Greece-OECD Project:
Technical Support on Anti-Corruption

Draft Action Plan for Reducing Corruption and Strengthening Integrity in Local Government Entities (LGEs)
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About the Greece-OECD Project

The Greek government is prioritising the fight against corruption and bribery and, with the assistance of the European institutions, is committed to taking immediate action. Under the responsibility of the General Secretariat Against Corruption, Greece’s National Anti-Corruption Action Plan (NACAP) identifies key areas of reform and provides for a detailed action plan towards strengthening integrity and fighting corruption and bribery. The OECD, together with Greece and the European Commission, has developed support activities for implementing the NACAP. This project is scheduled for completion in 2018 and is co-funded by the European Commission and Greece. For further information, please see the project webpage.
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Introduction

Local governments are close to citizens and thus at the forefront of the state. Their officials are elected to manage available resources and provide basic services from health, housing, childcare and social welfare, to water and waste management, cemetery management, environmental protection, business licensing, and urban planning. It is at the local level where trust in democratic institutions is achieved and where leaders can make a visible difference in instilling a culture of trust and integrity, by ensuring that service delivery is cost-effective and equitable.

However, the risk for certain types of corruption is high at the sub-national levels. Indeed, the responsibilities of sub-national governments for the services mentioned above increase the frequency and directness of interactions between government authorities and citizens and firms, creating opportunities for corrupt practices. By strengthening local integrity systems, sub-national governments can thus capitalise on the opportunity to forge trust between citizens and governments. While addressing and measuring corruption at the local level is often overlooked, it is beneficial to take a tailored approach to effectively respond to the negative impact of corruption in citizens’ day to day lives.

As per the Greek Constitution (Article 101), the state administration is based on a decentralised system. Article 102 of the Greek Constitution establishes the Local Government Entities of 1st and 2nd degree, which are responsible for the administration of local affairs and enjoy administrative and financial independence. Under these provisions, local government entities remain under the supervision of the central government, which reviews the legality of their actions but is not to impede their initiative and freedom of action. Following the latest Constitutional reform of article 102 § 1, 2, 4, 5 local government independence is reinforced across the board.

In the last 20 years the first major reform in local government was introduced by the Ioannis Kapodistrias reform in 1997 (Law 2539/1997) with one of its basic pillars resulting in the merging 5,518 municipalities and communities to for 1033 larger ones. In May 2010, the Greek Parliament passed Law 3852/2010 on New Architecture of Local Government and Decentralised Administration, otherwise known as the “Kallikratis reform”. Under the new law the administrative structures were limited, and the competences of local government were clarified based on the principle of conferral as described in the Treaty on the Functioning of the EU. The new structures are now fewer in number, but strengthened in competences and able to better integrate the basic

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principles of the Lisbon Treaty with a special focus on transparency to all levels of governance (decision making procedures, administrative and financial transparency, elections, citizen participation). The Kallikratis reform attempted to re-establish the local government on the administrative, financial, political and moral level. Not only did it include a decentralisation of competences, but also a decentralisation of resources, responsibilities and accountability.

In practice, however, the implementation has been problematic: Law 3852/2010 gave new competences to the municipalities and boosted their powers by conferring new functions to local level entities. But the budget cutting measures taken by the central government as a result of the public finance crisis has reduced financial transfers to the subnational sector. Local authorities find themselves with more competences, but in many cases lacking the adequate resources and technical capacity to fulfil their mission and responsibilities.

In terms of anti-corruption at the subnational level, Greece has taken significant steps. Initiatives such as the aforementioned Kallikratis reform consider matters related to audit, transparency, and giving citizens a voice. At the same time, Law 3870/2010, introduced in August 2010, addressed specific integrity risks regarding the financing of local political campaigns. Greece has also adopted a double-entry system for recording the finances of local administration organisations and has intensified the use of ICTs and E-government to improve administrative procedures and service delivery and most importantly enhance transparency and accountability. To this end, a number of new tools have been introduced: For example, the “Clarity” program, which renders the uploading of laws and acts of governmental, administrative and local administrative organisations on the internet mandatory (Law 3861/2010), or the law on electronic governance (Law 3979/2011), which aims to promote electronic governance across the public sector, including the local administration organisations, as a way of reducing corruption by significantly reducing the physical interaction of citizens and businesses with the entities responsible for service delivery.

