

OECD REVIEWS OF REGULATORY REFORM

REGULATORY REFORM IN GREECE

**GOVERNMENT CAPACITY TO
ASSURE HIGH QUALITY REGULATION
IN GREECE**



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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EN GRÈCE

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FOREWORD

Regulatory reform has emerged as an important policy area in OECD and non-OECD countries. Experience shows that institutional capacities and instruments are of crucial importance for a successful regulatory reform policy. This report on *Government capacities to assure high quality regulation* analyses the institutional set-up and use of policy instruments in Greece and was prepared in the framework of the Regulatory Reform review of Greece in 2001. It also includes the country-specific policy recommendations provided by the OECD at that time.

The report is a reprint from an earlier OECD publication. Responding to the wide and growing interest in the subject, the reprint is meant to facilitate access to the experiences of OECD Member countries, provide background material for the ongoing public debate on regulatory reform and stimulate further creative thinking on potential improvements in institutions and instruments of regulatory reform.

Since 1998, the OECD has assessed regulatory policies in 12 Member countries as part of its Regulatory Reform programme. The Programme aims at assisting governments to improve regulatory quality—that is, to reform regulations to foster competition, innovation, economic growth and important social objectives. It draws on two important instruments: the 1995 *Recommendation of the Council of the OECD on Improving the Quality of Government Regulation* and the 1997 *OECD Report on Regulatory Reform*.

The country reviews follow a multi-disciplinary approach and focus on the government's capacity to manage regulatory reform, on competition policy and enforcement, on market openness, specific sectors such as electricity and telecommunications, and on the domestic macroeconomic context.

This report was prepared by the OECD Public Management Service. It benefited from extensive consultations with a wide range of government officials, parliamentarians, business and trade union representatives, consumer groups, and academic experts and was discussed among the 30 Member countries of the OECD, before being first published in 2001 under the authority of the OECD Secretary General.

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**GOVERNMENT CAPACITY TO ASSURE HIGH QUALITY REGULATION
IN GREECE**

TABLE OF CONTENTS

1. REGULATORY REFORM IN A NATIONAL CONTEXT.....	7
1.1. Administrative and legal environment in Greece.....	7
1.2. Recent reform initiatives to improve public administration capacities.....	10
2. DRIVERS OF REGULATORY REFORM: NATIONAL POLICIES AND INSTITUTIONS	15
2.1. Regulatory reform policies and core principles	15
2.2. Mechanisms to promote regulatory reform within the public administration.....	17
2.3. Co-ordination between levels of government	19
3. ADMINISTRATIVE CAPACITIES FOR MAKING NEW REGULATION OF HIGH QUALITY.....	22
3.1. Administrative transparency and predictability	22
3.2. Choice of policy instruments: regulation and alternatives.....	27
3.3. Understanding regulatory effects: the use of Regulatory Impact Analysis (RIA)	30
3.4. The changing institutional basis for regulation.....	33
4. DYNAMIC CHANGE: KEEPING REGULATIONS UP-TO-DATE	34
4.1. Revisions of existing regulations, laws and subordinated regulations.....	34
5.1. General assessment of current strengths and weaknesses.....	36
5.2. Policy options for consideration	37
NOTES	42
BIBLIOGRAPHY.....	46

1. REGULATORY REFORM IN A NATIONAL CONTEXT

1.1. *Administrative and legal environment in Greece*

Regulatory reform emerged in Greece as part of a larger set of reforms to domestic policies and institutions carried out mainly in response to changing external pressures. In particular, regulatory reform has developed over the last two decades as a result of European Union membership, though Greece has moved more slowly than other EU members to take advantage of the opportunities offered by the single market. Since the mid-1990s, the pace of reform has accelerated with the drive to qualify for membership in the euro area. In parallel, the government has launched a series of positive reforms to modernise its public administration, which will have substantial benefits in improving the efficiency and effectiveness of governance in Greece.

External pressures have moved faster than domestic responses, though, and a gap has opened between new social and economic demands and opportunities, and the capacities of the Greek public sector to perform roles compatible with those new needs. Important modernisation and structural reforms have been accomplished, but there has not been a corresponding reform of the public administration and its capacities to develop and implement high quality regulatory regimes that are compatible with a more open and dynamic economy. Regulatory regimes in Greece tend to be interventionist, costly, rigid, and focussed on details rather than results. The absence within the Greek public administration of a government-wide regulatory reform strategy, regulatory impact assessments, a public notice and comment process, independent and transparent sectoral regulators, and use of regulatory alternatives is in contrast to practices recommended by the OECD and adopted by many OECD countries (see Box 1).

Box 1. **Good practices for improving the capacities of national administrations to assure high quality regulation**

The OECD Report on Regulatory Reform, which was welcomed by ministers in May 1997, includes a co-ordinated set of strategies for improving regulatory quality, many of which were based on the 1995 Recommendation of the OECD Council on Improving the Quality of Government Regulation. These form the basis of the analysis undertaken in this report, and are reproduced below.

A. BUILDING A REGULATORY MANAGEMENT SYSTEM

1. Adopt regulatory reform policy at the highest political levels.
2. Establish explicit standards for regulatory quality and principles of regulatory decision-making.
3. Build regulatory management capacities.

B. IMPROVING THE QUALITY OF NEW REGULATIONS

1. Assess regulatory impacts.
2. Consult systematically with affected interests.
3. Use alternatives to regulation.
4. Improve regulatory co-ordination.

C. UPGRADING THE QUALITY OF EXISTING REGULATIONS

(In addition to the strategies listed above)

1. Review and update existing regulations.
2. Reduce red tape and government formalities.

However, a new view is emerging in Greece on regulatory reform and the need to “reinvent” the relationship between the public administration, the market, and civil society. This was most recently stated in April 2000, when the Prime Minister stated to Parliament that his government intends to introduce policies to create a service mentality in the public service, complete decentralisation, and reduce administrative burdens hindering investment.¹

In reaching these goals, Greece must confront entrenched obstacles and traditions in its existing administrative and legal practices at national and subnational levels.² Three key challenges face the reform of public administration and its use of regulatory instruments. The first challenge arises from current practices for public sector employment, management, and accountability:

- The productivity and the efficiency of the public sector should be improved. The Greek public service is not large compared to those of other European countries³ (though it is growing quickly⁴), but administrative practices favour legalism and formalism instead of management based on results and market-orientation. Skills tend to be focused on procedure and conformance rather than substantive policy analysis. For example, the competition commission has little economics expertise. At the telecommunications regulatory agency, most senior administrators lack the background necessary for regulatory oversight of complex markets. Centralised and standardised procedures for hiring and movement of personnel, created legitimately to increase professionalism and competition and to reduce clientelism in public sector employment, have been effective, but have introduced rigidities that have slowed the introduction of new competencies and the adoption of new regulatory techniques.
- Close links between the top levels of the public administration and the political parties have contributed to hierarchical structures that concentrate decision-making powers at the highest levels, slow response times, reduce flexibility, create bottlenecks, and reduce accountability of lower level administrators.
- Working for the government brings advantages (such as life-time employment enshrined in Article 103 of the Constitution), but the attractiveness of the public sector as an employer is declining. Salaries are lower than in the private sector for high quality managers and regulators. Pay increases are not based on performance related criteria, and poor performance is not sanctioned. Incentives are not aligned to encourage good practices and discourage bad.⁵

The second challenge concerns policy coherence, co-ordination, and implementation in the Greek public administration. Institutions for these functions are weak, and are replaced by continuous political oversight and intervention. Co-ordination and reform initiatives, for example, often depend on personalities rather than institutions, thus weakening continuity between changes in governments.⁶ In part because of the *ad hoc* and political nature of policy-making, policy implementation can be uncertain and policy effectiveness reduced. Recent examples illustrate the challenges. In 1999 the National Food Safety Council (EFET) was established to be responsible for all food safety issues in Greece, and should help improve the quality of regulations in this sector. It is still not fully operational, in part due to bureaucratic delays and resistance from ministries in transferring staff to the new agency. In the case of three EU water quality directives, implementation was not undertaken in tandem with a review of the division of labour among relevant ministries. This resulted in *ad hoc* adjustments in the field and a duplication of enforcement by each service.⁷ The certification and quality control functions of the Greek Standards Office took ten years to become effective due to the time needed to develop metrology and accreditation structures.

A potential issue for regulatory implementation is the existence of excessive regulatory discretion, which was raised in relation to broad interpretative powers provided to regulators in some laws and subordinate regulations. Recently the Social and Economic Council (OKE) found excessive discretion when reviewing an important draft law on Incentives for Private Investment.⁸ There are few external controls on subordinate legislation and administrative procedures regulating inspections or formalities, such as licences and permits.⁹ Such uncontrolled discretion may create opportunities for unethical behaviour, in particular at the delivery or service end of public administration, *e.g.* licence application, government approvals, and tax related matters.¹⁰ In an over-regulated or rigid environment, though, discretion can provide “flexibility” that compensates for regulatory failures. For example, in Greece, local government interpretation of laws and inspection measures can reduce business costs and provide “breathing space” for compliance by SMEs. This “flexibility” is nevertheless based on personal connections and knowledge, which is unavailable to outsiders to the region, town or city. Since rigid implementation of poor regulations would greatly increase unnecessary regulatory costs in Greece, controls on discretion should proceed in parallel with improvements to regulatory flexibility and cost-efficiency.

A third general challenge facing the Greek public service is a culture of distrust toward market mechanisms in general and the business sector in particular.¹¹ Regulators tend to prefer command-and-control approaches over results-oriented and market mechanisms. In part, this has been nurtured by a formalistic approach to law focusing on legal content and in part it is due to past politicisation of the civil service.

One of the results of these practices and tendencies in the Greek public administration is a general trend of regulatory inflation.¹² Box 2 shows that the flow of new primary laws has increased over the last decade. This phenomenon – known in Greece as *polynomie* – is partly the result of the adoption of EU laws and directives, but it is also due to inadequate regulatory quality controls on the flow of new regulations and ineffective review mechanisms on the accumulation of national laws.

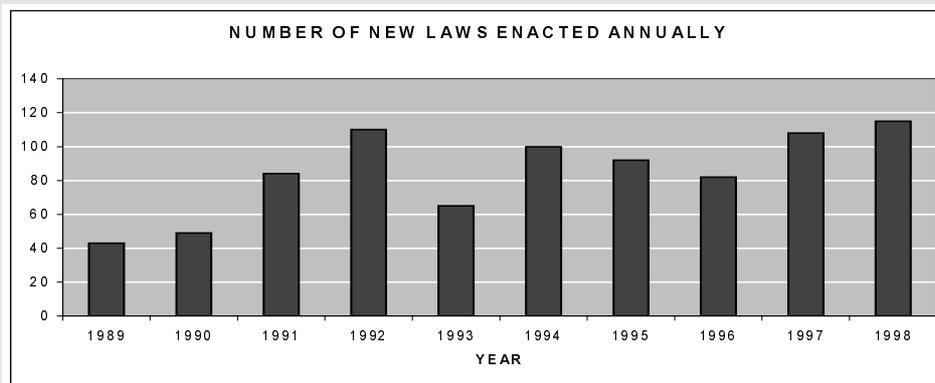
This has important consequences for transparency. A recent report indicated that regulatory transparency has been reduced due to “... overlapping laws and confusion in their application. Foreign companies consider the complexity of government regulations and procedures – and their inconsistent implementation by the Greek civil administration – to be the greatest impediment to operating in Greece”.¹³ This situation is aggravated by contradictions and overlaps between regulations, particularly between different levels of government (see Section 2.3).

The issue of real concern, though, is less the number of regulations and more the quality of those regulations. There is little concrete evidence or evaluation of the efficiency, benefits, and costs of Greek regulatory regimes (see Section 4), which itself suggests that opportunities exist for improvement. Laws tend to be statements of problems with little prior assessments of compliance costs. The growing flow of new regulations may produce significant benefits, but also increases compliance costs on society (government, citizens, and national and foreign businesses), and opportunity costs by impeding innovation and growth. If the new regulations are poorly designed and implemented, they reduce social welfare and waste investment by not achieving policy goals. This underlines the importance of ensuring that adequate quality control mechanisms are in place inside the public administration to ensure that new laws and other regulations actually contribute to Greek social and economic progress.

Box 2. Regulatory inflation in Greece

The Greek administrative legal system is adapted from the French system. In broad terms, the domestic legal system is composed of many instruments: laws (sometimes organised in codes for important matters); presidential decrees; ministerial decisions; circulars; and local government by-laws. EU instruments and other international obligations add another layer to the legal system.

Regulatory inflation can be seen in the upward trend in the number of new laws made over the last decade. Further, according to estimates of the Ministry of the Interior, Public Administration, and Decentralisation (MIPAD), the number of pages of legislation in the early 1990s was eight times the number in the mid 1970s. As in other countries, new laws rarely repeal previous laws, and hence the existing stock continuously increases. MIPAD believes that each new law produces on average six new presidential decrees and 63 ministerial decisions. That is, between 1987 and 1998, there was an average of 450 new presidential decrees and over 5 200 new ministerial decisions every year.



Source: Ministry of the Interior (2000), Public Administration, and Decentralisation, April.

Resolving these challenges will require a clear, government-wide policy and implementation strategy for regulatory quality, sustained by determined political will. A range of new programmes and initiatives is required to improve the efficiency of the public administration. Changing formal and informal regulatory approaches will require the adoption of a regulatory quality programme based on good practices found in other OECD countries. Awareness among stakeholders and the broad public of the importance, benefits, and costs of such a programme will be a powerful ally in overcoming obstacles from vested interests inside the public administration, as well as interests outside of the administration, such as lobbies or “connected” businesses.

1.2. Recent reform initiatives to improve public administration capacities

Although many economic and governance reforms undertaken in Greece are intended to increase transparency and accountability in the use of the regulatory instruments, an articulated policy to improve regulatory quality has not been formulated at either the political or administrative level. Yet a great many regulatory reforms are underway. As part of its structural reforms, mainly in implementing the European single market programme and preparing for accession to the euro area, Greece has introduced significant financial and structural reforms, including privatisation and liberalisation of government owned enterprises. Liberalisation reforms have affected utilities such as transport, energy, and communications, as well as non-utility sectors such as duty free shops, travel agencies, and lotteries. Market liberalisation has also been undertaken in sectors where major firms have been under direct or indirect government control, such as shipyards, mining, cement, paper, and petroleum (see Chapter 1).

