

MANAGING ACROSS LEVELS OF GOVERNMENT

GREECE

1. Institutions and authority

1.1 Structures

Description of levels

Sub-national administration in Greece is divided into deconcentrated central government agencies and authorities and local self-government, which includes “first tier” and “second tier” authorities as shown in Table 1. The existence of a deconcentrated structure of central government and of first tier self-government (municipalities and communities) is entrenched in the 1975 Constitution. Special arrangements have been developed for the urban agglomerations of Athens and Thessaloniki. The prefectural system of regional administration was introduced in 1833, soon after the creation of the modern Greek State. The system of local government, which was already in existence under the Ottoman occupation, was confirmed by law in the same year.

Table 1. Relationship between geographical divisions and sub-national administration levels

Geographical divisions	Levels of sub-national administration			
	Regional or supra-prefectoral	Prefectoral (<i>nomarchiako</i>) (“second tier” authorities)	Sub-prefectoral	Local (“first-tier” authorities)
Region	Administrative Region [13] (appointed)			
Prefecture (<i>Nomos</i>)	Administrative Regional Services under a Secretary-General (appointed) [54]			
	Prefectoral Self-Government (PSG) (elected) ⁽¹⁾ [50]			
Local			Area Council (local authority unions, formed by central government)	Local Self-Government Organization (OTA) (elected): Municipality [434] and Community [5 394]

1. The term “self-government” is used to cover two elected tiers of sub-national government. Local self-government organisations, i.e. municipalities and communities are known in Greece as “first tier” authorities; while prefectural self-governments are “second tier” authorities.

The prefecture (*nomos*), headed in the past by a central government-appointed prefect who has been phased out and replaced by elected prefectural authorities, is now known as second tier local self-

government. Newly elected prefects were installed on 1 January 1995, and since then the country has been going through a transitional period of regional government.

First-tier local government units are called “organisations of local self-government” (*organismoi topikis aftodioikisis* or OTA). There are two types of OTA: Municipality (*dimos*) and community (*koinotita*). Municipalities with a population over 150 000 are sub-divided into “municipal departments” (*dimotika diamerismata*). A municipality or community can divide its area into neighbourhoods and set up “neighbourhood councils” (*synoikiaka symvoulia*). Self-contained settlements (*synoikismoi*) of over 150 inhabitants have a delegate in the council of the local authority of which they are part.

Central government at sub-national levels

Deconcentrated State authorities exist at two levels, that of the 13 “administrative regions” and that of the 54 prefectures (*nomos*) under a “Secretary-General”. A region includes several prefectures and a regional development fund operates in each region as a legal entity of private law.

Table 2 provides information on the number of prefectures included in each administrative region and its total area and population. There are branches of the central government’s administrative regions known as Regional Administration Services, in each prefecture. There are now also 50 prefectural self-governments (PSGs), including one which covers the area of the Athens and Piraeus prefectures. The number of municipalities and communities tends to change every year either because former communities are given municipal status or because several communities are merged into a single municipality.

Table 2. Administrative regions and prefectures

Administrative Region	Number of prefectures	Area (1 000 km ²)	Population 1 000s (1991)
Eastern Macedonia and Thrace	5	14.2	570
Central Macedonia	7	18.8	1 736
Western Macedonia	4	9.5	293
Epirus	4	9.2	339
Thessaly	4	14.0	731
Ionian Islands	4	2.3	191
Western Greece ⁽¹⁾	3	11.4	702
Central (Sterea) Greece	5	15.5	579
Attica	4	3.8	3 523 ⁽²⁾
Peloponnese ⁽¹⁾	5	15.5	606
North Aegean	3	3.8	198
South Aegean	2	5.3	263
Crete	4	8.3	437
Greece	54	132.0	10 264

1. Part of the geographical division of the Peloponnese belongs to the administrative region of Western Greece.

2. Aggregate figure of the 4 *nomoi* of the region of Attica: Athens (1 157), Western Attica (645), Eastern Attica (765), and Piraeus (956).