Although these initiatives are moving in the right direction, they are not enough. Therefore, in the context of the Greece-OECD Project for Technical Support on Anti-Corruption, the Organisation for Economic Cooperation and Development (OECD) cooperated with the General Secretariat against Corruption (GSAC) as well as with other public and private bodies to develop a plan to combat corruption in public and private investment. The key contributors of this plan include Angelos Binis, Frederic Boehm, Sarah Dix, Israel Marañón de Pablo, Carla Miller, and Pelagia Patsoule. The core structure and elements of this action plan are based on extensive consultation meetings, a survey of local government officials, and a dedicated workshop; these activities took place in January, February and June 2017, with valuable contributions from the following agencies in particular:

1. Ministry of Interior
   - Head of Minister’s Cabinet
   - Special Advisors and
   - Senior Public Officials
2. Body of Inspectors-Controllers of Public Administration (SEEDD)
3. Central Union of Municipalities of Greece (KEDE)
4. Decentralised Administration of Attiki
5. Hellenic Agency for Local Government (EETAA SA)
6. Institute for Local Government (ITA)
7. Municipality of Athens
8. Municipality of Nea Smyrni
9. Municipality of Thessaloniki
10. Region of Attiki
11. Regional Union of Municipalities of Attiki
12. Regional Union of Municipalities of Sterea Ellada
Subnational Government in Greece

The Constitution of Greece establishes that “The administration of local affairs shall be exercised by local authorities of first and second degree. For the administration of local affairs, there is a presumption of competence in favour of local authorities. The range and categories of local affairs, as well as their allocation to each level, shall be specified by law. Law may assign to local authorities the exercise of competences constituting mission of the State” (Article 102, para 1).

The local authorities of first degree are the municipalities, whereas regions are considered second degree local authorities. Based on this general rule, municipalities are usually responsible for issues of local interest. Regions manage issues which are better addressed at the regional level and involve more than one municipality. For example, services such as maintenance of local roads, business licences and cleaning services fall under the responsibility of the municipality. On the other hand, the maintenance of the route network connecting municipalities or the issuing of certification of industries, are both matters that fall under the competence of the region.

The key aspects of the Kallikratis reform were the following:

a) The mergers of existing municipalities and their reduction in number (from 1034 to 325),

b) The reduction of the municipal legal entities and enterprises (from 6000 to 2000),

c) The replacement of the 57 prefectural administrations by 13 elected regions as the local authorities of second degree,

d) The introduction of 7 Decentralised Administrations.

The Decentralised Administrations, on the other hand, are extended within the boundaries of one or more regions and their role is to act as an intermediary between the local government and the central state. This means, that certain responsibilities are shifted from the central government to the decentralised administrations. However, it should be noted that these authorities do not have elected representatives’ bodies.

In terms of governance, the Kallikratis reform focuses on transparency, open governance, evaluation and accountability in the administrative service. At the same time, it aims to establish a participatory local administration by actively involving citizens. Last but not least, the main argument behind the mergers of municipalities and the reduction of the municipal legal entities was the introduction of a rationalised and modern management in the local government with the ultimate goal to improve the
provision of services to citizens. The simplification of structures is expected to increase multi-level and cross-departmental cooperation that will lead to better coordination and effective steering.  

**Responsibilities**

Many responsibilities are shared with the central government (e.g. education, health). As provided by the Constitution, insular municipalities may undertake additional responsibilities otherwise exercised by the regions.

Article 102 of the Greek Constitution states that the scope and the categories of local affairs managed by the local authorities are defined by law. More specifically, the Code of Municipalities and Communities (Law 3463/2006) in Article 75 outlines (8) eight specific areas of municipal responsibilities:

1. Development
2. Environment
3. Quality of Life and Proper Functioning of Cities and Settlements
4. Employment
5. Social Protection and Solidarity
6. Education, Culture and Sports
7. Civil Protection
8. Rural development – Livestock – Fisheries

Accordingly, the framework of competences of regions is laid out in article 186 of Law 3852/2010 and organised in a similar way including activities in the following (9) nine policy fields:

1. Planning, Development
2. Agriculture, Livestock, Fisheries
3. Natural Resources, Energy/Industry (water management, mineral wealth, energy, industry and manufacturing)
4. Employment, Trade, Tourism
5. Transport, Communications
6. Works, Spatial Planning, Environment
7. Health
8. Education, Culture, Sports
9. Civil protection and Administrative Support

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2 For more information see Annex I: Competencies of local, regional and decentralised administration authorities.

It is worth mentioning that some competences, e.g. health, have not yet been implemented at the regional level due to the fact that the necessary secondary legislation and guidance has not been issued.

**Finances and Public Investment**

According to the Constitution “local authorities enjoy administrative and financial autonomy” (Article 102, para 2). The financial autonomy is given in that “the State shall adopt the legislative, regulatory and fiscal measures required for ensuring the financial autonomy and the funds necessary to the fulfilment of the mission and exercise of the competences of local authorities, ensuring at the same time the transparency in the management of such funds” (Art. 102, para 5).