In parallel, the government launched reforms to modernise the public administration (Table 1). These reforms will have an important impact on the functioning of the administration and indirectly on improving the quality of Greek regulatory regimes.

Table 1. **Selected reform legislation relating to regulatory reform in Greece**

Law 1662/1986	Granted more independence to the local level.
Law 1558/1986	Specifies the competencies of each ministry.
Law 1892/1990	Introduced liberalisation and competition policy.
Law 1943/1991	Strengthened independence and transparency in the civil service.
Law 2026/1992	Restructured the bureaucracy to reinforce the role of Ministries.
Law 2190/1994	Required public sector recruitment to be based on competition.
Law 2218/1994 & 2232/1994	Decentralised government competencies to the sub-national level.
Law 2232/1994	Established the Economic and Social Committee.
Laws 2229/1994 & 2234/1994	Designed to harmonise Greek policy making with EU processes.
Law 2251/1994	Created the National Consumers Association Council.
Law 2477/1994	Established the Ombudsman.
Law 2333/1995	Created the National Public Administration Commission.
Law 2414/1996	Changed the laws governing public enterprises provide management independence.
Law 2914/1996	Required the development of Citizens Charters for public services.
Law 2414/1996	Provided for the modernisation of Public Enterprises and Organisations.
Law 2539/97	Established the Quality Programme for the Citizen.
Law 2503/1997	Established new administrative structure for local government (Ioannis Kapodistria).
Law 2672/1998	Allowed for electronic signatures for filing of forms.
Law 2668/1998	Reformed the Postal Service.
Law 2647/1998	Decentralised 139 competencies from central Government to into 13 regions.
Law 2738/1999	Collective Negotiations in Public Administration.
Law 2773/1999	Established the Electricity Regulatory Authority.
Law 2690/99	Introduced the Administrative Procedure Code.
Law 2683/99	Introduced the Civil Servants Code.

Upgrading the neutral competence of the civil service has been a high priority. In 1994, Greece introduced a new recruitment and promotion process for public servants that was aimed at reducing clientelism and politicisation, and increasing technical capacities.¹⁴ The policy established centralised mechanisms to manage all public sector human resources. The three main elements are: rigorous controls on all new posts; the creation of an independent agency (ASEP) in charge of recruiting staff; and the development of transparent procedures for promotion.

To co-ordinate recruitment and promotions across ministries, a high-level committee known as the Tripartite Committee decides monthly on the distribution of new vacancies for the whole government. The committee consists of representatives from the Ministry of Interior, Public Administration and Decentralisation (MIPAD), the Ministry of Finance and the Secretary General of the Prime Minister Office. The committee's decisions are communicated to an independent and centralised recruiting agency.

The recruiting agency, ASEP, operates as an independent agency in charge of organising recruitment in the public service. To assure independence, its governance body is appointed by Parliament. Its main role is to prepare and administer the recruitment based on written exams and to audit the recruitment of other bodies of central and local government.

Few bodies are exempted from the recruitment procedure. To grant greater flexibility to parts of the government competing more directly with the private sector for specialised skills, the Capital Market Commission, the Committee for the Protection of Private Citizen Data, the Central Bank, the Ombudsman, and State-owned enterprises have been exempted. (Oddly, the competition policy authority is not exempted, though perhaps should be, as should sectoral regulators who require market-valued skills.) However, exempted bodies must follow rules set by ASEP, such as having public interviews when recruiting, and they are audited periodically by ASEP.¹⁵ The only two full exceptions are the Committee for the Organisation of the Olympic Games, which can recruit from the private sector directly, and the heads of private hospitals, who are also recruited directly from the private sector.

ASEP was a clear success in de-politicising the recruitment process, which was formerly tainted by clientelism and favouritism in a highly politicised environment. The ASEP experience showed that centralised co-ordination, high professional standards, and consistent application of policy can increase trust and confidence in the public service in the public and in political spheres. From the viewpoint of the previous situation in Greece, ASEP was a necessary and positive reform. But ASEP had unanticipated side-effects inconsistent with the needs of a modern and more flexible public sector. Notably, the centralised recruiting system increased rigidities and made it more difficult to recruit skilled staff in a timely manner for specialised positions, for example, for staffing sectoral regulators. In late 2000, positive reforms to ASEP were made. Procedures for recruiting skilled staff were speeded up by Law 2839/2000, which transferred some aspects of recruiting procedures to the public organisations concerned, while leaving final control of results to ASEP.

With the introduction of the new recruiting policy, the Greek government also tried to reduce the size of the public sector work force.¹⁶ In 1998, the government introduced a policy of “1 for 5” that means that for every five positions that become vacant due to retirement or departure, only one position is replaced. ASEP is supposed to enforce this policy. However, due to numerous exemptions, this initiative has had little impact.¹⁷

The second high-impact governance reform undertaken in the late 1990's concerns the modernisation and restructuring of local governments. Under a 1994 law, all government responsibilities that do not have a national character should be devolved, but the actual transfer of powers has been realised only in the past two years (1998-1999). This programme, known as *Ioannis Kapodistriasis*, will have long-standing impacts on the quality of the public administration, and will significantly alter the responsibilities of the central government in terms of rule making (see Section 2.3). Through the transfer of personnel, the programme will also have impacts on the quality of services and accountability of the various levels of administration. No study has yet analysed the full impact of the decentralisation of services, yet some changes are now perceptible in terms of tasks and activities of administrators. For example, the central administration is now concentrating on planning and policy direction rather than executing tasks, as it did previously.

In parallel to administrative devolution, a 1994 law reformed the electoral process. The prefect (*nomarch*), previously appointed by the central government, is now elected together with a prefectural council. Taken together, these reforms could substantially change the governance of Greece toward a more responsive and needs-oriented administration.

The programme has not yet been completed and the readjustment and redeployment of public servants from the centre to municipalities is lagging the transfer of policy responsibilities.¹⁸ Also, improving the technical capacities of local government officials will require resources and time. The Greek Agency for Local Development (EETA) with the assistance of EU funds has been organising training programmes for more than 2500 local officials.

With the Law 2503/97 the administration and organisation of the Region, as a decentralised unit of the country's administration was established. With the law 2647/98, responsibilities were transferred to the Regions, the Prefectural Local Governments and the Municipalities in separate.

Box 3. Main features of the Ioannis Kapodistrias Programme¹⁹

The Problem: Too many small local authorities that lacked adequate political representation, that had insufficient capacity to provide desired services to the community, and that had limited participation in the procedures of local and regional development.

Previous attempts to solve the problem involved voluntary mergers stated in the Laws 1416/84 and 1622/86, and in the Regional Councils Law 2218/94. While partly successful, these programmes failed to produce significant improvements in local government.

I. Kapodistria Programme introduced a new legal framework for local government via Laws 2539/1997. These laws defined the powers of local authorities, new geographical boundaries that merged local authorities and improved economies of scale, new financing arrangements to allow for the delivery of services (such as water supply, sewage, roads, etc), adequate staffing for those services (to be drawn predominately from ministries), and specific monitoring and enforcement mechanisms

The programme has resulted in the restructuring of 5 775 local jurisdictions which existed prior to 1997 into 1 033 municipalities and communities. The first elections of mayors was held in 1998 under the new system. Also, 139 competencies were transferred to 13 regions, and significant powers were transferred to local government (see Table 2).

As a third pillar of the modernisation and structural change of the public administration, MIPAD is managing a new public management programme called "Quality for the Citizen". This initiative, part of a "Quality Principle" approved by the Council of Ministers in 1998, is a multifaceted programme designed to improve the services provided by the administration to the citizen.²⁰

The programme, run by a unit of 30 persons in MIPAD, aims to improve the quality of administration and to reduce administrative burdens imposed on citizens. Significant initiatives include:

- a) Publication of a range of materials to inform citizens of the services provided by the Ministry. This includes the development and publication every two years of a citizens' guide (an 800 page book on administrative issues relevant to the citizen²¹), and the editing of a weekly newspaper that includes job vacancies in the public service.
- b) A simplification programme focusing on improving selected administrative procedures and formalities with high costs for citizens. For example, MIPAD has improved frequently-used formalities such as reducing by seven the number of documents required for obtaining a driving licence. Through this programme, inter-ministerial working groups have redesigned more than 300 forms.²²
- c) Creation of a Citizens' Bureau in every prefecture and in every municipality to deliver services, information and administration forms. As well, information is provided within the local administration via electronic means over the Internet, such as the Ariadne programme (see Box 4). Information Kiosks have been provided in 39 Prefectures. A recent law on electronic signatures will build on these mechanisms to permit online filing of forms and authorisations.²³

- d) Started in 1994, MIPAD piloted one-stop-shops for citizens at the regional level for services of social security, agricultural development, and commerce. But implementation of the programme has been slow. Currently, only 3 of the 54 prefectures are involved, and the programmes cover only a part of the service and administrative areas in each prefecture. It is intended that the programme be extended to all prefectures in 2000/01 with the devolution of competencies to regions and prefectures.
- e) MIPAD has helped public entities, such as the electricity public monopoly (DEH) and national railways, to comply with the law requiring them to establish citizens' charters. It is interesting to note that this law requires the citizens charters to provide for specific compensation to citizens for deficient services. Since December 1999, nearly 60 cases of delays have been examined by MIPAD, and over GRD 120 000 paid in compensation.²⁴ To date, citizen's charters have been established for the Ministry of Transport and Communications and for all the authorities and agencies which are supervised by that Ministry, the Regions of East Macedonia and Thessaly.
- f) In February 1998, the Ministry started a help-line call centre for citizens all over Greece to apply for certificates to be sent to their home, such as birth certificates, apply for passports, or obtain more information. Since then the call centre has received over 40 000 calls per month.²⁵ In a survey conducted by MIPAD over 88% of users were satisfied with the services and almost all users indicated that they would use the service again.

Box 4. The ARIADNE programme²⁶

At the beginning, the Programme was intended to resolve a problem faced by people living on islands in the Aegean Sea. Previously, obtaining and lodging government forms could take two or more days as citizens had to travel to the island where the prefecture was located.

The idea was to use the Internet for access and filing of administrative forms required for the issue of every certificate or permit. The programme involves the redesign of more than 300 application forms and the placing of the new forms on the Internet. By the end of 2000, the programme will include all documents that citizens all over Greece may find necessary for government applications.

The pilot application of the programme is now operating in 96 municipalities on the Islands in the Aegean Sea, providing access to computer terminals for all citizens who are not connected to the Internet. During the first two months of operation in 1999, more than 10 000 people were served.

Convenience for the islands has stirred interest in providing similar access to those living on the mainland. The "Ariadne" programme is now being extended to other areas of Greece, beginning from the Prefectural Local Government of Magnesia and Messinia.

In late 2000, these initiatives were reorganised and strengthened into a more comprehensive programme called "*Politeia*", which aims to improve the quality of services. Among its main aims are the recruitment of trained personnel who support reforms, development of new technologies and adoption of modern techniques of administrative control to improve transparency and eliminate corruption, adoption of modern financial management for the public service based on benefit-cost analysis and comparative measurement of service and employee effectiveness, and reduction of administrative procedures which impose burdens on business and citizens.

The fourth recent governance initiative relevant to regulatory quality is in response to the need to increase the accountability, transparency, and responsiveness of the public service. In 1999, the Greece adopted a new Code of Administrative Procedure and a new Civil Service Code.²⁷ The new Code of Administrative Procedure regulates administrative procedures in terms of time limits and deadlines for acting on citizens' cases. It also obliges the public servant to explain delays, specifies the procedures for accessing administrative documents, defines rules governing contracts between the administration and the private sector, and establishes requirements on how to access administrative appeal mechanisms.

The new Civil Service Code further details the recruitment procedures associated with ASEP, requires work plans and training requirements to be specified annually for public servants with MIPAD to act as the co-ordinating body, and establishes anti-corruption mechanisms. The anti-corruption measures include obligatory declaration of civil servants' assets on a regular basis, require documentation for purchase of fixed assets or goods of significant value by the civil servant or by a member of the family, establish a capacity to investigate sources of income of the civil servant if assets have been modified in a disproportionate way in relation to salary or general financial situation, and provide for prosecution and disciplinary action.

These codes are positive steps to improve the public administration and to curb inappropriate use of public power. Together with the fight against politicisation of the public service, appropriate enforcement of these codes should significantly increase transparency and public confidence by reducing practices of petty corruption and abuses. Of concern though, is that previous efforts to reduce corruption have had great difficulty in being implemented. Resources and staff will be needed to adequately promote the letter and spirit of the codes, and provide efficient and rapid appeal and redress mechanisms through the administrative courts systems or through the new institutions such as the Ombudsman. A critical aspect for their success will be a change in the culture of the bureaucracy toward a more open and accountable style of decision-making, and in the willingness of the judiciary to critically review administrative actions.

2. DRIVERS OF REGULATORY REFORM: NATIONAL POLICIES AND INSTITUTIONS

2.1. *Regulatory reform policies and core principles*

The 1997 *OECD Report on Regulatory Reform* recommends that countries adopt at the political level broad programmes of regulatory reform that establish clear objectives and frameworks for implementation.²⁸ The 1995 *OECD Council Recommendation on Improving the Quality of Government Regulation* contains a set of best practice principles against which reform policies can be measured.²⁹ The efforts in Greece discussed in the previous Section are steps toward convergence with good regulatory practices. If well-implemented, they will improve, for example, transparency and accountability in the application of regulations.

Yet they do not represent a coherent or complete programme of regulatory quality improvement, and in themselves are not a sufficient programme of regulatory reform to contribute significantly to economic performance or to regulatory efficiency. An explicit policy on quality of regulation, with the institutions to carry it out, would boost the benefits of reform for Greece. The absence in Greece of a government-wide policy promoting regulatory quality for social, administrative, and economic regulations is in contrast to many other OECD countries, such as the Netherlands, the United States, Mexico, Hungary, Korea, and Italy. Recent initiatives in Greece indicate that formulation of such a policy may have already begun in practice.

A noteworthy action by the Prime Minister was the commissioning in 1998 of a series of reports on, among other things, the Quality of the Public Administration.³⁰ This report, known as the Spraos Report, recognises that problems exist within the Greek regulatory framework relating to quantity, cost of regulation, quality, and democratic legitimacy. The Spraos Report recommended the adoption of the 1995 *OECD Council Recommendation on Improving the Quality of Government Regulation*. The Report advocated the establishment of an agency to co-ordinate regulatory reform across government, with authority to express opinions on the quality of new regulations, such as legislation, presidential decrees, and ministerial decisions. Further, the report recommended that this agency should prepare a report to be tabled before Parliament on issues relating to regulatory quality. It is encouraging to note that in late 2000 the government has started implementing some of the Report's recommendations.