Creation, elimination and restructuring

Sub-national administration was restructured in 1994, with two successive acts of parliament, which updated and extended the provisions contained in legislation of 1986. Further amendments were

introduced in 1995. The aim of this reform, which took place in two stages, was (a) to establish a level of regional administration, with an important role in development planning, and (b) to replace the traditional, central government-appointed, prefectural administration by elected, “second-tier”, self-government. This restructuring was a declared government policy since the early 1980s. The objectives were, in the first case, to modernise public administration in the regions, to strengthen development planning, to ensure better sectoral co-ordination and to improve co-operation with local government. In the second case, the objectives were to involve elected local authorities more effectively in political life and economic development, to provide higher quality services to citizens, and to enhance local cultural identity.

Administrative regions are created by presidential decree, as authorized by law. The institution of prefectural self-governments (PSGs) was introduced by law in 1994 to replace the existing centrally-appointed prefectural administrations. New PSGs can be created by presidential decree, authorised by law. Area councils are being created by presidential decree, which is issued once, under the specific authorisation contained in the 1994 legislation. Several have been created already.

New first-tier organisations of local self-government (municipalities and communities) are also created by presidential decree, signed by the Minister of the Interior, on the advice of a special committee functioning in each prefecture. Municipal departments and neighbourhood councils are created by the local authority concerned, but in the first case the decision is automatically taken, once the necessary population threshold is exceeded, while in the second case the decision is optional. Since 1994, the general rule for the designation of a municipality is that it must have a population exceeding 5 000 or be the capital of a prefecture or be a spa or historic settlement. Prior to 1994 the population limit was 10 000. The municipality of Athens, with a population of 772 000 is the largest in the country, but it is only part of Greater Athens, which has a population of over 3 000 000. Communities (*Koinatita*) are local authorities which do not qualify for municipal status. The condition for the creation of a new village is that it should have a population exceeding 1 500, that the population remaining in the village from which it is being detached is not less than 2 000, and that the new community should be financially viable. There are incentives for the creation of municipalities out of existing communities. The large majority of communities have a population below 1 000, and many fewer than 200.

Regional development funds were created by law in 1994. The new administrative regions like the old style prefectures, are not separate legal identities, but legally part of the State, in contrast to the elected first and second tier local governments, which are legal bodies under public law. Under the old prefectural system, the execution and management of public works in every prefecture was entrusted to the prefectural fund, a legal identity of public law, chaired by the prefect. Prefectural funds are now being abolished as the new prefectural self-governments take over and assume the functions of the prefectural funds. However, the regional development funds (which are legal bodies of private law) are responsible for managing public investment and European Union funds and for assigning funding to, for example, the prefectural self-governments.

Control bodies

The legality of the actions of a regional administration is controlled by the Minister of the Interior, who appoints the General Secretary of the region. Such control can be exercised on the initiative of the minister, either *ex ante* or *ex post*. It can also be exercised following a formal petition of individual citizens. In contrast to the control of legality, the control of whether a particular action is advisable or expedient (*elenhos skopimotitas*), exists only when specifically instituted. Administrative performance is subject to assessment by the minister in charge.

The actions of elected local authorities are not subject to control of expediency. This type of control was explicitly abolished in 1994. The same law introduced a control procedure based on a special committee, functioning in the seat of every prefectural self-government. The General Secretary of the region concerned can refer any action which he deems to be illegal to this committee. Individual citizens can also appeal to the General Secretary of the region, or, if the committee has already passed judgement, to the appropriate minister, under new legislation. The same committee can pass judgement following a petition by citizens against the actions of municipalities and communities. An appeal can be made to the appropriate minister, as in the previous case. The procedure of referral to the above special committee, and of control exercised by the General Secretary over the legality of actions of prefectural self-governments, applies also in the case of municipalities and communities. Second-tier local government has no control powers over first-tier local authorities.