For the great majority of Local Government Authorities, revenues that cover ordinary expenditure come mainly from the *Central Autonomous Funds* (CAF), that is, the share of local government in revenues of the state budget (collected by central state services).

However, because Greece is still one of the most centralised countries in the OECD, the share of subnational total expenditure, investment, staff expenditure, and public procurement is much lower than the OECD average. The share of SNG debt in total public debt is also smaller (Figure 1).6

For example, in 2014 the subnational share of public investment in Greece represented 17% of the total public direct investment, while the OECD average was 59 % of total public investment.7

The large majority of subnational investments in Greece are dedicated to economic affairs (e.g. transport, general economic, commercial and labour affairs, and industry, agriculture). Other large categories of investment spending include general public services and environmental protection. In contrast, little is invested in education, healthcare or social protection. Furthermore, public investment in Greece has declined sharply following the economic crisis, in particular in the sector of economic affairs.

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Executive Summary

The local government in Greece is currently identified as one of the top high-risk sectors for corruption, raising a considerable degree of public concern. Even though corruption is often confused with maladministration and negligence, multiple vulnerabilities to corruption arise due to the rambling legal framework regarding Greece's territorial structure and administration, the serious challenges faced by local officials due to lack of resources, such as ICT systems and legal support to name a few, and the tardiness and extreme bureaucracy in the provision of citizens’ services.

The effective solution to these vulnerabilities is to empower citizens with the opportunity to drive change by hearing their voices and involving them in decision making processes. At the same time, procedures should be transparent with access to good and usable information about the situation in local government. Last but not least, a robust system should establish clear lines of accountability so that all actions can be traced back to the officials responsible for them.

To this end, the present plan identifies areas conducive to corruption in the local government, while proposing specific measures to tackle those risks.

The main areas with corruption problems, as identified by Greek stakeholders and anti-corruption experts, involve local procurement and public works, urban planning, business licenses, waste management and others. Moreover, there are also several challenges on the governance level including:

   a) an ever-changing legal framework featuring a fragmentation of national and European provisions,

   b) weaknesses in exercising competences transferred to municipalities from the central government,

   c) clientelism and direct contacts between citizens-voters and locally elected officials,

   d) lack of sustainable and tailored training and capacity building activities for the local government entities personnel,

   e) weaknesses in the control and oversight arrangements as well as in relation to the adequacy and the implementation of the disciplinary regulations.

Based on this joint analysis, measures and objectives are proposed to take action and mitigate corruption risks at local government levels. On the one hand, the Ministry of Interior at the national level can support efforts from local governments through ten (10) concrete measures. On the other hand, there is a set of twenty-three (23) objectives which can provide strategic guidance for local governments to develop their own tailored local anti-corruption action plans.
## The Action Plan

This action plan is structured in two parts. **Part 1** describes ten (10) concrete measures to be driven by the Ministry of Interior to support anti-corruption initiatives at the local level. **Part 2** identifies specific integrity and corruption vulnerabilities at the subnational level and twenty-two (22) concrete anti-corruption objectives that can be pursued directly by local governments and are structured around the four (4) following areas:

<table>
<thead>
<tr>
<th>Main areas of integrity and corruption vulnerabilities in local government entities</th>
<th>1. Governance, procurement and financial management systems</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. Service delivery and inspections</td>
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<tr>
<td></td>
<td>3. Integrity arrangements and safeguards</td>
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<td></td>
<td>4. Transparency and citizens' participation</td>
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Part 1: Support to LGEs by the Ministry of Interior

Initiatives driven by the Ministry of Interior (MoI)

**Measure 1:** The MoI will commit to promote and adhere to the highest standards of integrity. To that end the Minister of Interior will make a ‘Ministerial Circular’ requiring all relevant stakeholders to support, contribute and embrace the implementation of the activities proposed in this anti-corruption plan, both at the central and at the local level. This circular will include the Ministry’s commitment to use all available means and resources at its disposal to combat corruption in all its forms and at all times, including the application of appropriate prevention and detection control measures.

**Measure 2:** The Minister will appoint a full-time person at senior level in the Ministry to coordinate the development of tailored regional and municipal anti-corruption plans according to the guidance provided in Part 2. To this end, the regions should also appoint a senior person to coordinate the anti-corruption activities of the region's municipalities. This group of coordinators could play the role of an advisory board or steering committee to enhance coordination and facilitate a coherent approach across all local entities.