Concrete implementation of the core principles espoused by the OECD can be found in the recent regulatory reform review conducted by the Ministry of the National Economy. This pilot programme, begun in July 1999, systematically reviewed all regulations made over the last five years within the ministry. The 1995 *OECD Council Recommendation on Improving the Quality of Government Regulation* was used as a guiding principle to assess the quality of the regulations (Box 5). The six month assessment involved the establishment of a regulatory reform group, composed of senior officers from different divisions within the ministry, who prepared the first inventory of all regulations including legislation, presidential and ministerial decisions.³¹

The review is an attempt to systematically assess regulatory quality within the Ministry of the National Economy, and could be a good starting point for other ministries. The lessons learned suggest that its design could be improved. The review lacks, for example, an independent and rigorous assessment of the impacts of regulations, the key information needed to test regulatory quality, and instead begins with qualitative statements about what the laws require. In fact, the review concluded that all legislation, presidential decrees, and ministerial decisions within the ministry are effective and necessary. This includes the 54 ministerial orders that govern the financial sector (these make up more than half the ministerial orders for the Ministry) and the 23 ministerial orders that govern capital markets. The only negative conclusion was that for the establishment of ELKE, the one-stop-shop investment promotion agency (Section 4.2), more could have been done to ensure its success. Without independent input, self-assessment rarely yields highly critical conclusions and provides grounds for the argument that regulatory reform should be co-ordinated by a central agency or at arms-length of the ministries being reviewed.

As a fundamental element of a new regulatory reform policy, the Greek government should develop more explicit and measurable government-wide criteria, such as those in Box 5, for making decisions as to whether and how to regulate, and support those principles with written guidance to ministries. This would help ensure that reform principles are applied equally to new and old regulations, by all ministries. The OECD recommends as a key principle that regulations should “produce benefits that justify costs, considering the distribution of effects across society.” This principle is referred to in various countries as the “proportionality” principle or, in a more rigorous and quantitative form, as the benefit-cost test. This test is the preferred method for considering regulatory impacts because it aims to produce public policy that meets the criterion of being “socially optimal” (*i.e.*, maximising welfare).³² Greece will need to strengthen, step-by-step, capacities for regulatory impact analysis to apply the benefit-cost test.

Box 5. Principles of good regulation

OECD country experience shows that quality standards and an effective regulatory management institution are interdependent. Central oversight is more effective if objective quality standards for regulation are specified to regulate quality. But quality standards and principles are often not enough to improve regulatory habits and counter incentives. An expert government-wide institution should be accountable for overseeing compliance. A concrete and market-oriented set of quality standards should be based in the OECD principles accepted by ministers in 1997, which read:

Establish principles of “good regulation” to guide reform, drawing on the 1995 OECD Recommendation on Improving the Quality of Government Regulation. Good regulation should: (i) be needed to serve clearly identified policy goals and effective in achieving those goals; (ii) have a sound legal basis; (iii) produce benefits that justify costs, considering the distribution of effects across society; (iv) minimise costs and market distortions; (v) promote innovation through market incentives and goal-based approaches; (vi) be clear, simple, and practical for users; (vii) be consistent with other regulations and policies; and (viii) be compatible as far as possible with competition, trade and investment-facilitating principles at domestic and international levels. (*OECD Report to Ministers on Regulatory Reform, 1997*).

2.2. *Mechanisms to promote regulatory reform within the public administration*

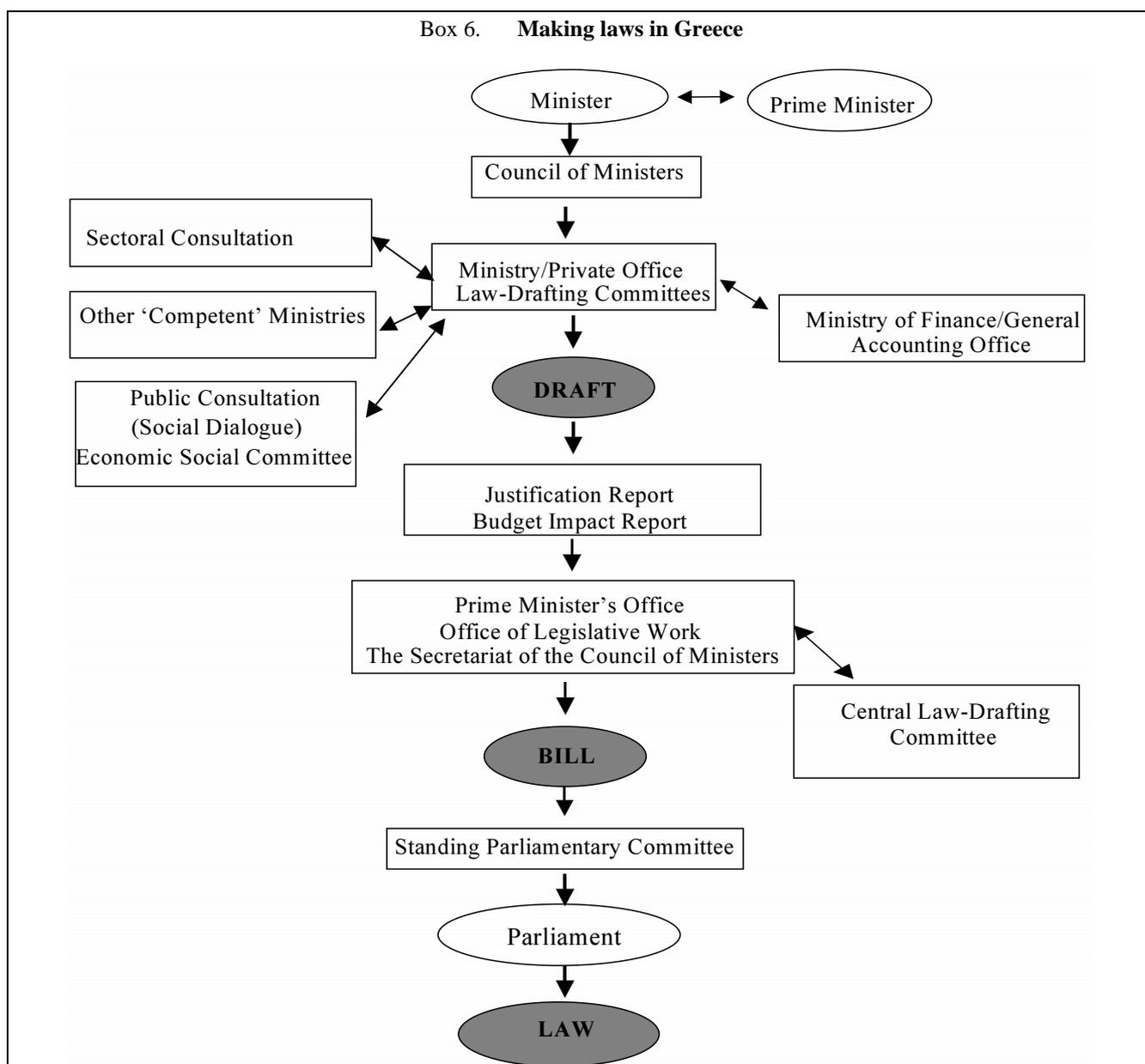
Mechanisms for managing and tracking reform inside the administration are needed to keep reform on schedule and to avoid a recurrence of over-regulation. It is often difficult for ministries to reform themselves, given countervailing pressures, and maintaining consistency and systematic approaches across the entire administration is necessary if reform is to be broad-based. This requires the allocation of specific responsibilities and powers to agencies at the centre of government. As in many OECD countries, Greece emphasises the responsibility of individual ministries for reform performance within their areas of responsibility. This is formalised through Law 1558/1986, which specifies the respective responsibility and competencies of each ministry. Co-ordination of reform in Greece is carried out by inter-ministerial commissions and a few independent bodies that rely on legal controls and peer pressure. As yet, no dedicated body in the Greek administration is charged with monitoring and promoting a programme of regulatory reform and quality improvements.

The procedure for preparing legislation and subordinate regulation is usually initiated through bilateral discussions between the ministry proposing the new law and the Prime Minister's Office. While the Constitution specifies the general process for making legislation, specific procedures are not specified in law but rather rely on a Prime Minister's circular (No. Y866/21-11-1996.) and various administrative procedures. The Office of Legislative Work of the General Secretariat of Council of Ministers examines all the phases in the procedure for preparing legislation and specifically.

- Checks for the prerequisites in draft laws and presidential decrees;
- Prepares, in conjunction with the responsible minister, draft legislation;
- Checks the attestation of the proofs of the Official Gazette before publishing;
- Forwards draft presidential decrees to the Council of State;
- Provides advice to the Prime Minister on issues of legality of government functions.

Development of new legislation follows in general terms the procedure depicted in Box 6. The initial decision to proceed with draft legislation is made by the Prime Minister and the competent minister. The law drafts are prepared either from the competent services or from special law-drafting committees or working groups that are constituted ad hoc for this reason. Intra-governmental consultation is undertaken with other ministries and the Ministry of Finance. At the discretion of the minister, consultation with affected outside parties can be organised at this stage. The draft is sent to the Prime Minister's Office. From this moment, the Office of Legislative Work takes responsibility for the draft. As stated in the formation Law of the Economic and Social Committee (2232/1994), the Minister who drafts the law is required to ask for consultation from the Economic and Social Committee for draft laws that are of economic or social nature (Section 3.1.2). In some cases, all or important sections of the proposed bill are published in newspapers or relevant professional journals. The Central Law Drafting Committee provides legal control to the drafts, then the drafts are sent back to the Ministries for checking and finally the Office of Legislative Work sends the drafts to the Parliament for debate and passage. In the case of amendments to existing laws, the process tends to be quicker and less structured. For ministerial decisions, inter-ministerial and public consultation is left to the discretion of the ministry and is often less than what occurs for primary legislation. However, they are controlled by a special commission of the Prime Minister's Office for their legality and by the Ministry of Finance for their budgetary impacts.

A few other institutions provide quality control or guidance. The *Council of State* has been a strong promoter and key participant in past codification processes. For instance, many of its counsellors have participated to the responsible Committee of MIPAD for reviewing and preparing the new Code of Administrative Procedures of 1999. The *Ombudsman*, whose mission is to investigate citizen's complaints against Public Sector Services, has the power to identify major problematic areas and to recommend specific legal and procedural reforms addressed to the competent ministries, prefecture or local authorities. The latter is achieved mainly through a comprehensive annual report, submitted to the President of Parliament, the PM and the Minister of the Interior, Public Administration and Decentralisation. So far, the *Ombudsman*, established in 1998, has produced two annual reports and a series of shorter reports, and it has witnessed the first positive governmental responses (legal amendments and changes to administrative practices)".³³ Most recently, he has made his first recommendations on reform options to curb petty corruption.



Throughout this process, the legality of the proposed legislation is considered many times. After the responsible minister instructs the ministry to prepare draft legislation, issues such as constitutionality, consistency with other laws including EU directives and legal quality issues are assessed by the Central Law Drafting Committee, the Office of Legislative Work, and the Standing Parliamentary Committee. By contrast, the economic impacts of proposals are not formally evaluated. The Ministry of Finance provides a budget impact assessment for bills and amendments of laws (see Section 3.3), but this covers only a small fraction of the total costs of most regulations, and is not a sufficient assessment of regulatory costs. Specific authorisation is needed when creating a new post in the administration.

For Presidential decrees, the independent Council of State is charged with responsibility for controlling the legality and the quality of drafting.³⁴ It also provides advice on substantive and administrative issues. In many ways, it plays a similar role to the Central Law Preparing Committee. In carrying out its functions, some observers indicate that its high technical standards have won a reputation as a tough guardian of legality. Indeed, in a kind of strategic “institution-shopping,” some ministers have opted to prepare a legislative amendment or ministerial decision to avoid the rigorous scrutiny of the Council of State.³⁵

For ministerial decisions, the responsible ministry prepares and publishes the measure. For ministerial decisions, no external review or assessment for either legal quality or economic impact is performed.

In addition to the bodies already mentioned and directly involved in rule making, other institutions, ministries and agencies intervene on an *ad hoc* basis in managing and proposing regulatory reforms. Located within the Prime Minister’s Office is the *Economic Office*. This is a main economic policymaking body and main advocate and co-ordinator of bills and presidential decrees. It is charged with the promotion of social dialogue on important matters of socio-economic policy such as employment issues, tax, regional development, consumer protection, and competition. In addition, it co-ordinates inter-ministerial consultation and plays a significant role in ensuring overall consistency of the Government’s regulatory proposals.

2.3. Co-ordination between levels of government

Multi-layered regulatory systems are a subject of concern with respect to the efficiency of national economies and the effectiveness of government action. In Greece, sub-national and supranational levels of government administration are inextricable elements of the regulatory framework, and developments at one level affect others. The policies and mechanisms for co-ordinating regulations between the regions and municipalities, the national government, and the European level have been integral in establishing a quality regulatory environment in Greece. In general, accountability and transparency have not yet been adequately assured for regulatory decisions taken at regional and local levels, and more attention is needed here over the next few years.

Until the early 1990s, Greece had a highly centralised structure relying on deconcentrated government offices at the prefecture level (*nomos*). As indicated above, through a series of major reforms undertaken in the past decade, the subnational level has been restructured and empowered. Today, Greece has a three-tier system: 13 deconcentrated regions governed by a council and Secretary General appointed by the government for four years, a decentralised “second level” of 54 prefectures (*nomos*) with each region containing two to five prefectures, and a decentralised “first level” of 1 033 municipalities and communes. The presidents of the first and second levels have been elected since 1998.³⁶

The current reforms intended that all government responsibilities with a sub-national character be devolved. The current distribution of powers between levels of governments is illustrated in Table 2. The municipalities and communities have overall responsibility for the administration of local matters and

promote social, finance, cultural and spiritual interests of their citizens.³⁷ Second level local authorities have responsibility for administrative matters at the prefecture level and for any functions conferred on them by law or presidential decree.