Control in cases of maladministration can be exercised by the “public administration controllers”, at the initiative of the Minister to the Prime Minister. Financial control is primarily exercised by public auditors, who are members of the Auditors' Court (*elengtiko synedrio*), which is both a court and an administrative body, and by the branch services of the Ministry of Finance. Decisions of the administration can be challenged before administrative courts and, on appeal or in a number of cases directly, before the Council of State (*Symvoulío Epikrateias*).

1.2 Powers

Nature of sub-national institutions

Under both the old (centrally appointed) and the new (elected) prefectural system, the prefecture administration includes a large number of sectoral directorates (e.g. Town Planning and Engineering Services or Development Planning and Management). The central government has issued guidance to all newly elected prefectural self-governments (PSG) to assist them in drafting their own statute and internal organisation chart. Each PSG had the freedom to introduce its own particular requirements and variations and to approve its own statute and charter, in accordance with the 1994 legislation. The General Secretary of each administrative region merely checked the legality of the procedure. These statutes incorporate existing provisions of delegation of power from central government ministries to prefects, but there is not a comprehensive register of administrative acts delegating powers and responsibilities to prefects.

A typical administrative structure of a PSG has 15 directorates, which with the exception of the Planning and Programming Directorate are grouped in five sectors, each under the control of a prefectural committee as follows:

- Planning and Programming Directorate;
- Administration \ Finance \ Trade \ Transport and Communication Committee;
- Public Works \ Environment \ Industry and Energy Committee;
- Agriculture \ Stock Breeding \ Fisheries and Forestry Committee;
- Education \ Culture \ Tourism and Sports Committee;
- Health \ Welfare and Employment Committee.

The bodies of the rather complex variety of sub-national administration are summarised below.

Administrative Region:

- Regional Council, composed of the General Secretary of the region as chairman, the elected “*nomarches*” (prefects) of the region, the chairmen of unitary prefectoral self-governments, and representatives of first-tier local self-government, professional organisations, business chambers and agricultural or trade unions;
- General Secretary of the region, appointed by the central government as government representative in the region and administrative head of the regional services of central government ministries.

Regional Development Fund:

- Administrative Board, with members appointed by its chairman, i.e. the General Secretary of the region, from among the members of the regional council;
- Chairman of the Fund's Administrative Board.

Prefectoral Self-Government (elected), introduced on 1 January 1995:

- Prefectoral Council, the main decision-making body in second tier local government, with elected members whose number varies between 21 and 43;
- prefectoral committees, composed of council members and charged either with sectoral responsibilities or to represent the provinces (*eparchies*), which exist in certain prefectures, especially those fragmented into several islands;
- Prefect (*nomarchis*), elected majority leader in the council and head of the prefecture's administration;
- the prefecture's advisory Economic and Social Committee, with members representing first tier local authorities, trade unions, professional chambers, employers' organisations, rural co-operatives etc.

Unitary Prefectoral Self-Government (elected), introduced on 1 January 1995:

- Prefectoral Self-Government Council, composed of all the elected prefectural council members of the constituent prefectural departments;
- Chairman of Prefectoral Self-Government (elected), who chairs its council and heads its administration, excluding that of the constituent departments.

Prefectoral Department, introduced on 1 January 1995:

- as in prefectural self-governments, but within a unitary prefectural self-government.

Area Council (i.e. association of organisations of local self government):

- Administrative Board (equivalent to the municipal council), composed of elected councillors of the constituent local authorities;
- Executive Committee (equivalent to the mayoral committee of a municipality);
- Chairman (equivalent to the mayor and the municipal council chairman).

Municipality:

- Municipal Council, the main municipal decision-making body with elected members whose number varies between 11 and 41;
- Mayoral Committee, which has 2 to 6 members and is chaired by the mayor or a deputy mayor;
- Mayor, elected majority leader in the council and head of the municipality's administration, assisted by deputy mayors;
- department councils and chairmen, for those municipalities divided into municipal departments because of their size;
- neighbourhood assemblies, councils and chairmen in case a municipality has created neighbourhood councils;

Community:

- Community Council, the main decision-making body with elected members, whose number varies between 7 and 11;
- Community Chairman, elected majority leader in the council and head of the administration;
- neighbourhood assemblies, councils and chairmen in the rare case of a community, which has created neighbourhood councils.