**Measure 3:** A working group with members from the MoI, local authorities and organisations such as KEDKE, ENPE, EETA and IT experts from Academia should develop a standard and common methodology for measuring fraud and corruption within local authorities. Once it has been agreed, local authorities should use this standard and common approach to measure estimated levels of fraud and corruption.

**Measure 4:** The MoI will ensure that the local anti-corruption plans are coordinated with the National Action Plan for Open Government of the Ministry of Administrative Reform and the National Anti-Corruption Strategy and Action Plan of the Ministry of Justice, Transparency and Human Rights. The focus of these plans should cover the following areas: Governance, procurement and financial management, Service delivery, Integrity arrangements and safeguards, Transparency and citizens’ participation. The plans should be coordinated for maximum effectiveness and to avoid duplications or gaps.

**Measure 5:** The Ministry will develop and roll out an Ethics and Anti-corruption certification plan for Municipalities. The MoI will work with the relevant stakeholders to create the elements of this certification. The criteria/requirements could include key activities like the ones described in part 2, for example: Municipality appoints an Ethics Officer; Ethics Officer signs into national website as a contact person; setup of independent citizen body to discuss ethics and anti-corruption; said citizen group meets at least one time--open and publicized to all citizens; a brief report on the city's major corruption risks and mitigation measures posted on national website; Municipality has an anonymous hotline that is well publicized; link to Ethics Officer and hotline on city...
web pages; all officials trained in basic national integrity and anti-corruption regulations).

- Mol to write short manual on how to obtain certification.
- Mol publicizes certification program nationally to all CSOs and NGOs to encourage municipal participation.
- Incentives and awards program for cities that comply with the programme’s standards.

**Measure 6:** The Mol will create a centralised website for all municipalities as a resource sharing platform to support their anti-corruption efforts, including hands-on manuals and guidance on issues like performing a corruption risk assessment or measuring the effectiveness of integrity arrangements. At a later stage there could be information on successful anti-corruption and transparency initiatives, including information as to which municipalities are meeting ethics certification standards and measurement data (see also measure 3) to be used as benchmarks.

### SUGGESTED MANUALS/MATERIALS FOR WEBSITE

- UNCAC: a short guide with the elements of UNCAC specifically relating to subnational government entities.
- How to get your municipality “certified” for putting in place an Ethics and Anti-corruption plan and meeting the predefined standards.
- Concrete steps for the elected officials to send a clear message that they do not tolerate corruption and set a clear tone at the top.
- How to set up an ethics program and choose an Ethics Officer for your local organisation; what an Ethics Officer does; how to evaluate your ethics and anticorruption program.
- How to engage citizens in the fight against corruption; how to form a Citizens Anti-corruption group.
- A short e-guide on the basic Greek provisions on integrity, transparency and anticorruption; what you need to know at the local level.
- What is corruption? A simple guide to define it, find it and fight it. For internal and external users and stakeholders.
- Hotlines, Anonymous reporting; how to set it up and how to take complaints (use emails, text, letters, phone calls—multiple formats).
- Develop short "moral reminders" that can be used by local officials in their regular communications with internal and external stakeholders.
- Behavioural ethics: why people get involved in corruption scheme; how to create "nudges" to prevent corruption at the local level.
- What do your officials in high risk positions such as procurement, finance, business licensing need to know about fighting corruption?
- What is the National Action Plan Anti-corruption and what can a municipality or a region do about it?
- What is the National Action Plan AP for Open Government and what should you be doing?
**Measure 7:** The MoI will study the possibility of running pilots of the aforementioned measures with selected local authorities in order to learn lessons, adjust the relevant methodologies and tools and communicate them to others.

**Measure 8:** The MoI should coordinate an annual report for Fighting Fraud and Corruption Locally, based on data provided in a structured way and a standards template from LGEs, which will provide more detail of progress and developments across all local authorities and focus on specific high risk areas like procurement. This measure also relates to the objective of measure 3.

**Measure 9:** The MoI should drive awareness raising national public campaigns to inform, facilitate and encourage citizens to file complaints about perceived corruption at the subnational level.

**Measure 10:** The MoI should liaise and coordinate its activities with academic efforts to develop materials in plain language on behavioural ethics and ethical leadership for local authorities that could be posted on the anti-corruption website.
Part 2: Towards local anti-corruption plans

The development of tailored regional and municipal anti-corruption plans needs to take into account the diversities, challenges and opportunities, as well as the capacities of local governments. To provide guidance for these local anti-corruption plans, the following sections identify specific integrity and corruption vulnerabilities at the subnational level and propose twenty-two (22) concrete anti-corruption objectives that can be implemented directly by local governments. While local governments, if possible, should strive to see all objectives reflected, the actions they will be able to implement may vary across the country, reflecting the differences in sizes, economic and social realities as well as capacities.

