rest provisions on Sundays and other public holidays. The exception to the rotating Sunday closure of restaurants, pastry shops, cafés, which functions.
12. The adoption of a decision, when due to exceptional weather conditions delayed the start of cheese making period, which determines the initiation, in accordance with the local conditions of the municipality, without that to be more than five months.
13. The opinion establishing Cargo Center.
14. The price control, efficiency and orderly functioning of the market, as well as monitoring the regularity of service prices.

### **C. Transport and Communications**

1. The definition of bus lines, the starting point of the route, stops and finish every suburban bus line within the island, and the setting of standards of stops and shelters waiting urban and intercity passengers.
2. The determination of the minimum number of mandatory common services, fast and ultra-suburban and the distribution of these 24-hour period, upon the recommendation of suburban and fixing the amount of the fare to the limits of liability of each KTEL.
3. The determination of rates intercity transport provider entities, based on the settings of par. 1 of Article 10 of Law. 2963/2001.
4. The withdrawal of marketing authorization intercity bus from the duty cycle within the same calendar year.
5. The establishment of the Disciplinary Council sanctions on transport provider agencies and bus owners.
6. The determination of the number of new passenger cars for public use, with or without meter, necessary for the treatment of the transport needs of the municipality.
7. The assignment of the operator of a new long-distance line where the average occupancy of the first six months of operation and exploitation of the line of the suburban, in which the license has been granted, it turns out that less than 20% the suburban refuse to operate the route, provided that this does not deny the proposal to cover the revenue losses to 20%.
8. The decision to change seat passenger public vehicles, pursuant to Article 3 para. 2 of Law. 3109/2003 (GG 38 A).

### **D. Planning and Environment**

1. The construction, maintenance and renovation of roads whose maintenance is owned by the passing of this the responsibility of the state and the region of the respective prefectures.
2. The study of maintenance work and improvement of roads whose maintenance is owned by the passing of this the responsibility of the state and the region of the respective prefectures.

3. The responsibility for maintaining and monitoring the compulsory acquisition procedure declaration for public works.
4. Cleaning and policing of streams and expropriation areas despite the streams. VI. Cooperation with the Ministry of Health and Social Solidarity and the EKAB for better organization of air transport patients, including the possibility of the same medium use.
5. By presidential decree, issued upon a proposal of the Ministers of Interior, Decentralization and E-Governance and Finance, it is possible to transfer class exercise or individual powers of the preceding paragraphs in island municipalities included in other regions than those mentioned in this Article at the request of the relevant municipal council and the opinion of the respective peripheral. By the same decree regulates the performance of the corresponding financial resources and determined all matters relating to the exercise of those powers.

## APPENDIX II – COE INTERVIEW PROGRAMME

### Greek mayors, senior officials and experts

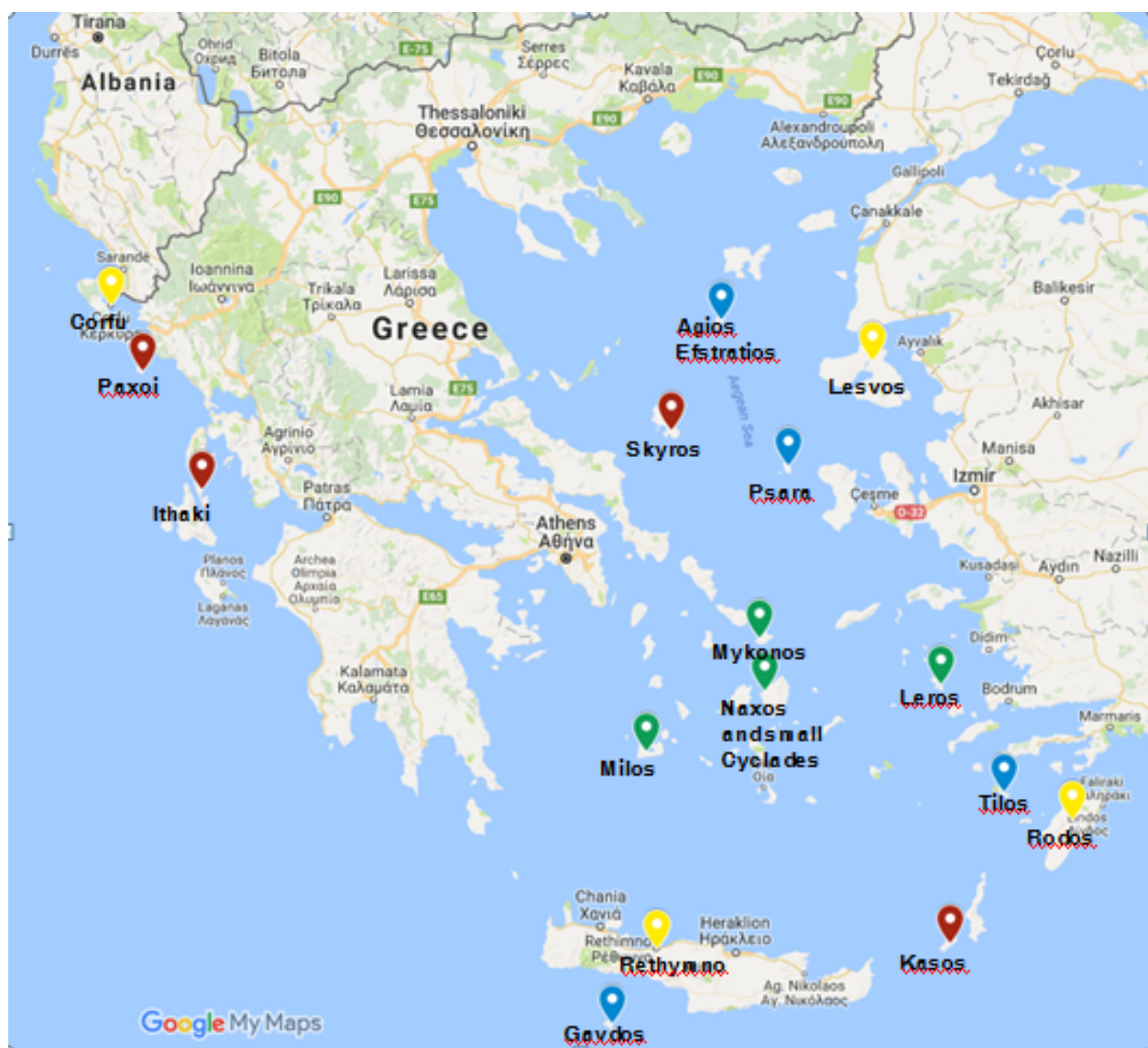
1. Mr. Nektarios Santorinios, Vice-Minister of Insular Policy
2. Mr. Theodoros Galiatsatos, Regional Governor, Ionian islands Region
3. Mr. Mihalis Kollias, Mayor of Leros
4. Mr. Spyros Galinos, Mayor of Lesbos
5. Mr. Gerasimos Damoulakis, Mayor of Milos (KEDE Committee for the Islands)
6. Mr. Georgios Marinakis, Mayor of Rethymno
7. Mr. Konstantinos Nikolouzos, Mayor of Corfu
8. Ms. Mary Sorotou – Tsanaki, Mayor of Kassos
9. Mr. Dimitris Lianos, Vice-Mayor of Naxos
10. Ms. Maria Kamma, Mayor of Telos
11. Mr. Miltiadis Chatziyannakis, Mayor of Skyros
12. Mr. Kostas Vratsanos, Mayor of Psara
13. Mr. Spyros Vlahopoulos, Mayor of Paxoi
14. Ms. Maria Kakali, Mayor of Agios Efstratios (Ai Stratis)
15. Ms. Evaggelia Kallinikou, Mayor of Gavdos
16. Mr. Fotis Chatzidiakos, Mayor of Rodos
17. Mr. Dionyssis Stanitsas, Mayor of Ithaki
18. Dr. Nikolaos Konsolas, Professor Emeritus of Regional Development, Panteion University
19. Dr. Athanasios Papadaskalopoulos, Professor of Regional Policy and Analysis, Panteion University
20. Mr. Lefteris Kehagioglou, President of the Hellenic Small Islands Network
21. Mr. Yannis Goupios, Director of Development, EETAA