Type and degree of autonomy

Within the framework of existing legislation, a local authority can formulate its own policy and issue administrative acts (*kanonistikes apofaseis*) containing legal rules, in the form of by-laws. The share of certain taxes (income tax or property transaction tax) which is distributed to local self-government is fixed by central government. The latter can fix certain rates (e.g. for advertising, parking, or granting building permits) when they have been given this power, but they are often faced with local resistance. Theoretically, local authorities can impose or increase rates, such as those mentioned above. Freedom to finance local government activity has therefore increased, but is checked by their inability to collect rates or to overcome local resistance to the imposition of new rates or the increase of old ones.

The degree of autonomy and policy freedom of prefectural self-governments (PSGs) depends on the powers delegated to them by presidential decrees, in accordance with the 1994 legislation. PSGs, like first-tier authorities, can impose rates and have the right to issue administrative acts containing regulations, in those areas for which they are responsible. These authorities have generally inherited the powers of the appointed prefects, although some of them have been delegated to Regional Directors, i.e. to officials of deconcentrated central government. This issue is not yet settled. The administration of hospitals, for example, is now a responsibility of Regional Directors and not of elected prefects, as was the case with the appointed prefects.

Administrative regions have considerable policy making powers, through their participation in development planning, subject however to approval by the Ministry of National Economy. Through the regional development funds created in 1994, which they control, the administrative regions can manage funds allocated to them and impose rates.

Some redistribution of power is now taking place with the gradual implementation of the 1994 legislation on prefectural self-government. Much depends on the powers to be delegated to the new

second-tier local self-government and the powers which will be retained for the central government. Problems arise in the case of conflict with prior sectoral legislation. Health legislation, for example, requires that local health centres be supervised by prefectural hospitals. In terms of administrative responsibility, the intention to allocate the former to municipalities and the latter to PSGS runs counter to the provision of the legislation on self-government which stipulates that there will be no relationship of control or dependence between its two tiers.

1.3 Responsibilities

Distribution of responsibilities

Local self-governments are charged with the administration of local affairs, the precise definition of which is currently a matter of debate as although local government responsibilities are stated in the Municipal and Community Code, the list is not exhaustive. These responsibilities were extended in 1994 legislation. Further amendments to the Municipal and Community Code were made in 1995. Hospitals, and, indirectly, local health centres, are still supervised by (appointed) regional directors and not by elected prefects or municipalities, while in the field of education, municipalities are now responsible for building maintenance, but staff administration for both primary and secondary education is entrusted to prefectural self-governments.

Municipalities and communities remain responsible for a broad range of policies and programmes, which they are empowered to implement and execute, subject to the financial means available. These include social and cultural facilities, municipal infrastructure, refuse collection and disposal, urban development programmes, town plan implementation, traffic management, commercial and industrial premises, and manpower development programmes. Municipal companies may be set up either to undertake construction or to engage in economic activities, such as the development of tourism.

Mandatory, optional and shared responsibilities

The crucial distinction between mandatory and optional activities is between activities for which rates are collected in return for delivered services, and activities financed from revenue which is not tied to mandatory municipal services. The latter are in theory very extensive, but in practice restricted by the availability of funds, staffing and political considerations. A local authority is free to request additional responsibilities (such as amending town plans, granting building permits or managing kindergartens) provided that it satisfies certain requirements.

Local authorities now have a considerably extended list of exclusive responsibilities. Until 1994 the Municipal and Community Code referred separately to exclusive and concurrent responsibilities. The latter were responsibilities which were not normally exclusive local government responsibilities, but which could be undertaken if the local council so decided. This distinction was abolished in the 1994 legislation which refers to activities which are “especially the responsibility of municipalities and communities”. However, there remain responsibilities which are optional for local authorities, e.g. kindergartens, local bus operations or town planning.