The Council of State is responsible for the judicial control of the legality of the regions' decisions and regulatory powers. The *General Secretary of the Region* exercises the legality control over the acts of the organs of municipalities and communities. All the acts of municipal and communal councils are submitted to the General Secretary of the Region and if he considers them to be illegal he sends them within 15 days to a special *Control Committee*. However, this control focuses only on the legality of the measure, not its necessity or impact. No consultation is required for the preparation of these by-laws, although the Regional Council may organise a public meeting. On the other hand, many communes have occasionally used 'notice and comment' systems. Disputes between communes and *nomos* are settled by the Regional Council and the Secretary General of the region. In the case of disagreement, an appeal can be lodged with the administrative judicial system.³⁸

In terms of *ex post* controls, administrative tribunals, followed by appeals to the Council of State, control the acts and decisions of local governments. However, it may take some time before the devolution of powers and electoral reforms are met by corresponding changes in the relationships between appointed administrators and elected officials. For instance, the Ombudsman cited an example of a newly elected mayor who was reluctant to accept a Council of State resolution on one of his decisions, citing as justification the self-regulating nature of the new communes.

In carrying out functions of licensing, a local government is regulated by the Municipal and Communal Code.³⁹ This code establishes a maximum 30 day limit for acting on a licence. The cost of a licence is set annually by the Law of Finance. However, municipalities keep the payment as revenue. In an effort to raise revenues, municipalities may have an incentive to create new licences with accompanying fees, to shorten the renewal periods and hence increase the frequency with which licence fees are paid, or to strictly monitor and enforce the licence conditions (which may be onerous) to impose penalty payments.

Two representative bodies are in charge of co-ordination and consultation between the national government and lower-levels of government: the Central Union of Municipalities and Communes (KEDKE) and the Central Union of Prefects. Mayors and prefects directly elect the members of these bodies, which are equipped with small secretariats in Athens. These bodies are the main channels for discussion of central government draft proposals or any other issues.

As devolution accelerates and materialises, lower levels of government will need to develop new competencies. OECD country experience indicates that rapid devolution with weak co-ordination and accountability mechanisms can create significant regulatory management problems and reduce the overall quality of regulation. In Greece, this is particularly important as reforms have created a system where multiple levels are responsible for related policy areas. Overlap of responsibilities can be seen in Table 2, where each of the levels of Government has overlapping responsibilities in almost all policy areas. This raises the potential for duplication of services/controls, and inefficient delivery of those services. Furthermore, licences for industrial activities are often blocked at municipal levels, adding significantly to delays and business start up costs.

Transposition of European Union directives has had a very positive influence on the market orientation of Greece's regulatory system. In many cases, this effort has brought impetus and commitment for reform within Greece. Transposition of EU law has allowed Greece to implement laws that would otherwise have been extremely difficult, such as in liberalisation of telecommunications, and electricity.

Table 2. **Division of main regulatory powers across levels of government in Greece**

Policy area	State	Prefectures	2 nd level local authorities	1 st level local authorities
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Security, police	*	*		*(1)
Justice	*	*		
Fire fighting	*	*	*	*
Civil protection	*	*	*	*
Pre-school education	*	*	*(2)	*(3)
Primary and secondary education	*	*	*(2)	*(4)
Vocational and technical education	*	*	*(2)	*(4)
Higher education	*	*		
Adult education	*	*	*	*
Hospitals	*	*		
Individual health departments	*	*	*	*
Family and Youth Services	*	*	*	*
Rest homes	*	*	*	*
Social insurance	*	*	*	
Housing	*	*		
Town planning	*	*	*	*
Water treatment	*	*		*
Household sewage and waste				*
Cemeteries				*
Slaughter houses				*
Environmental protection	*	*	*	*
Theatres, concerts	*	*	*	*
Museums, art galleries, libraries	*	*	*	*
Parks, open spaces	*	*	*	*
Sport and leisure	*	*		*
Religious worship	*	*		
Highways	*	*	*	*
Urban road transport	*	*	*	*
Urban transport, railways	*	*	*(5)	
Ports	*	*	*(6)	*(6)
Airports	*	*		
Gas	*	*		*
Water (irrigation)			*	*
Farming, Fishing	*	*	*	*
Electricity	*	*		*
Commerce	*	*	*	*
Tourism	*	*	*	*
Forestry	*	*		
Licences for other services			*(7)	*(8)

(1) Municipal police

(2) Construction of schools – auxiliary staff

(3) Nurseries and kindergartens

(4) Repair and maintenance of schools

(6) By Presidential Degree the management of the ports can be transferred to prefectural or local Port - funds

(7) License for enterprise function

(8) License for creation & function of certain enterprises

Source: Information provided by Greece, March 2000.

However, implementing the *acquis communautaire* has been difficult in terms of content and speed of transpositions, and Greece has appeared reluctant to take advantage of the opportunities offered by the European single market. In some areas, Greece has sought derogations that delayed important reforms and the benefits for Greek consumers and workers that they would have brought. In the latest EU Scoreboard, Greece has the highest deficit of directives yet to be transposed.⁴⁰

For the preparation and negotiation of new directives, the responsibility is delegated to competent ministries supervised when necessary by the Ministry of Foreign Affairs and/or the Ministry of National Economy". These two ministries have alternated as the centre of European policy co-ordination, while their relations have sometimes been tense.⁴¹ In principle, the line ministries are responsible for organising public consultation on draft directives and co-ordinating with the Greek delegation in Brussels. In practice, public consultation has been limited.

Since Greece's accession to the EU in 1981, the Parliament has delegated to the government the task of transposing EU Directives (Law 1338/83). This law provides discretion to enact through a fast track procedure the EU obligations through amendments of new texts of laws, presidential decrees or ministerial decisions. In practice, the choice of instrument used to transpose an EU directive depends on long-standing tradition or the discretion of the ministry's legal services.⁴² Very often, ministries use presidential decrees or ministerial decisions, as they speed up the adoption process. During the transposition process, quality control and consistency across the government is provided via the Law 1338/83, which requires the Ministry of the National Economy to sign off on all EU measures. This co-ordination has been particularly important for Greece, and deserves some credit for the progress made in reaching the criteria for joining EMU.

3. ADMINISTRATIVE CAPACITIES FOR MAKING NEW REGULATION OF HIGH QUALITY

3.1. *Administrative transparency and predictability*

Transparency of the regulatory system is essential to establishing a stable and accessible regulatory environment that promotes competition, trade, and investment, and helps ensure against undue influences by special interests. It reinforces the legitimacy and fairness of regulatory processes yet as a multi-faceted concept it is not always easy to establish in practice. Transparency involves a wide range of practices, including standardised processes for making and changing regulations; consultation with interested parties; plain language in drafting; publication, codification, and other ways of making rules easy to find and understand; and implementation and appeal processes that are predictable and consistent.

In Greece, a growing number of reforms are promoting more transparent, open, and consultative procedures for making regulations. At the same time, long-standing practices continue to hinder openness and participation by the public in Greek regulatory development. On the whole, compared to other OECD countries, Greece is lagging behind in improving regulatory transparency.

3.1.1. *Transparency of procedures: administrative procedure laws*

Transparent and consistent processes for making and implementing regulation are fundamental to confidence in the rulemaking process and to opportunities of stakeholders to participate in decisions important to them. The rulemaking process is less structured in Greece than in many OECD countries. Greece does not have a specific law or regulation setting out rule-making practices, apart from the general provisions in the Constitution, as discussed in Section 2.2. Relevant practices arise from various sources, and important elements of rule-making procedures are left to informal administrative traditions and the discretion of ministries.

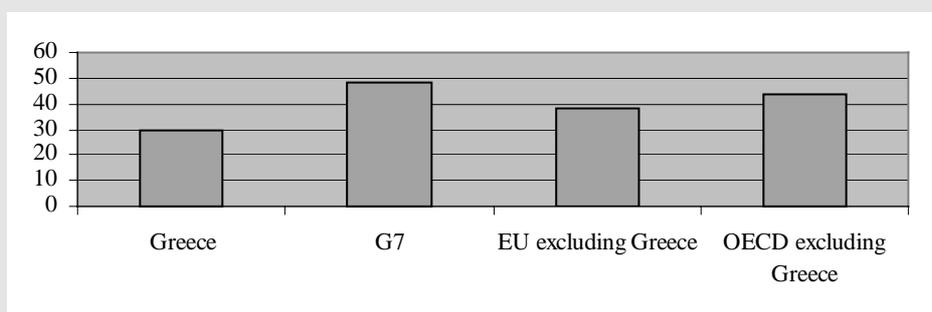
Most regulatory development and quality control activities are wholly internal to ministries. Even within the public administration, inter-ministerial communication on draft legislation is limited to “competent” ministries. A ministry not specifically defined by law as “competent” will discover a proposed bill only when it is discussed by the Council of Ministers. This limits the scope for ministries to have meaningful input into the development of laws and compounds the fragmented or “silo” effect of policy.

This is compounded by the fact that amendments to existing legislation are not subject even to the minimal processes for primary laws. Supporting documentation is not required, except on budgetary impacts. No external institution reviews the content of amendments or their consistency with other laws. “Social dialogue” is seldom undertaken. In this regard, the Speaker of the House recently made considerable efforts to reduce the number of amendments before Parliament.⁴³

As in most OECD countries, subordinate regulations must be authorised by a higher-level law or regulation, but administrative processes for developing subordinate regulations mostly lack any check of economic impacts or policy results.

Box 7. Transparency of regulatory systems in selected OECD countries⁴⁴

Based on self-assessment, this broad synthetic indicator is a relative measure of the openness of the regulation-making and regulatory review system. It ranks more highly national regulatory systems that provide for unrestricted public access to consultation processes, access to regulation through electronic and other publication requirements, access to regulatory impact analysis, and participation in reviews of existing regulation. It also ranks more highly those programmes with easy access to licence information, which tends to favour unitary over federal states. Greece scores below the EU, the OECD, and G7 averages. This is due to the fact that Greece does not publish its forward plans for regulation, public consultation does not occur for all regulatory proposals, and impact assessment is not required.



Source: Public Management Service, OECD 1999.

3.1.2. Transparency as dialogue with affected groups: use of public consultation

From ancient times, the Greeks have set the global benchmark for vigorous public debate and discussion on policy issues. Rule making today continues to create considerable public interest. However, except for a few limited mechanisms (see below), public consultation is not formalised. Mechanisms for consultation are left to the discretion of individual ministers or senior officials. The lack of a systematic and transparent public consultation mechanism reduces the quality of Greek regulation in several ways:

- It increases the vulnerability of the public sector to capture or undue influence by particular interests.
- It can also cause regulatory mistakes, due to inadequate information about nature of the problem and the real-world impacts of decisions.

- It reduces government credibility and the legitimacy of government action. In some cases, the lack of adequate consultation mechanisms has meant that, when they are made public, regulatory issues rapidly turn into protest and negative media reactions.
- Lack of adequate consultation is a missed opportunity to obtain crucial information on compliance and impacts. This may be compounded by a tradition of corporatist culture prone to capture, which makes reformers weary of consultation.

In practice, the informal public consultation processes actually used depend on the ministry and the inclination of the minister in charge. Many advisory committees exist, often created by sectoral laws. For instance, since 1994 the Ministry of Development consults consumer associations on issues related to consumer welfare via the National Consumer Association Council.⁴⁵ To date the Association has been called upon twice to express its opinion on laws that affect consumers. On the other hand, some ministries, such as the Ministry of Development, organise *ad hoc* meetings to discuss drafts with interested parties. In such cases, the ministry itself chooses the participants. A consultation mechanism on the reform of the administration was recently established in Law 2839/2000: the National Council for Administrative Reform. This Council discusses administrative reform proposals and is comprised of representatives of social and financial institutions, labour unions, scientific institutions, and the Parliament.

Public consultation is particularly limited for subordinate regulation, such as ministerial decisions, interpretative circulars and presidential decrees. They are seldom discussed outside the ministry or the Council of State (in the case of presidential decrees). Furthermore, in the preparation of EU directives, consultation is rarely undertaken, limiting Greece's ability to put forward a comprehensive view when negotiating.

Box 8. Consultation in Greece in the reforms of the postal service

During the three-year period from 1997-1999 a number of regulatory changes were made to enhance the capacity and efficiency of the Hellenic Postal Organisation (ELTA). The application of Law 2414/96 (on the modernisation of Public Enterprises and Organisations) and Law 2668/98 (on the organisation of the sector providing postal services) brought the regulatory framework for the operation of the postal market in line with EU regulations.

Throughout this reform process, consultation with the public service unions was integral part. Consultation involved the publication of studies on the proposed changes as well as supporting documentation produced and distributed for comment. According to the Greek Trade Union Confederation (GSEE) this process, including forward notification and early participation should be considered as a model for other sectoral reforms in Greece.

Sources: Hellenic Post, OECD Economic Survey – Greece (1998), and information provided by Greek Trade Union Confederation (GSEE).

The only formal consultative mechanism is the tripartite Economic and Social Committee (ESC).⁴⁶ It was formed in 1994 to represent interest groups in Greece: employers and businessmen as one group; employees and civil servants as another; and citizens, local authorities, independent professions as the third. The separate views of each of these three groups are given equal treatment and are all distinct from State power. The role of the ESC is to promote “social dialogue” through the formation of common positions on issues concerning society as a whole.

The ESC expresses a reasoned opinion on important issues related to labour relations, social security, taxation measures, and matters of socio-economic policy in general. The procedure involves the competent ministry requesting the opinion of the Committee. The committee issues its view within 30 days. The ESC reviews all “important” regulations, but the criteria for an important law are unclear, and the Council has no enforcement powers. As a result ministers choose when they want to consult the ESC and if they wish to accept its opinion. For example, changes to the telecommunication law were not discussed by ESC.

Notwithstanding this, the ESC is seen as an important improvement in the consultative approach to the development of legislation. Today, it has become a well-accepted forum by the unions and the employers for important regulatory discussions.

In terms of forward planning of regulations, Greece co-ordinates its legislative production through the Secretariat of the Council of Ministers. This secretariat prepares a list every three months (according to the No. Y866/21-11-1996) of proposed laws as well as a concise report on the planning and progress of the legislative production of ministries, including presidential decrees and ministerial decisions.⁴⁷ However, this report is not made public and thus public awareness of future regulatory proposals is limited to political announcements, EU decisions prior to introduction in Greece, and advertisement of draft legislation in newspapers prior to consideration by parliament. There is no forward planning for other forms of regulation.