**Table A.I. – IM Representativeness of the CoE interview programme**

| <b>IM</b>                       | <b>Region</b>  | <b>Population (2011)</b> | <b>Size (km<sup>2</sup>)</b> |
|---------------------------------|----------------|--------------------------|------------------------------|
| <b>Rethymno</b>                 | Crete          | 55525                    | 397.48                       |
| <b>Gavdos</b>                   | Crete          | 152                      | 32.4                         |
| <b>Corfu</b>                    | Ionian Islands | 102071                   | 613.63                       |
| <b>Paxoi</b>                    | Ionian Islands | 2300                     | 30.1                         |
| <b>Ithaki</b>                   | Ionian Islands | 3084                     | 96                           |
| <b>Lesvos</b>                   | North Aegean   | 86436                    | 1633.83                      |
| <b>Psara</b>                    | North Aegean   | 450                      | 44.5                         |
| <b>Agios Efstratios</b>         | North Aegean   | 270                      | 43.3                         |
| <b>Leros</b>                    | South Aegean   | 7917                     | 54.05                        |
| <b>Milos</b>                    | South Aegean   | 5129                     | 150.6                        |
| <b>Kasos</b>                    | South Aegean   | 1084                     | 69.4                         |
| <b>Naxos and small Cyclades</b> | South Aegean   | 18864                    | 495.76                       |
| <b>Tilos</b>                    | South Aegean   | 780                      | 61.4                         |
| <b>Rodos</b>                    | South Aegean   | 115490                   | 1497.94                      |
| <b>Mykonos</b>                  | South Aegean   | 10134                    | 86.127                       |
| <b>Skyros</b>                   | Stereia Ellada | 2994                     | 209.5                        |

## Map of IM Representativeness of the CoE interview programme



### Index

Blue – less than 2000 inhabitants

Red – between 2000 and 4000 inhabitants

Green - between 4000 and 50000 inhabitants

Yellow – more than 50000 inhabitants

## International organisations and experts

The following organisations and experts have been contacted:

1. Europe – European Small Island Network (ESIN): Christian PLEIJEL (Secretary General)
2. Europe – CoR Interregional Group of Insular Regions: Bruno CORTESE (Policy Advisor, Group secretariat)
3. Europe – CPMR Islands Commission: Anne LEZIN (Policy Assistant)
4. Croatia – Association for Development of the Croatian Islands: Denis BARIC (President)
5. Denmark – Association of Danish Small Islands: Lise THILLEMANN SØRENSEN (Head of Secretariat)
6. France – Les Îles du Ponant: Denis BREDIN (Directeur)
7. Italy – National Association of Small Islands Municipalities (ANCIM, Italy): Giannina USAI (Secretary General)
8. Italy – Progetto RET.IS.ME. (Università di Messina): Giuseppe IOPPOLO (Senior Researcher)
9. Scotland – Scottish Islands Federation: Camille DRESSLER (Chair)
10. Scotland – Mull and Iona Community Trust (Scotland): Terry HEGARTY (Director)
11. Scotland – University of Edinburgh: Professor James MITCHELL
12. Sweden – National Association for the Swedish Archipelago: Sune FOGELSTRÖM (Chairman)