A form of shared responsibility is the formation of an association of local authorities e.g. for a particular service. However, responsibility then rests with the association and not with the authorities which created it. The same is also true of development associations.

Shared responsibilities between central government and its deconcentrated government agencies in the regions depend on the extent of power delegated to prefects or regional secretaries.

2. Management functions

2.1 Policy-making and co-ordination

Coherence, consultation and conflict resolution

The aim of the system of development planning established in 1986 was to ensure vertical and horizontal coherence between national, regional, prefectural and local development policy through a hierarchy of development plans. It remains to be seen how the system introduced by new legislation in 1994 will work under the new regime of sub-national government. Meanwhile the vertical co-ordination of development policy takes place through the Community Support Framework 1994-99, agreed between the European Union and the Greek government. It has 13 regional operational programmes and a large number of sectoral operational programmes, which bind all levels of government to a strictly controlled investment programme.

There is no formal provision for specialised co-ordination units within either deconcentrated agencies or elected local governments, other than the administrative organs (councils, committees, etc.), already mentioned earlier. However, the model of a group of special advisors acting as policy co-ordinators, already in existence in the office of central government ministers, has now been adopted for the office of mayors and elected prefects.

Apart from the possibility of formal appeals, the Greek administration and political system favours conflict resolution through informal routes and procedures which, although lacking transparency and independence from party politics, are sometimes more effective in defusing conflictual situations. This tends to reinforce political clientelism and to obstruct administrative modernisation and collective decision making.

Formal and informal mechanisms

In the Greek government system, the role of the ministers remains dominant, despite the introduction of local self-government. This is due to the small size of the country, the extensive powers held by ministers and the dependence of sub-national administration on delegated powers and funds. Hence, the lead role in co-ordination is inevitably reserved for central government ministries and the minister remains the final arbiter in all matters.

At the regional level, the General Secretary is the central government's representative with responsibility for implementing government policy, a role reserved in the past for the appointed prefect. This power, and the presence in every prefecture of services of central government which report to the General Secretary, makes it clear that the new regional authorities will have important duties of co-ordination, a function until now rather weak in the Greek administration.

2.2 *Financial management*

Sources of revenue

At the regional level, the programmes and works executed by the Regional Development Fund (RDF) are financed from the central government's public investment budget, from other public sector organisations or from European Union programmes. The RDF's own main sources of revenue will be a percentage of all funding for the region which it is handling, a share from the region's participation in European Union programmes, rates, dues for the use of services offered, and borrowing.

The revenues of the elected prefectural and local self-governments are divided into ordinary and extraordinary. At the prefectural level, ordinary revenues include a share from national taxes and centrally reserved resources, local rates and dues, as instituted by law, an annual central government grant for the discharge of responsibilities delegated from central government, credits from the public investment programme, income from property, and "reciprocal" fees charged "in return" for specific services. Extraordinary revenues include mainly loans and donations, government subventions, European Union grants, revenues from sales of property, and charges for the use of works financed from borrowing.

Ordinary revenues of the municipalities and villages include:

- grants as a share of income tax, vehicle licence fees and property transaction tax;
- income from property;
- dues and "reciprocal" fees for services; and
- various other municipal taxes, fees, dues and specific contributions.

The share of income tax and vehicle licence fees allocated to municipalities and villages is distributed mainly, but not exclusively, on the basis of population. Property transaction taxes are levied but the main municipal tax is levied on properties on the basis of floorspace for which electricity is supplied. All taxes require prior national legislation.