Box 9. Best practices in consultation: “notice and comment” in the United States

The 1946 Administrative Procedure Act (APA) established a legal right for citizens to participate in rulemaking activities of the federal government on the principle of open access to all. It sets out the basic rulemaking process to be followed by all agencies of the US Government. The path from proposed to final rule affords ample opportunity for participation by affected parties. At a minimum, the APA requires that in issuing a substantive rule (as distinguished from a procedural rule or statement of policy), an agency must:

- i)* Publish a notice of proposed rulemaking in the Federal Register. This notice must set forth the text or the substance of the proposed rule, the legal authority for the rulemaking proceeding, and applicable times and places for public participation. Published proposals also routinely include information on appropriate contacts within regulatory agencies.
- ii)* Provide all interested persons – nationals and non-nationals alike – an opportunity to participate in the rulemaking by providing written data, views, or arguments on a proposed rule. This public comment process serves a number of purposes, including giving interested persons an opportunity to provide the agency with information that will enhance the agency’s knowledge of the subject matter of the rulemaking. The public comment process also provides interested persons with the opportunity to challenge the factual assumptions on which the agency is proceeding, and to show in what respect such assumptions may be in error.
- iii)* Publish a notice of final rulemaking at least thirty days before the effective date of the rule. This notice must include a statement of the basis and purpose of the rule and respond to all substantive comments received. Exceptions to the thirty-day rule are provided for in the APA if the rule makes an exemption or relieves a restriction, or if the agency concerned makes and publishes a finding that an earlier effective date is required “for good cause”. In general, however, exceptions to the APA are limited and must be justified.

The American system of notice and comment has resulted in an extremely open and accessible regulatory process at the federal level that is consistent with international good practices for transparency. The theory of this process is that it is open to all citizens, rather than being based on representative groups. This distinguishes the method from those used in more corporatist models of consultation, and also from informal methods that leave regulators considerable discretion in who to consult. Its effect is to increase the quality and legitimacy of policy by ensuring that special interests do not have undue influence.

Greece has lagged other OECD countries in creating public consultation mechanisms. This weakens the accountability of the ministries, and reduces their ability to assess impacts, reactions, and compliance issues for new regulations. A government-wide policy on the use of consultation in making and amending regulations is key to improving regulatory quality. A wide variety of forms of consultation (including notice and comment, circulation for comment, information consultation, advisory groups and public hearings) can be developed, together with guidance and methodological help for successful application. Notice and comment processes are the most open form of consultation, and should be implemented as a complement to other forms of consultation (see Box 9). It will be important to ensure that ministries carry out any new procedures systematically and consistently, that draft regulations are published early enough to allow meaningful public review, and that ministries actually respond to public comments, even if to explain why comments were not accepted.

3.1.3. *Transparency in implementation of regulation: communication*

Transparency requires that the administration effectively communicates the existence and content of all regulations to the public, and that enforcement policies be clear and equitable. In Greece, once passed by Parliament (in the case of legislation) or signed by the President after approval by the Council of Ministers (in the case of presidential decrees), new regulations are published in the Official Gazette. This material is also available electronically through the National Printing House.⁴⁸

In addition, Greek laws, codified 40 different sections can be found in the "Permanent Code of Legislation", which contains their update. The code consists of 105 volumes and is published in the magazine "Pandektis" which is sent to subscribers. The index is to be computerised by early 2001. Moreover, the government (MIPAD and the Ministry of Justice) with the help of the Council of State has embarked on a continuing effort to prepare codes of the decisions of courts covering specific policy areas.

De facto transparency can be reduced when a legal and regulatory framework faces instability through constant revision and amendments. In such a case, understanding the current state of law is beyond most citizens and most businesses. Greece seems to be confronting such a situation. For instance, a growing consulting industry has emerged to provide advice on government requirements as well as to provide physical services such as queuing for certificates and filing of applications.⁴⁹

A second problem that reduces regulatory communication in Greece is the lack of formal requirements to publish ministerial decisions and circulars in the Official Gazette. It can be difficult for business and citizens to identify the full requirements of the law. For example, ELKE, the one-stop-shop for foreign investors, has made considerable efforts to compile a complete database with all licences and permits needed to start a business in Greece. But despite the considerable investment in continuous research on the forthcoming parliamentary agenda (to know what laws are likely to be passed), despite reviewing every issue of the Official Gazette, professional journals, and other legal documents, they have not been able to assure that their list is complete and accurate. A few years ago, Mexico confronted a similar problem and resolved it through a programme that created a central registry of formalities. This registry has positive security, that is no licence, permit or other formality is allowed unless on the registry and no licence can be placed on the registry unless approved by an independent assessor who ensures a minimum quality criteria. The register is now available through the Internet.⁵⁰

Finally, it should be noted that through the numerous legal review processes the quality of legislation is improved, but understanding and accessibility to the average Greek is hindered by the fact that plain language drafting is not required as part of those review processes.

3.1.4. *Compliance, application and enforcement of regulations*

Greece faces important challenges in terms of application and compliance of laws and regulations due in part to a lack of communication and co-ordination between ministries. A scarcity of funds to enforce regulations and delays in establishing enforcement institutions compounds the problem,⁵¹ as does a lack of consideration, at the development stage of a regulation, of the ability of citizens and entrepreneurs to comply. An increasingly complex legislative system seems to focus more on the creation of new laws than on the performance of existing laws.

A study on the implementation of EU directives on water quality illustrates these challenges. The study concluded that “taking a broader perspective, the [compliance and implementation problems] tend[ed] to discredit rules and regulations, to encourage *de facto* situations and to undermine the development of a civic culture or respect for law and order”.⁵² Additionally, anecdotal evidence related to the large informal sector suggests a serious challenge to regulatory compliance in Greece. Key elements for improving the situation include strict controls on inconsistent application of the law by public servants, and clear rules and regulations governing business inspection and the authorisation processes (*i.e.* licences and permits).⁵³ Recent initiatives such as the Code of Administrative Procedure, and the Civil Service Code are welcome steps, and will need to be strictly enforced.

Weaknesses in regulatory enforcement processes, due in part to budgetary constraints and co-ordination difficulties among different parts of the administration, also undermine compliance. Difficulties can also be related to the political process. For instance, owners of a building without an official building permit sometimes use personal contacts to get connected to public services (telephone, water, electricity, etc.). After a certain time, the owner organises a support group in the neighbourhood to lobby a local politician to legalise the building. This example provides a strong demonstration effect that compliance is unnecessary and that laws can be navigated around rather than complied with.

Administrative justice is provided by administrative courts and by the Council of State as the Supreme Court.⁵⁴ The system is accepted as fair and effective. However, as in many OECD countries, the administration of justice in Greece is slow and expensive, with a substantial backlog of pending cases. For instance, the Ombudsman has estimated that on average an administrative appeal needs 3 to 5 years to reach the Council of State and costs around 2 000 dollars in lawyer’s fees and other costs.⁵⁵ But the creation of the Ombudsman and a programme launched by the Ministry of Justice and the MIPAD to computerise the judiciary system should quicken administrative justice.

3.2. *Choice of policy instruments: regulation and alternatives*

A core administrative capacity for good regulation is the ability to choose the most efficient and effective policy tool, whether regulatory or non-regulatory, while respecting the principles of transparency and accountability. The range of policy tools and their uses is expanding in OECD countries as experimentation occurs, learning is diffused, and understanding of the markets increases. At the same time, administrators often face risks in using relatively untried tools, bureaucracies are highly conservative, and there are typically strong disincentives for public servants to be innovative. Reform authorities must take a lead role that is supportive of innovation and policy learning, if alternatives to traditional regulation are to make serious headway into the policy system.

For Greece, the use of command and control regulations is heavily predominant, and there are few examples of the use of innovative policy instruments. Even compared to the low rates of use in other OECD countries, Greece seems relatively un-innovative. A tradition of using legalistic and administrative procedures as the main regulatory instrument hinders the consideration of alternatives, as does the lack of a specific policy and awareness of alternative mechanisms. Furthermore, low levels of compliance with traditional regulation makes the bureaucracy sceptical about the prospects of new techniques.

Recent progress in the use of alternatives in the area of environmental protection may be a pilot for other sectors.⁵⁶ The main type of alternative instrument used is economic instruments.⁵⁷ A number of economic instruments are in use in Greece (see Table 3). Municipal water and sewerage charges are mostly based on volumetric rates, but sometimes are levied per square metre of surface area of the buildings connected to the networks and are earmarked for financing the water supply and sewerage networks operated by municipalities.

Table 3. Economic instruments used in Greece

Instrument	Rate/calculation method	Observations
Industrial water supply charges	One-off charge for connecting to public water supply: GRD 1 400 – 30 000 Pricing in Athens (per month): GRD 230/m ³ for up to 1 000 m ³ GRD 270/m ³ for over 1 000 m ³	In Thessaloniki, craft industries pay about one-third of charge.
Irrigation water charges	Annual charge of GRD 30 000 – 70 000/ha for surface irrigation canals Volumetric rates recently introduced for newly built piped networks	Payable to local land improvement boards by farmers receiving water from community irrigation projects (40% of total); farmers supplied by private projects (60% of total) not subject to the charges fees cover administration, operation and maintenance costs.
Municipal water supply charges	Fixed charge GRD 480/month for network maintenance Pricing in Athens (per month) 0-5 m ³ :GRD 100 5-20m ³ :GRD 155 20-27 m ³ :GRD 427 27-35 m ³ :GRD 600 >35m ³ :GRD750 Pricing in smaller cities varies considerably, for instance: In Orestiada :GRD 88/m ³ In Kerkyra :GRD 543/m ³	An upper bound on water charges is applied for families with 3 or more children.
Municipal waste disposal charge	Dumping charge, EUR 6-15 per tonne.	Payable to local government associations running landfills.
Municipal waste water treatment charge	Progressive volumetric rate applied in Athens – equal to about 40% of water supply charge.	Revenue is earmarked to finance collective treatment infrastructure.
Industrial waste water treatment charge	One-off charge for connecting to public sewerage system: GRD 1 000 – 285 000 Flat rate of GRD 50 per cubic metre.	Applies to industries in areas equipped with waste water treatment plants only.
Fines for violating air emission limits	Cars: GRD 5 000 – 10 000. Stationary combustion sources: GRD 1 million.	Revenue channelled to Green Fund.
Special tax on PPC	0.4% of revenue of PPC's lignite-fired power plants	Part of proceeds used to fund environmental protection activities in regions surrounding lignite-fired power plants.
Excise tax on vehicle fuels	Leaded gasoline: GRD 127/litre Unleaded gasoline: GRD 111/litre Diesel/gas oil: GRD 77/litre LPG (propellant): GRD 32/litre Kerosene (propellant): GRD 77/litre	GRD 5/litre is channelled to Green Fund; half earmarked for air pollution control measures. Reduced excise tax on used oil may apply in some regions.

Instrument	Rate/calculation method	Observations
Income tax exemption for purchase of natural gas appliances	75% of expenses incurred for purchase and installation of appliances.	Funded under Energy Operational Programme.
VAT on motor vehicles	18% on all motor vehicle fuel. 8% on fuel used for public passenger transport. 6% on fuels used for travel within and between certain islands by air and sea.	
VAT on energy products	18% for energy products 0% for natural gas not used as propellant (economic incentive).	The funds collect by applying this taxation go to the general budget of Greece.
Special consumer tax on imported cars	Calculated as a function of the engine capacity of the car and its sales price.	Tax was reduced by 60% for lightweight vehicles during a scrapping program introduced by the Ministry of Environment in the early 1990s.
Road vehicle circulation fee	GRD 15 000-50 000 per vehicle per year.	Applies to private cars, motorcycles, trucks, other vehicles that use public roads. Funds collect go to the general budget and are allocated for the maintenance of the public road network.
Tax on quarry products	2-5% of product value	Payable by quarry owners to the respective municipality to be used for environmental protection ends.
Performance bond for quarry operators	GRD 250 000-300 000 per 1 000 m ² of quarry	Bond serves as a guarantee to ensure that site restoration will be carried out after the end of operations.
Fines for causing marine pollution	400 fines imposed in 1997 yielded GRD 388 million	Revenue channelled to Blue Fund.
Entrance fees to national parks	GRD 200 – 1 200 per visitor	Revenue generally used for park maintenance.

Source: OECD (2000), *Environmental Performance Review—Greece* (based on data available up to September 1999, EU).

Over recent years, Greece has made use of voluntary instruments concerning environmental issues. An example of voluntary environmental action in this context, on the part of industry, is provided by the creation in 1992 of the Hellenic Recovery and Recycling Association (HERRA) at the initiative of the aluminium industry, before any legislation, on the subject had appeared. HERRA operates recycling programmes in co-operation with schools and municipalities. Nevertheless, Greek Government has used voluntary agreements with economic sectoral groups to a lesser extent.⁵⁸

As part of EU membership, Greece is also implementing various programmes on Eco-Management and Audit Scheme (EMAS) as well as Eco-labelling.

Concerning EMAS, the Greek Chamber of Commerce and Industry and the Hellenic Organisation of Small and Medium sized Enterprises provide guidance to their members on implementing EMAS, advising them for example, to organise seminars. The Hellenic Ministry for the Environment, Physical Planning and Public Works has begun to encourage EMAS implementation in state-owned industry through the implementation of various pilot projects and intends to promote it to Small and Medium sized private Enterprises in the near future. Moreover, the General Secretariat of Industry, under the Ministry of Development, recently launched a pilot programme for the implementation of ISO 14001 and EMAS in private companies, with a total budget of GRD 900 million; 104 companies have already been approved for ISO 14001 or EMAS implementation under this initiative.

Moreover and in the context of voluntary instruments, there are various ongoing Eco-labelling programmes in Greece and others which are currently being put in place, including:

- The Eco-label Award Scheme implemented in Greece through the Supreme Board for Awarding Ecological Labels (ASAOS), on which industry organisations, unions, NGOs and consumer groups are represented. It should be noted that Greece is the leading country for the bedmattresses product group and a pilot project of tourist services. In this respect, the General Secretariat of Industry, has recently launched a pilot programme to encourage eco-labelling of products in private companies, with a total budget of GRD 50 million, under which ten companies have already been approved,
- Energy efficiency labelling for household appliances, particularly refrigerators and freezers.

3.3. *Understanding regulatory effects: the use of Regulatory Impact Analysis (RIA)*

The 1995 OECD *Recommendation on Improving the Quality of Government Regulation* emphasised the role of RIA in systematically ensuring that the most efficient and effective policy options were chosen. The 1997 *OECD Report to Ministers on Regulatory Reform* recommended that governments integrate RIA into the development, review, and reform of regulations. A list of RIA best practices is discussed in detail in *Regulatory Impact Analysis: Best Practices in OECD Countries*, and provides a framework for the following description and assessment of RIA practice in Greece.⁵⁹

Greece is drawing closer to adoption of a formal requirement to undertake regulatory impact analysis, due to the work of an interministerial committee created by the Public Administration Ministry in 2001 that is considering the OECD's recommendations, including those on RIA.⁶⁰ However, there is as yet no requirement to undertake RIA, and its lack has been a major gap in Greece's regulatory quality controls.⁶¹ Policy officials do not base decisions on a clear assessment of the costs and benefits of proposed government actions, such as impacts on economic activity. But in moving to a market-led growth strategy fully integrated with Europe, such impact assessments are critical in ensuring that government actions are consistent with market-oriented principles of quality regulation.

For some time, business groups and academics within Greece have campaigned for RIA. In 1990, the Federation of Greek Industries (SEV) sent a proposal to the government to introduce a formal impact assessment process for all new regulations, and followed that proposal in 1991 with a further clarification.⁶² Most recently, the *Spraos Report* recommended to the Prime Minister in 1998 that RIA as recommended by the OECD should be implemented.⁶³

Since 1990, according to the joint ministerial decision 69269/5387/90 which defines the various classes of projects subject to EIA, Greece has required the conduction and submission of EIA statements for public and private projects and investments. In this context, they provide full assessment of environmental issues relating to regulatory proposals and they are submitted to the Greek Ministry of the Environment, Physical Planning and Public Works for review and approval. Their impact on developments within Greece has been considerable. For example, in 1994, the Council of State ruled in favour of Greek environmental NGOs on the Acheloos River diversion project that aims to irrigate 380 000 ha in the Thessalia plains, supply water to the towns of Larissa, Trikala and Volos and allow 5 hydroelectric stations to be built. The Council of State with its ruling ordered the works to be discontinued because no conclusive complete EIA has been done for the entire project. The major claim was relating to a high risk for marine water intrusion in the Mesolonghi wetlands at the Acheloos Delta. A complete EIA which proposes a series of measures to prevent harmful impacts on the environment, has since been carried out.

- All draft legislation is required to be accompanied by a Justification Report.⁶⁴ This report is a qualitative description of the intents and objective of the proposed measure. It is prepared by the ministries at the end of the legislative process and often contains one or two paragraphs describing in qualitative terms the benefits of the proposal. Its intent is to provide sufficient justification for the proposed bill. A justification report is not required for subordinate legislation, presidential decrees, and ministerial decisions.
- Laws and regulations with impacts on the public budget need to be authorised by the Ministry of Finance. This procedure is strictly applied, and seems to be quite effective (see Box 10).
- A proposing agency has to prepare a further report when requesting the recruitment of new personnel. A Tripartite Committee, in the Prime Minister’s office, submits this document for written approval (see Section 2.2).
- Since 1990, Greece has required environmental impact assessments (EIA) for public investments (see joint ministerial decision 69269/5387/90 which defines the various classes of projects subject to EIA). They provide full assessments of environment issues relating to regulatory proposals and they are sent to the Greek Ministry of the Environment (YPEHODE) for review and approval. They have had real impacts on developments within Greece. For example, in 1994, the Council of State ruled in favour of Greek environmental NGOs on the diversion of the Acheloos Rivers and ordered that work be discontinued because no conclusive, complete EIA had been undertaken for entire project. The major claim related to a high risk of marine water intrusion in the Missolonghi wetlands of the Acheloos delta. A complete EIA has since been carried out; it proposes measures to prevent harmful impacts on the environment.

Box 10. A step toward RIA: the budgetary impact report

Budgetary impact assessment within Greece provides an important precedent for establishing full regulatory impact analysis. Budgetary impact assessment is closely related to RIA, though the latter is a more comprehensive economy-wide assessment rather than a strict focus on fiscal costs to government.

Mandated by the Greek Constitution, all legislative proposals, including amendments, must be accompanied by a budgetary impact assessment.⁶⁵ This assessment reviews the future impact on the budget of the legislative proposal. It is prepared by a specific office in the Ministry of Finance, Directorate Number 21, and it is signed the Ministry of Finance. Without a Budgetary Impact Assessment, Parliament cannot discuss or vote on a proposed bill.

To prepare the budgetary impact assessment, ministries proposing new legislation need to send to the Ministry of Finance relevant information under a specific format. If this information is erroneous or inadequate, the Ministry of Finance has the authority to reject the format or require supplementary information. For example, a proposal in 1994 that would have changed the recruiting process for junior civil servants was required to be amended once the budgetary impact became fully known.⁶⁶

Budgetary impact assessments tend to be extremely detailed with some containing hundreds of pages of spreadsheet data. The content is focused solely on the expenditure estimates and the material contained is sufficient to allow Greece’s annual budget to be prepared and for Parliament to make informed decisions about future financial commitments.

Given that Greece’s use of RIA is in its infancy, the following discusses best practice within the OECD and highlights how Greece’s capacity can be enhanced, in the short and medium term, to meet OECD standards.

Maximise political commitment to RIA. Use of RIA to support reform should be endorsed at the highest levels of government. In the case of Greece, an explicit policy by the highest levels of government could be the next step, as there is already some recognition that RIA has considerable merit and should be

undertaken across the administration.⁶⁷ Perhaps, given the Greek legal culture this could be ratified by law and include subordinate regulation. Moreover, the Parliament, such as in Italy, could become a promoter of this decision-making tool.

Allocate responsibilities for RIA programme elements carefully. To ensure “ownership” by regulators, while at the same time establishing quality control and consistency, responsibilities for RIA should be shared between regulators and a central quality control unit. RIA should be prepared by the ministries proposed new regulations for two main reasons. First, RIA is a tool to improve the responsibility and accountability of those proposing regulations and second because an appropriate RIA needs the best information concerning the regulation. However, a central element of a RIA mechanism is the need to have an independent and objective assessment. As such, a technical unit should be established at the highest and at the closest level to the centre of government with the technical capacities to conduct the reviews, and with the clout and credibility to enforce the RIA discipline. To further increase accountability, RIA should be signed-off by ministers or by high level officials.

Train the regulators. Regulators must have the skills to prepare high quality economic assessments, including an understanding of the role of impact assessment in assuring regulatory quality, and an understanding of methodological requirements and data collection strategies. All complex decision-making tools, such as producing adequate RIA demand a learning process. Greece’s learning curve will be steeper for the proponent ministries due to the lack of economic evaluation training. It is thus vital that the Greek RIA programme considers from the outset a prolonged investment in training, guidance and a central help desk. Specific courses should be organised. Care should be taken to assure that RIA requirements are planned in an evolutionary way, making them more precise and stringent as the capacities of the ministries improve.

Use a consistent but flexible analytical method. Except when evaluating budgetary impacts, the current impact assessment in Greece are limited to qualitative impacts. However, a RIA programme in Greece should be based from the beginning on quantitative assessment and methodologies, which assure consistency and objectivity. A practical strategy with which to start can be to concentrate, like the UK, on compliance costs of businesses. As capacities to prepare and evaluate the RIA increase, the longer term goal could shift to establish a full benefit-cost analysis.

Target RIA efforts. RIA is a difficult process that is often opposed vehemently by ministries not used to external review or time and resource constraints. The preparation of an adequate RIA is resource intensive task for drafter of regulations. Experience shows that central oversight units can be swamped by a large numbers of RIA concerning trivial or low impact regulations. As such, it is thus vital from the outset for Greece to target RIAs for those proposals that are expected to have the largest impact on society. Alternatively, a two-step RIA mechanism could be devised requiring a simple RIA for all measures and a complete RIA for specific proposals when the central evaluator or the proponent ministry deems that the compliance costs will be above a certain range.

Develop and implement data collection strategies. The usefulness of a RIA depends on the quality of the data used to evaluate the impact. An impact assessment confined to qualitative analysis would provide fewer incentives for regulators to be accountable of their proposals. Since data issues are among the most consistently problematic aspects in conducting quantitative assessments, the development of strategies and guidance for ministries is essential if a successful programme of quantitative RIA is to be developed. An interesting practice that Greece could launch consists in adapting the Danish system of panel tests where randomly selected firms evaluate the potential costs of a proposed regulation.⁶⁸

Integrate RIA with the policy making process, beginning as early as possible. Integrating RIA with the policy making process is meant to ensure that the disciplines of weighing costs and benefits, identifying and considering alternatives and choosing policy in accordance with its ability to meet objectives are a routine

part of policy development. In some countries where RIA has not been integrated into policymaking, impact assessment has become merely an *ex post* justification of decisions or meaningless paperwork. Integration is a long-term process, which often implies significant cultural changes within regulatory ministries. For Greece, this could involve setting up a system similar to the Hungarian “two-step approach”, where a pre-RIA focusing on the policy content is prepared before the drafting of the text starts. Then a second RIA is prepared progressively together with the drafting of the text and is annexed to it when the measure is discussed in the Council of Ministers, the Council of State or Parliament. A further step would be to publish such a list as a forward regulatory planning mechanism.

Involve the public extensively. Public involvement in RIA has several significant benefits. The public, and especially those affected by regulations, can provide the data necessary to complete RIA. Consultation can also provide important checks on the feasibility of proposals, on the range of alternatives considered, and on the degree of acceptance of the proposed regulation by affected parties. A powerful way that Greece could use to formalise public consultation and at the same time improve rapidly the quality of RIAs – and foster accountability across regulators – is to require the publication of a RIA through a ‘notice and comment’ mechanism. Indeed, a ‘name and shame’ mechanism is often the strongest incentive and/or sanction a public servant may have.

3.4. *The changing institutional basis for regulation*

Economic structural reforms promoted as part of EU membership and accelerated through the drive to join EMU have required the establishment of new or the remodelling of existing sectoral regulators. These regulators are designed to provide regulatory oversight in liberalised sectors. The most notable are the Capital Markets Commission established in 1996, the Energy Regulatory Authority established in 1999, and the National Telecommunications and Postal Services Commission established in 1998.

However, in most cases, the establishment in Greece of sectoral regulators has lagged behind the deregulation and privatisation process, they do not operate as truly independent regulatory authorities and resource constraints limit the scope of their mission. For example, the European Commission has issued a number of infringement procedures in regards to financial services and delay in implementing EU Directives that would enhance regulatory supervisory powers.⁶⁹

Greece does not have an co-ordinated institutional framework for creating and operating these sectoral regulators. They tend to be established in an *ad hoc* manner, often due to an international obligation or commitment. This is particularly evident where the role of the regulatory authority is circumscribed and true regulatory oversight remains vested within the ministries. For example, the recently established Energy Regulatory Authority will not set tariffs for transmission or user charges, nor will it assess applications and grant authorisations for generation of supply licences.⁷⁰ Its role is limited to one of providing advice to the Ministry of Development that will ultimately make such decisions (see background report to Chapter 5).

A key element in an adequate institutional architecture is ensuring an appropriate relationship between the Competition Commission and the sectoral regulators. There are a number of sectors, including transport, telecommunications, broadcasting, petroleum, and electricity, that enjoy explicit exclusion or exemption from competition laws. This has the potential to undermine free competition and confuses the market about the role of the sectoral regulator and the Competition Commission (see background report to Chapter 3).

In contrast to the reluctance from ministries to cede power to sectoral regulators, the establishment of the Capital Market Commission has been accepted as a highly successful step in building long-term confidence in a key economic sector.⁷¹ Importantly, the independence of this Commission is based not only on a clear statute with well-defined functions but also on an adequate resource base independent from the government budget and a flexible staffing policy that allows the Commission to attract and keep competent staff. In this case, the Commission has been partially exempted from the most rigid recruiting rules centrally overviewed by ASEP and it is free to pay staff according to market prices rather than the official government salary scale.⁷²

The successful operation of sectoral regulators and appropriate oversight of liberalised markets requires co-ordination between regulators, they must be granted sufficient independence from ministries and firms being regulating, and the resources and skills must be adequate for the sector being supervised.

4. DYNAMIC CHANGE: KEEPING REGULATIONS UP-TO-DATE

4.1. *Revisions of existing regulations, laws and subordinated regulations*

Over the years most OECD countries have accumulated a large stock of regulation and administrative formalities. If not checked or reviewed these can lead to a highly burdensome regulatory system. The *OECD Report on Regulatory Reform* recommends that governments systematically review regulations to ensure that they continue to meet their intended objectives efficiently and effectively.

Since 1974, when Greece re-established democratic processes, there has been, except for a few specific areas such as transport and pensions, little systematic review of the legislative system. The review of legislation has mostly been left to individual ministries, who have responsibility for updating and adapting their laws, including adopting EU directives. The main instrument for this purpose is the codification of laws, which is painfully long and has a focus on clarity rather than on adapting the laws to modern circumstances. Tools like sunseting or mandatory periodic reviews are absent from the Greek legal tradition. As a result, Greece's regulatory system is rigid and regulatory costs are unnecessarily high and increasing over time, with compliance lower than desired and confidence in the regulatory structure is undermined.

An important area where excessive burdens have accumulated over time is the licensing of businesses where approvals are granted by multiple ministries, municipalities, prefectures as well as some regulatory agencies. For example, until very recently obtaining a building licence involved up to six different agencies (ministries and local government) and required compliance with 6 different pieces of legislation, and 3 presidential decrees. Recent reforms reduced some of these costs. For instance, the government reported that by early 2001 only one agency was involved in issuing a building license, instead of 6, and that the license could be obtained in less than 20 days (see Table 4).

Table 4. Recent changes concerning administrative burdens in Greece

Procedure	No. of regulations involved (1996/2001)	No. of agencies involved (1996/2001)	Supporting documents (1996/2001)	Approximate time for approval (1996/2001)
Electricity connection	4L, 6D	3	5	15 days
Building licence	6L, 3D	Up to 6	17	1 month (minimum)
Ratification of environmental effects study	1L, 2D, 5MD, 1EUD	3	6	Ranges between 8 months – 2 years
Investment on industrial plant	10L, 3D, 2MD, 1 PD/ 1L, 2MD	5	14/8 to 16	50 days (minimum)/43 days (average)
Quarry licence	6L, 2D, 2EUD/3L, 2D, 2EUD	11/2	6/5	1 year (minimum)
Fishery licence	2L, 4D, 4MD, 4EUD/2L, 1D, 2MD, 4EUD	7/2	12/5	1 year (minimum)/ 60 days to 1 year

L= Legislation, D = Presidential Decree, MD = Ministerial Decision, C = interpretative Circular, EUD = European Union Directive, BD = Board Decision, PD = Prefecture Decision

Source: Ministry of the Interior, Public Administration, and Decentralisation, 2000, using data from 1996 and early 2001.