Fees are imposed by the local authorities themselves. Some are "reciprocal", e.g. the municipal fees for cleaning and refuse collection and water rates. Other categories of fees include those for the use of open space, for advertising, parking, obtaining a building permit, and charges on hotel and restaurant bills. Traffic and other fines are also included in ordinary revenues. Dues are also imposed by the local authorities and are collected for the use of municipal facilities and premises such as cemeteries, slaughterhouses and markets, for the use of pastures, for trading bottled mineral water, etc. Contributions (*eisfores*) on the other hand require national legislation, in the form of a presidential decree. Contributions are a special form of revenue, collected when a particular area is covered for the first time with a statutory town plan. When this happens, contributions, proportional to the size of property, are paid by property owners whose land is brought into the town plan, either in cash or in the form of land appropriated for the provision of public facilities. Another type of revenue classified in local government law as a contribution, is the voluntary payment made by individuals for the construction of municipal works, from which the persons concerned expect to benefit. Municipalities and communities also receive extraordinary revenues similar to those of prefectural self-governments.

Regional Secretary-Generals can delete from the budget of a municipality or community any expenditures and revenues which are not legal, and can enter mandatory expenditures, which have been

omitted. He can also order the raising of additional revenue, if the budget is not balanced (power of "substitution").

Table 3. Main revenue sources of sub-national governments (1982, 1989)

	(percentage)	
	1982	1989
Ordinary	57.1	51.5
Property revenue	3.6	3.4
Rates and dues	23.9	18.6
Taxes and other sources	29.6	29.5
Extraordinary	26.9	35.5
Grants and subsidies	12.3	24.4
Other	14.6	11.1
Revenue from previous fiscal years	4.6	3.5
Balances	11.3	9.5
TOTAL	99.9	100.0

Notes: This table was calculated from statistical yearbook data and refers to first tier local self-government only (i.e. municipalities and communities). The statistics are collected by the National Statistical Service from Ministry of Finance sources and are not totally compatible with the classification used in the Municipal and Community Code and in this report.

Expenditure responsibilities

Municipal and community expenditures are classified into mandatory and optional. According to the Municipal and Community Code, mandatory expenditures include administration and management expenses, including salaries and rents, repayment of debts, annual contributions to local government associations, and grants to foundations and organisations created by the local authorities themselves. Optional expenditures can be included in the budget at the discretion of the local authorities. Expenditures for the execution of projects and public works must be included in the budget before work starts.

Table 4. Main expenditure patterns of sub-national governments (1982, 1989)

	(percentage) ⁽¹⁾	
	1982	1989
General	10.7	7.8
Special	79.2	75.9
Salaries and wages	34.4	28.3
Investment	30.7	27.8
Other	14.1	9.8
Transfer payments	2.2	7.0
Interest payments	1.9	2.7
Other	6.0	6.6
TOTAL	100.0	100.0

1. See Notes to previous table.

Balance between discretion and control

With the exception of mandatory expenditures and reciprocal fees, the freedom of local authorities to finance their activities has increased in the last decade. The range of activities in which they can engage has expanded considerably, at least on paper, in the fields of culture, social welfare, town planning and public works. They can also raise additional revenue, borrow in the private market or enter into agreements with other public or private bodies. The main limitations are the general fiscal squeeze in the Greek economy and citizen resistance to an increase in local government rates. At a time of intense central government effort to broaden the tax base and combat tax evasion, conditions are not considered to be appropriate for an increase in local rates.

Budgetary control in the public sector is generally exercised by the central or regional officials of the Ministry of Finance. Control of financial management is exercised by public auditors who are members of the Auditors' Court, which is both a court and an administrative body. Budgets of public corporations are subject to the control of the appropriate ministry, and control over their financial management is the responsibility of chartered accountants.

2.3 *Performance management*

There is no established procedure for the assessment of performance across levels of government. Quality standards are not used. Effective use of investment funds is a yardstick used to assess efficiency of performance, but in a rather erratic way. No supervisory powers exist between the two tiers of elected local authorities. Control of the latter by centrally appointed regional administrations is limited to legality of action and no longer extends to purpose. The main innovation which is currently being introduced in the field of performance assessment is the use of private project managers and evaluators for programmes and projects financed partly by the European Union (EU). This is already happening in the case of Regional Operational Programmes or major infrastructure projects funded out of the EU Community Support Framework. Such programmes require that performance standards be set in advance for monitoring purposes.