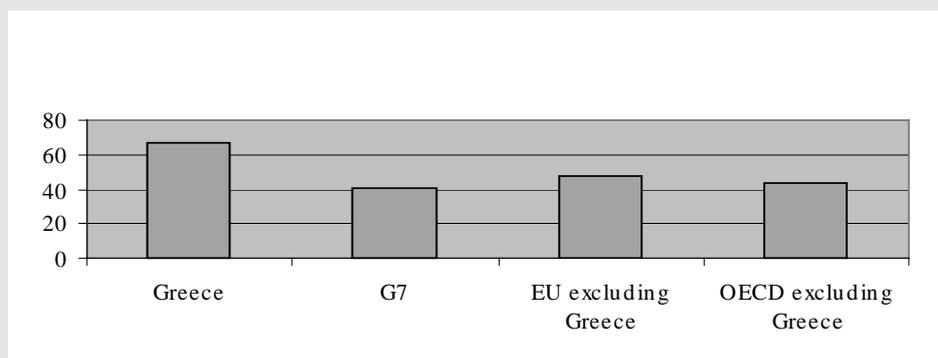
Excessive regulation of business activities via licensing or a complex legal system with overlapping controls add real costs to business activities and potentially stymie new ventures or expanding businesses. In this regard, the Federation of Greek Industries (SEB) estimates that paperwork burdens increase production costs by more than 5% of operating costs. The National Confederation of Greek Trade (ESEE) estimates that a SME business spends at least 30 hours per month or an average of 12.5% of total work time complying with non-productive bureaucratic regulations and procedures.⁷³ In terms of employment policies, permits are required to allow workers work overtime, government notification is required for new employees including part-time employment and approval from the Ministry of Labour is required to layoff workers (depending on the size of the firm⁷⁴). The 1998 employment law, however, introduced some flexibility into working hours. As a general rule, tax compliance certificates are required to obtain insurance and ongoing credit with banks. Furthermore, it can take up to one year and 45 individual approvals to establish a new business enterprise. In sum, the regulatory burden, permits, approvals and licences are stifling Greek businesses and it is handicapping a traditionally strong entrepreneurial spirit, in particular SMEs.⁷⁵

Facing these challenges, the government has undertaken a number of initiatives to reduce the administrative burden on both business and citizens. Box 11, for instance shows that Greece has been active in trying simplification mechanisms. One such initiative was the establishment in 1996 of the one-stop-shop for foreign investors, the Hellenic Centre of Investment ELKE. Through ELKE's intercession the processing time for applications for investment assistance has been reduced from a 6-month average to three months. Further ELKE has created a database of licence and permit requirements that informs potential investors about government obligations.⁷⁶

Nevertheless, ELKE, along with other initiatives, is struggling to produce tangible results for companies. Moreover ELKE is designed for big companies out of reach of national SMEs.⁷⁷ This has created a bias in favour of foreign or big firms and discriminates against domestic investment. Important services and tools ELKE has developed such as the licenses database or advocacy services with different ministries are not accessible to small and medium sized firms. Plus, ELKE only provides information and advice, they do not have the authority to issue licences.

Box 11. Simplifying business licences and permits

The OECD created an indicator to measure the efforts of OECD countries in simplifying licence and permit processes. This indicator weights more highly those programmes where countries use the “silence is consent” rule to speed up decisions, where one-stop shops have been set up, where there is a complete inventory of permits and licences; and where there is a specific programme, co-ordinated with lower levels of government, to review and reduce burdens of permits and licences. Greece ranks high on these scores relative to other G7, EU and OECD countries. This is due more so to the number of programmes to review and reduce the number of licences and permits rather than an overall trend of reduced burdens.



Source: Public Management Service, OECD, 1999.

5. CONCLUSIONS AND RECOMMENDATIONS FOR ACTION

5.1 General assessment of current strengths and weaknesses

Since the re-establishment of democratic institutions in 1974, Greece has experienced substantial social, political, and economic changes. Coupled with the influence of European Union membership and the drive to join the European Monetary Union, Greece has taken many steps to modernise its economic infrastructure, and is in the process of converging with most OECD countries. The pace of change toward market-oriented policies and transparent and accountable institutions has accelerated in recent years through economic reforms, including deregulation, privatisation, and liberalisation. Government institutions, culture, and capacities to produce high quality regulations have, however, lagged behind and this gap reduces the potential benefits such reforms could bring to the Greek consumers, entrepreneurs and citizens using public services.

A challenge already accepted by political leadership is modernisation of the public service. From a governance perspective, reform of the Greek system seems to be hindered by a lack of trust in the public administration of the capacities of businesses and society. This has resulted in over-regulation of the private sphere, and is matched by over-regulation of the civil service by politicians. This two-edged *polynomia* has stifled creativity and dynamism throughout the public administration and society. Regulatory reform should be perceived as a strategy to cut the Gordian knot of distrust and restore effective relations and confidence among the state, the market, and civil society.

Efforts and initiatives over the past decade indicate that a strategy for regulatory quality is emerging, step by step. The de-politicisation and establishment of meritorious promotion of public officials will raise the status and prestige of the civil service inside and outside the administration, and thus public confidence. The sustained effort to devolve powers to local governments, linked to direct elections, will bring the administration closer to the citizens and small businesses. A profusion of new public management initiatives

coupled with efforts to communicate better and more often with the citizens or public service customers will increase expectations of responsiveness. Initiatives by some ministries to reassess their regulations, such as the Ministry of the National Economy, show awareness of the limits of the current regulatory structure and the need for continuing regulatory review.

However, these initiatives, while essential, are not yet sufficiently coherent and targeted at regulatory practices to reinvent the administration's regulatory relations with the market and society. For instance, clear results in streamlining bureaucratic procedures such as licensing have not yet been produced. Public sector incentives are not aligned to encourage good practices in producing new regulations, excessive discretion weakens the regulatory framework, and an emphasis on legal training and a neglect of economic skills hinders the administration of the new market based regulatory system. Impact assessment and the use of innovation or regulatory alternatives is poor relative to other OECD countries, limiting the government's capacity to develop the high quality regulatory framework needed for the current needs of citizens and economic development.

The low quality of existing regulations, created through decades of regulatory inflation, discourages citizens, encourages non-compliance and the grey market, penalises those who comply in good faith, reduces business competitiveness, and creates disincentives for trade and investment. Unless resolute action is taken to review and rationalise the stock of current regulations, efforts to improve new practices will be ineffective.

Decentralisation has been a positive reform to enhance local government capacities and competencies. But the process must be completed with the transfer and acquisition of staff and resources. Overlapping responsibilities between levels of government require co-ordination and co-operation without which, regulatory layering will add excessive burdens and costs on business and citizens. Stronger accountability and transparency measures would also avoid capture by local interests of the benefits that this effort can bring to the whole community.

5.2. Policy options for consideration

The policy recommendations below identify actions that, based on good regulatory practices and on concrete experiences in OECD countries, are likely to be beneficial to improving the quality of regulations in Greece. Most of the recommendations form a comprehensive approach that can be combined in the short-term in a reform package. Implementation of these reforms, however, such as building new institutions, may take considerable time and sustained attention.

- *To consolidate the various reform initiatives already underway in Greece, adopt at the political level a broad policy on regulatory management that establishes clear objectives, accountability principles, and frameworks for implementation.*

To organise and drive reform on the capacity to produce high quality regulations, the government should adopt an government-wide regulatory reform policy based on explicit principles of good economic, social, and administrative regulation such as those in the 1997 OECD *Report to Ministers*. In particular, the principle that regulatory costs should be justified by benefits should be adopted. This would stimulate and guide the efforts of all ministries, and build on the efforts on regulatory reform of ministries such as MIPAD and the Ministry of the National Economy. It would provide a basis for the performance of those efforts to be assessed, and the efforts themselves to be corrected to improve results. It would improve greater accountability within ministries for their regulatory systems and the results. Given the web of entrenched interests and traditions of ministerial independence in Greece, personal involvement and direction from the highest political levels will aid greatly regulatory reform.

- *Establish a ministerial-level Regulatory Reform Committee, with an expert secretariat, to make key regulatory reform decisions and to co-ordinate regulatory reform across government.*

A ministerial-level committee should be created to promote implementation of the regulatory reform policy, to make key regulatory reform decisions, and to co-ordinate regulatory reform across government. Bodies representing competition principles should be included on the committee. The committee would also resolve controversies between policies and prepare an annual report to the Parliament. Participants on the committee could include the Prime Minister Office and the Ministries of, the National Economy, the Interior, Public Administration and Decentralisation, Development and Justice. This political body could be modelled on the Netherlands' Ministerial Committee in charge of the influential MDW ('Functioning of Markets, Deregulation and Legislative Quality') programme.

- *As a secretariat to the ministerial-level committee, establish an oversight unit with (i) authority to make recommendations to the Regulatory Reform Committee, (ii) adequate capacities to collect information and co-ordinate the reform programme throughout the public administration, and (iii) enough resources and analytical expertise to provide an independent opinion on regulatory matters.*

Greece will need a technical institution or agency in charge of assuring the quality of the regulation and to provide the necessary support to the ministerial committee. Its mandate, political accountability, and operation should be focused on objective controls such as regulatory quality and regulatory impact analysis similar to those of the unit in place in the UK or Italy. It should also monitor and promote the necessary economic and public management skills needed to complement work on legal quality within the ministries.

The unit should deliver expert advice and co-ordinate. First, the unit would need a well-resourced secretariat with cross-governmental views and an attractive staffing policy. It should have sufficient financial resources to collect and assess information and buy the expertise of private experts and scholars. Its mission, powers and legal status in the government's legislative and regulatory process should be formalised to reduce opposition. The unit would need authority to advocate and design thematic and sectoral programmes of reforms, co-ordinated across relevant policy areas. The unit could develop performance targets, timelines, and evaluation requirements, review regulatory proposals from ministries against quality principles, and advise the centre of government on the quality of regulatory and reform proposals from regulatory ministries.

- *Improve the quality of new regulations by implementing across the administration a step-by-step programme for regulatory impact assessment, based on OECD best practice recommendations, for all new and revised regulations. The analysis should begin with feasible steps such as costing of direct impacts (other than budgetary) and provide a qualitative assessment of benefits, and move progressively over a multi-year period to more rigorous quantitative form of analysis as skills are built in the administration. The assessments should be made public so as to enhance transparency as well as provide external discipline to improve the quality and content of the assessments.*

Most OECD Member countries now use RIA and the direction of change is universally toward refining, strengthening and extending the use of RIA disciplines. However, in Greece, RIA is in its infancy. Yet experience in many countries shows that RIA can be a powerful tool to boost regulatory quality. Lack of information on impacts of regulatory proposals means that Greece's laws are vulnerable to influence from special interests and less transparent to outside parties.

OECD's best practice principles should be the basis for the Greek RIA programme. Quality control of RIA's should be overseen by the technical unit recommended above. A comprehensive training programme should be introduced to support capacities for impact assessment. Adequate budgetary funding for the programme should also be planned (for the production by ministries and review by a central unit) to reduce the risk that RIA will become just one more paperwork hurdle in the administrative procedures.

While it is acknowledged that benefit-cost analysis is the long-term goal, constructive steps consistent with current administrative skills could be implemented immediately. These could include incorporating in the justification report required by Article 74 of the Constitution the ten quality dimensions of the 1995 OECD checklist. The checklist could be made mandatory for subordinate legislation, presidential decrees and ministerial decisions. Transparency and accountability would be increased if the checklist responses were published on the Internet.

In the medium term (*e.g.* 12 months), the government could have in place a traditional RIA structured around an *ex ante* quantitative analysis of impacts, that is, a RIA report prepared by ministries and agencies and reviewed by a technical and independent unit assessing the quality, content, scope, and adequacy of the analysis. The Cabinet should refuse to discuss proposals that are not accompanied by a RIA, and subordinate regulations should not be signed by the responsible minister without a RIA that had been reviewed by the independent body. RIA should be targeted on only the most important regulations to avoid wasting time and resources on less significant measures. RIA should also be used as the vehicle for asystematic consideration of regulatory alternatives for new regulatory proposals. Preparation of an annual report to Parliament on trends in the use of RIA could increase incentives for its use within the ministries.

- *Promote the systematic consideration of regulatory alternatives for new regulatory proposals, including subordinate legislation, so that the use of alternatives flows beyond the area of environmental protection to all regulatory controls.*

Another significant omission from the current regulatory quality programme is the failure to promote the use of market based alternatives to regulation when government intervention is justified. The OECD *Report to Ministers on Regulatory Reform*⁷⁸ documented movement toward a range of alternative instruments in OECD countries and pointed to evidence on gains in policy effectiveness. By explicitly requiring the consideration of alternatives as mandatory for regulatory proposals including subordinate regulation, Greece can over time move toward a more flexible and efficient regulatory structure that uses markets to achieve public policy goals.

Evidence should be provided that alternatives have been given due consideration. This could be achieved by gradually building into a RIA programme a section devoted to the alternatives considered and why those alternatives were not accepted. An initial phase of training and awareness will allow the public sector to gain greater familiarity with alternative policy tools before a formal requirement is imposed across all of government.

- *Improve transparency by strengthening the public consultation process to include all subordinate regulations, and adopt uniform notice and comment procedures.*

Currently, public consultation of legal and regulatory proposals is done informally. Formal consultation is based on a corporatist approach. Consultation is not carried out for legislative amendments or subordinate regulations. Low levels of consultation reduce regulatory quality, and leave Greek regulators vulnerable to organised interest groups, which often represent "insiders". A mandatory public consultation requirement, based on objective criteria, would substantially improve quality and transparency. An effective means to improve transparency and accountability would be to adopt an across-the-board 'notice and comment' process for all regulations, to complement other consultation mechanisms and work as a safeguard

against capture by special interest groups. Additionally, the government could develop clear guidelines and parameters for consultation methods and require disclosing RIA with draft texts as part of the notice and comment process. Ministries proposing new regulations should be required to prepare written and public replies to the comments and all responses and comments should be available to the public.