2.4 *Human resource management**Statutory distinctions*

Public sector personnel, including those in central government and its deconcentrated bodies, and in local self-governments, are classified into categories and grades. Categories are determined according to level of education and professional and specialised skills may require specific qualifications. A separate category of "special posts" covers some senior central government officials. Otherwise, grade A civil servants can serve as heads of general directorates, directorates, and sections, etc. Grades and posts are not automatically linked, such that grade A employees do not necessarily for example hold the post of unit head.

The basic civil service statute is the Presidential Decree, known as the Civil Service Code, and its subsequent amendments, including legislation enacted in 1994. A separate statute deals with local self-government personnel, but all legislation concerning them repeatedly refers to the Civil Service Code. Thus, issues such as personnel grades, appointments and staffing are dealt with in legislation applying equally to all posts of the public sector. The 1994 legislation on local self-government explicitly states

that the hiring and appointment of staff is regulated by the same statute as that which applies to central government civil servants and public corporation personnel.

Table 5. Public sector employment by level of government (1990-94)

(at 31 December each year)

	1990	1991	1992	1993	1994
Ministries	231 558	234 006	228 509	235 568	230 250
Public establishments	89 230	84 234	85 361	86 712	92 966
Local authorities	39 995	41 078	41 575	42 129	39 693
Public enterprises	137 500	133 565	115 867	113 321	120 507
Public Enterprise Rehabilitation Board	21 899	13 644	4 163	3 932	4 408
TOTAL	520 182	506 527	475 475	481 662	487 824

Source: *Public Management Developments: Update 1995*, OECD, 1995.

Managerial autonomy

All civil servants are placed on a 23-point salary scale. Negotiations between employees and employers are organised nationally, given that salary increases and other claims are settled at the level of central government. In the case of local government, although the employer is the authority concerned, bargaining is conducted with the central government.

Final decisions on levels of staffing are also made by central government. Appointments of permanent staff are made only if vacancies exist in the authority concerned. Exceptions however can be made, in which case a personal post is created. Apart from permanent staff, recruitment of staff employed under private law for an indefinite period, but without civil servant status, is also possible. Recruitment in all cases is based on estimates of need and demands made by the authority concerned, but final decisions are made by the central government. Appointments of university graduates (except when specific degrees are required), technical education graduates and holders of secondary education qualifications are decided on the basis of a public examination, organised by a special national body. A centrally administered system of points is used for the appointment of university graduates with specified degrees or holders of compulsory education qualifications. Different procedures apply in the case of special scientific personnel or temporary employees, at all levels of government.

Managerial autonomy on pay is limited to appointments to posts of heads of units, which carry a special salary allowance, or to granting certain additional benefits. Salary graduations are virtually automatic. A prerequisite for promotion is a minimum number of years spent in a particular grade. Employees considered as worthy of promotion are included in promotion lists, compiled by service councils, which take into account assessment reports. All those included in these tables are automatically promoted. Dismissals are only justified in the case of a serious breach of discipline, or more rarely, in the case of a public sector agency being abolished.

Mobility

Mobility between levels of government is limited, although civil servants can be transferred from central departments to deconcentrated services. A list of employees to be considered for transfer is

compiled on the basis of a points system, but in practice, transfers are rare and temporary secondments are preferred. Voluntary moves are currently being encouraged. Transfers between regional authorities and secondments to local authorities are possible, but unusual. A real threat to prefectural self-governments is the tendency of their staff, who until recently enjoyed the status of central government civil servants, to seek a transfer to services remaining under the authority of central government, for fear that their promotion or retirement prospects will suffer under their new status as local self-government employees.

2.5 *Regulatory management and reform*

The 1975 Constitution (article 102) stipulates that local affairs are the responsibility of local self-government of which municipalities and villages constitute the first tier, while other tiers will be determined by law. Second and third-tier authorities were created in 1986 and then 1994. Despite the new administrative structures created in the regions and the replacement of appointed prefects by elected ones, rule-making has remained essentially in the hands of central government. Certain powers of approval, licensing and enforcement have, however, been devolved to lower levels of government. Economic development and land use planning are basically the responsibility of central ministries or their regional branches and only the less important investment decisions or plan amendments are independently determined at a lower level. However, this does not exclude instances of local self-governments sometimes exceeding their powers or expenditure targets.

A prefect or municipality may have the power to amend certain types of plan or to make amendments within certain limits beyond which only the minister has decision making authority. The current problem is the uncertainty surrounding the powers of prefects, and in particular of the chairmen of unitary prefectural self-governments, who remain without a clear role and with few resources.

Local government reforms since the mid-1980s put much emphasis on creating co-operative arrangements between government agencies at all levels and on uniting small local authorities into more viable organisations. New municipalities, municipal associations and, more recently, area councils were created but there is as yet little evidence to suggest that the task of making and enforcing rules has appreciably improved.

Sub-national governments rarely see it as their role to facilitate the operation of private business and to create a favourable climate for entrepreneurship. Hence, it is too early to speak of competition among units of regional or local government in an effort to attract private firms, by reducing the impact of unnecessary regulation. The bulk of the administration (central, regional and local) still largely perceives its role as that of a controller, rather than as that of an enabler. The absence of streamlined and transparent procedures, acts as a further obstacle to the smooth operation of the market. Administrative behaviour requires generally over-bureaucratic and discourages individual initiative and low salaries and poor rewards fuel indifference and are detrimental to business interests.

3. Trends in redistributing authority across levels of government

3.1 *Evolving tendencies*

Reforms in the structures and responsibilities of, especially, regional government, are too recent to identify evolving tendencies. The recent past has however been marked by some conflicting tendencies, first in favour of prefectural decentralisation and autonomy, as expressed in legislation of June 1994, and then in the form of a restraint on that second tier local government, expressed in a law in September of the same year, when the (deconcentrated) institution of Regional Directors was legislated.

Now a growing interest in elected authorities at the level of the 13 presently appointed administrative regions can be detected.

3.2 *The current debate*

It is already being realised that the geographic unit of the prefecture (of which there are 50) is demographically, socially and economically too small and weak to support viable self-government administrations. The argument expressed by a number of commentators is that the reform towards prefectural self-government came too late, at a time when the move should have been towards elected authorities at the level of the administrative region. Another (potential) tension is between the elected prefect and the mayor of the capital city of each prefecture, especially in those with a large population.

3.3 *Driving forces*

In the context of the European single market, there are clear advantages in strengthening the regions at the expense of the prefectures. The regional level is clearly favoured by current European Union policies. However, competition among traditional prefectures works against this development, as recent experience in the unitary prefectural self-governments has shown in the form of bitter disputes over the seat of these authorities. In addition, the prefecture level may be a better option than the region in terms of local democracy objectives. It is conceivable that the best strategy is a combination of a substantially strengthened first-tier local government and elected regional authorities. However, the quality of municipal administration and the present economic situation make a move in this direction difficult. Administrative performance at the municipal level is undoubtedly linked with the poor quality of staff that local government is able to attract. The economic situation is exerting pressure for greater efficiency in project planning and implementation. This pressure seems to be strengthening the role for private sector consultants, hired as public project managers, rather than strengthening local and regional governments themselves.

More viable, active and responsible local government is needed. Fragmentation is a negative factor, but the innovation of area councils may help to overcome this. The fear of a misuse of power by parochial municipal administrations could lead to the development of checks and balances able to act as a countervailing force to arbitrary town hall practices. More active local communities and the protection of citizens' rights, for example, can counter municipal malpractices, more than a policy of withholding powers from municipal authorities. There are already promising examples of such local authority activities. In addition to capitalising on this experience, experimentation is needed with new organisational forms able to undertake development projects with the participation of central, regional and local government, as well as the private sector.

The early enthusiasm for local government power has been somewhat blurred by criticism of economic inefficiency, favouritism and irresponsible spending. But unless local self-government is given the chance to prove itself and learn by doing, decentralisation will never be achieved.