- *Establish a central registry of administrative procedures and business licences and permits, and initiate a comprehensive review to determine how to reduce burdens.*

Administrative burdens, and in particular business licences and permits are among the most important barrier to Greek entrepreneurs and to market entry. By fostering non-compliance and promoting grey regulation they nourish unfair competition with the legal economy and maintain barriers to market access. Rapid and resolute abolition of this type of regulation can bring swift economic gains and build a constituency among SMEs for further reform. To obtain such results rapidly, a mandatory registry of all forms should first be organised, with positive legal security. If a form is not registered in the inventory, then it should not be enforced. As a second step, the forms of the inventory should be reviewed and reformatted, and if possible eliminated or replaced by less burdensome instruments. To accelerate benefits to SMEs, priority in the selection of forms should be based on business opinions. Examples which Greece could adapt include France with the Centre d'Évaluation et de Registre des Formalités (CERFA), Mexico with its Registro Federal de Tramites⁷⁹ and Spain with its Comision de Simplificacion.⁸⁰

- *On a rolling and priority basis, review and evaluate the stock of existing regulations and paperwork, including launching a programme of codification to reduce legal uncertainty.*

Regulatory inflation is undermining the integrity of the Greek regulatory system. Although this is a very large task, efforts should be made to develop a rolling, systematic process of codification and evaluation of existing laws and other regulations. This may require application government-wide of the pilot programme within the Ministry of the National Economy, revised to include more rigorous reviews. It would probably be based on a sector by sector review, with more economically-important sectors reviewed first. The review should incorporate regulatory impact assessments. For such reviews, the 1995 OECD regulatory quality checklist could be used as a reference to check the continued necessity and appropriateness of Greece's regulations. To support the review, the Parliament or government could directly or via an independent commission review the main areas of legislation and produce a programme of reform. The review process undertaken in Australia as part of its National Competition Policy is illustrative. Under that policy, all legislation was reviewed and anti-competitive restrictions were required to be removed unless it could be demonstrated that those restrictions were in the public interest and that there was no other way to achieve public policy objectives.⁸¹

A full review of Greek regulations is a daunting task and would take many years. The Australian review will take 5 years to complete and, to ensure ongoing quality, will be repeated every 10 years. Greece should aim initially to prepare an inventory of all laws, including subordinate regulations and then review that inventory as part of a more rigorous process. This would allow for the skill and experience development that subsequently would be utilised in the reviews.

Implementation of this recommendation should allow for the development of a single authoritative source for all regulations that is easily understood, accessible, and agreeable to the citizens and business alike. Furthermore, it would significantly enhance transparency for users in terms of the content and form of permissible regulatory actions thus helping improve compliance levels.

- *Encourage greater co-ordination between local government and the central administration by defining more clearly relevant regulatory competencies for each level of government, by providing the necessary resources, people, and financing for delivery of services that those competencies dictate, and by assisting in the development of management capacities for quality regulation at all levels of administration.*

The decentralisation process undertaken since the mid-1990s is impressive. However, managing regulations at different levels creates potential concerns of coherence, overlap, and inconsistency. Other countries' experiences show that safeguarding gains made at the national level through regulatory reform will require intensive efforts to promote regulatory quality at sub-national levels. Adoption by local governments of regulatory quality principles should form the basis for formal co-operation measures. Consideration should be given to establishing processes and mechanisms to resolve issues arising from regulatory conflicts or overlap. This will be critical to help ensure greater policy coherence, as is currently the case with the licensing system. A complementary, but critical strategy should also be to develop transparency and accountability measures. In that sense, the notice and comment mechanism together with a close monitoring (or even benchmarking) from the centre administration should help to avoid reversals, while encouraging experimentation at the sub-national level. Such monitoring could also be carried out by the technical unit.

- *Improve the mechanisms within the administration to produce quality outcomes for the citizens, through further reform of the civil service. Elements to be considered could be performance based management, pay incentives for public servants based on merit and achievements, greater flexibility within the public administration for movement of resources and competencies, and effort to enhance co-ordination and co-operation between ministries.*

Improving the public administration requires a flexible system that matches the existing skills based within the public service to current policy directions and where necessary the acquisition of new skills and staff, particularly for the area of economic analysis. Until today the Greek approach has been one of central command of key functions such as recruiting and promotion. Such measures have been beneficial in the short and medium term as the goals and procedures are accepted across the administration. But after a certain state, the rigidity of the system may produce diminishing returns. A bolder approach based on transparency and accountability of high officials is needed. In particular, incentives need to be aligned with written and public objectives. Flexibility must be introduced to encourage public servants to move within and between ministries. Training and skills development must be enhanced. Of particular importance will be the adequate enforcement and encouragement for public servants to comply with the requirements of the new Code of Administrative Procedure Act and the Civil Service Code. Without widespread knowledge of these requirements, without consistent application across the whole of the public administration, and without visible commitment by senior bureaucrats and government then the codes will be of limited value.

NOTES

1. Prime Minister's programme declaration to Parliament on 22 April 2000.
2. Spraos (1998), "Quality in Public Administration: Recommendations for Changes", Commissioned for the examination of the long-term economic policy, Financed by the National Bank of Greece.
3. In 1998 the OECD measured the number of public sector employees in Greece, not including state owned enterprises, as representing approximately 10% of the total work force. This is not high relative to France (25%), Finland (24%), Portugal (18%), or Spain (15%) and it is below OECD average of 17%. OECD (1998) *The Public Employment Service: Greece, Ireland, Portugal*, Paris, Table 1.4.
4. One factor that has impinged on the flexibility of the public sector is related to its high rate of growth in number of employees over the past decade. The number of public sector employment has grown from 106 000 in 1961, 116 000 in 1963, 134 000 in 1974, 157 000 in 1977, 200 000 in 1981, 234 000 in 1985, 237 000 in 1990, to 290 000 in 1999. Government of Greece, Ministry of the Interior, Public Administration, and Decentralisation, data supplied in April 2000.
5. OECD (1996) Report on Public Sector Pay.
6. See Spanou, Calliope (1998) "European Integration in Administrative Terms: a Framework for Analysis and the Greek Case" in *Journal of European Public Policy* 5:3, September. p. 475.
7. See Spanou, Calliope (1996), "On the Regulatory Capacity of the Hellenic State: a Tentative Approach Based on a Case Study" in *International Review of Administrative Science*, Vol. 62.
8. OKE, Report on the Draft Law on Incentives for Private Investment (February 1998)
9. Information provided by the Ombudsman.
10. IOBE, *The Greek Economy*, 2/99, No. 22 November 1999, pp. 24-26 and US Department of Commerce, *idem*, p. 6. Greece ranks 36th in the Transparency International Index for Corruption Perceptions index. For further information see <http://www.transparency.org/documents/cpi/index.html>
11. See for instance Greek approach to technical standard settings in Kastrinos, Nikos and Fernando Romero (1997) *idem*.
12. OECD (1997a).
13. US Department of Commerce, *Country Commercial Guide, Greece Fiscal Year 2000*, Chapter Investment Climate, <http://www.usatrade.gov/website/CCG.nsf/byuid/>.
14. Refer to Law 2190/1994.
15. It is worthwhile noting that "flexibility" to undertake employment actions on its own behalf proved quite costly for the Ombudsman as their 450 interviews effectively became public hearings.
16. Although, it could be argued though that this has been more the result of a desire to meet the Maastricht criteria for joining EMU than about ensuring an efficient appropriately staffed public service.
17. Mainly because the health, education, and national security sectors are exempted from the rule and they account for more than half of all public employment.
18. Formal competencies were transferred from the State both to regions and local authorities by Law 2647/98.

19. See <http://www.ypes.gr/kapodristria/english/kapo/programme.htm>
20. Information provided as part of the responses to the Regulatory Reform Questionnaire (March 2000).
21. The citizens guide includes telephone numbers and other reference material. It is now available on the Internet.
22. This programme is distinct from the simplification programmes of the ministry of Development and the ministry of Finance who also have undertaken efforts to reduce licences and permits and improving the tax administration (see section 4.2).
23. Law 2672/98 entered into force in March 1999.
24. Since the introduction of Law 2690/1999, individual ministries now determine the adequacy of compensation claims. From December 1999, 58 cases were examined by MIPAD and 3 were found sufficient to require compensation. Prior to Law 2690/1999 there was only one committee for all the public service to review compensation claims. In the period 1/3/1998 to 5/12/1999 that committee examined 182 cases with 21 being found sufficient to warrant compensation and a total of 800 000dr was paid.
25. During 1999, 448 834 calls were received of which 205 807 calls concerned requests for application forms or information.
26. For further information see www.ypai.aegean.gr
27. See Law 2690/1999 and Law 2683/1999.
28. OECD (1997b), p. 37.
29. OECD (1995), *Recommendation of the Council of the OECD on Improving the Quality of Government Regulation*, Paris.
30. Spraos (1998), idem.
31. Ministry of the National Economy (2000), "Team work for the Study of Regulation". The review examined 17 pieces of legislation, 12 presidential decrees, and 100 Ministerial Orders.
32. Deighton-Smith, Rex (1997c), p. 221.
33. The Ombudsman is selected by the Council of Ministers following a recommendation by the Parliamentary Standing Committee on Institutions and Transparency. The Ombudsman is appointed for a five-year non-renewable period and is supported by four Deputy Ombudsmen and a staff of 30 senior investigators (all of whom hold post graduate degrees) and 40 seconded civil servants with the same qualifications.
34. The Council of State was created in 1929 created and modelled on the French Conseil d'État, though its members are magistrates and not civil servants. It is also the supreme administrative appeal court.
35. It should be noted though, that the choice of instrument is not always open between presidential decree and ministerial decision.
36. For the purpose of the discussion, the distinction between deconcentration and decentralisation refers to the level of autonomy of the executive/legislative power (i.e. the former is appointed by the central government, the latter is directly elected).
37. Article 24 of the Municipal and Communal Code

38. Government of Greece, response to OECD regulatory reform questionnaire.
39. See presidential decree 410/95 (Municipal and Communal Code).
40. European Union Single Market Scoreboard, November 1999.
41. Spaniou, Calliope (1998), *idem*, p. 475.
42. Issues relating to taxation, fundamental rights and external relations can only be introduced via legislation.
43. Government of Greece Information provided to the OECD, April 2000.
44. The indicators used here are part of a dataset under construction as a contribution to the OECD Secretariat's horizontal work programme on regulatory reform. They are based in part on a survey of all OECD countries carried out in March-April 1998.
45. The Council is made up of 9 associations, 8 social bodies, and 2 scientists, and it meets 4-5 times a year. The Council was created under Law 2251/94.
46. The ESC involvement in the legislative process was formalised by Law 2232/1994.
47. Government of Greece, response to Regulatory Reform Questionnaire.
48. For more information, see www.parliament.gr and www.et.gr.
49. Information provided by EuroAuditing during interview with the OECD, March 2000.
50. OECD (1999), "Background Report on Government Capacities to Produce High Quality Regulations" in *Regulatory Reform in Mexico*, Paris.
51. Response to the OECD Regulatory Reform questionnaire (March 2000).
52. Spanou, Calliope (1996), *idem*, p. 219.
53. See OECD (2000), *Regulatory Compliance Report*.
54. This is provided for by the Code of Administrative Procedure and in Law 2690/1999 which sets rules of administrative action and the conditions for the communication and carrying out those actions.
55. Ombudsman, personal interview.
56. See OECD (2000), *Environmental Performance Reviews*, Paris.
57. In fact, the *Environmental Protection Law 1650/16-10-1986* includes provisions regarding the polluter pays principle in Articles 28, 29, 30 on "Sanctions and Civil Liability" where It provides for sanctions of any unauthorized action and violation that result in environmental pollution, levying of waste and wastewater user charges and compensation for any damages or environmental degradation.
58. OECD(2000), *Environmental Performance Reviews* (Greece), Paris, based on data available up to September 1999.
59. OECD (1997c), Paris.
60. A ministerial decision by the Minister of Public Administration established in November 2000 a Regulatory Reform Committee. The Committee consists of the Vice- President of the Council of State, public law

professors, special scientists and high-level bureaucrats in public administration (Ministries of National Economy, Justice, Development, Labour, Public Works, Telecommunications, the Competition Committee, Capital Market Commission etc.). The Committee's work has been supported by international experts.

61. The *Spraos Report* recommended to the Prime Minister in 1998 that RIA as recommended by the OECD should be implemented, *Spraos (1998)*.
62. SEV (1/10/90), "Propositions for Administrative Simplification".
63. *Spraos (1998) idem*.
64. See Article 74 of the Constitution.
65. See Article 75 of the Constitution.
66. Ministry of the Interior, Public Administration, and Decentralisation.
67. Views expressed by the Ministry of Development, the Ministry of Finance, the Ministry of the National Economy, and the Ministry of the Interior, Public Administration, and Decentralisation.
68. For further guidance see Broder, I and Morral, J "Collecting and Using Data for Regulatory Decision-Making" in *OECD (1997c)*.
69. See European Commission Infringement Procedures involving Greece (1999).
70. See Law 2773/1999.
71. IMF Staff Report on Greece for the 1999 Article IV Consultation Supplementary Information pp 200-201 and the Economist Intelligence Unit (1999-2000) Country Profile Greece, pp. 32-34.
72. See Law 2651/1998 and Law 2744/1999.
73. National Confederation of Greek Trade (ESEE) (1999), "The increase of the functional cost of a commercial enterprise because of the necessary bureaucracy procedures", Athens.
74. Retrenchments can occur at will for firms of below 20 employees, up to 5 between 20-50 employees, and a maximum of 2% for larger firms.
75. 85% of Greece's enterprises employ between 1 and 4 persons.
76. Interestingly, ELKE has the authority to advocate a change of regulations to ministries but as yet this power has seldom been used and when used the result has been disappointing.
77. ELKE reviews and provide assistance for projects valued over 3 billion drachmas (\$10 million) or 1.5 billion drachmas (\$5 million) if there is foreign participation.
78. *Jacobs, Scott et al. (1997c)*, pp. 220-222.
79. See OECD (1999), "Background Report on Government Capacities to Produce High Quality Regulations" in *OECD Reviews of Regulatory Reform, Regulatory Reform in Mexico*, Paris.
80. See OECD (2000), "Background Report on Government Capacities to Produce High Quality Regulations" in *OECD Reviews of Regulatory Reform, Regulatory Reform in Spain*, Paris.
81. For further information see, Hilmer, F, Raynor, M., and Taperell, G. (1993), *The Independent Committee of Inquiry, National Competition Policy*, AGPS, Canberra, Australia. Or <http://www.ncc.gov.au/nationalcompet/Legislation%20Review/Legislation%20Review.htm>.

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