It is important to stress that the local anti-corruption plans are not aspirational policy documents. To ensure their impact and to reflect the commitment of the local government, concrete actions with responsibilities and timeframes have to be developed for each of the objectives of the strategy. Even in the seemingly simple case of whether a new code of conduct has to be put in place, breaking the process into a series of steps (e.g. drafting of the code, submission for approval, approval and dissemination) is helpful. This also helps in monitoring the implementation of the strategy which would then consist of regular updates on which steps have been accomplished, how long it took to clear each step in the process, and how long a measure has been pending at a particular stage. Indicators should aim to capture the status and/or immediate outcome of the implementation of an activity (e.g. increase ethics awareness in public servants through training) rather than debatable non-immediate impacts of the measure (e.g. reduction of corruption) which are difficult if not impossible to attribute to the specific measures implemented through the action plan. As an example, Annex A provides a model for monitoring an anti-corruption local government programme.
2.1. Governance, procurement and financial management systems

2.1.1. Vulnerabilities

*Public procurement*

Local governments need to procure goods and services in order to meet their own needs and provide services to citizens. Whether routine and straightforward, such as the purchasing of office supplies, or complex and long-term, such as the tender for a new municipal hall, the procurement process can be vulnerable to corruption within any stage of the procurement cycle: needs-recognition, planning, drafting technical specifications and standards, tendering, contract awarding and post-award phase. As it has been highlighted in several reports from major Greek control and inspection bodies such as the Body of Inspectors Controllers for Public Administration (SEDD) and the General Inspector for Public Administration (GEDD), the specific procurement method used in accordance with the relevant thresholds (i.e. single award, open procedure, restricted procedure, competitive dialogue, competitive procedure with negotiation, innovation partnership procedure) affects the number and type of corruption vulnerabilities and potential corruption schemes.

It is estimated that, in 2015, Greece spent about 11.1% of its GDP and 20.5% of total government expenditures on public procurement. In 2016 alone, Greece spent 20.2% of its GDP on procuring goods and services. According to the Flash Eurobarometer Report on “Business attitudes towards corruption in the EU”, on average, companies in Greece derive a considerably larger proportion of their turnover from public tender and procurement procedures compared to those in other countries. Focusing on procurement in local government, another EU report states that businesses dealing with local authorities found that that certain scenarios create a corruption-friendly environment, including but not limited to: tailor-made specifications (known as *photografiikes*) to favour for particular companies, unclear selection or evaluation criteria, abuse of negotiated procedures, collusive bidding for local contracts involving agreements between multiple prospective contractors to undermine the competitive bidding process and inflate prices, and contract splitting and single awards. Other

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types of corruption result in overcharging the municipality for projects via payroll manipulation and/or change orders, likewise nepotism or conflicts of interest in the selection of vendors or contractors occurs when decision-makers favour certain vendors or contractors because of family connections, friendships, or, for elected officials, because of campaign contributions made previously by the businessperson or the company.

Indeed, corruption within the procurement process can take many forms, such as kickbacks from suppliers, unfair procurement (intervention within municipality to ensure award) irregular municipal purchasing procedures, side payments to municipal purchasing officials, and procurement decisions based on insider links and arranged tender dealings. Particularly in infrastructure projects, there other forms of corrupt practices, for example, bid rigging and use of front or shell companies from bidders who set up their fraud schemes in cooperation or without the knowledge of the local procurement and decision making officials.

**HR management and recruitment policies**

A particularly problematic area is human resources. Since 2010, local authorities have experienced important cuts in personnel. Concerns have arisen from both a quantitative as well as a qualitative perspective. Many municipalities are understaffed, while others are overstaffed with non-expert staff and are in need of personnel with more (or more specific) expertise. The number of staff employed at local entities appears, in most cases, not to be based on solid criteria and a structured long term and needs-based approach, but mainly as a result of personal choices (i.e. the numbers of employees who decide to retire or get seconded or even transfer their budgetary post to other public institutions). Apart from that, until the end of 2016 it was not possible to hire new staff of compulsory and secondary education. The only exception was for staff hired to work in reciprocal services, such as waste collection, which do not burden the State budget. While there were 1963 new hiring procedures planned for the two-tier local government for the year 2017, there seem to be no available budgetary positions for 2018 and 2019.

A major corruption risk lies also with temporary contracts. Local entities have been using this recruitment method for various reasons, including real seasonal and temporary needs as well as efforts to circumvent the ASEP’s recruitment rules and satisfy their electoral clientele. This practice has created several cases of employees working for a long period of time under this contractual regime. The legal status of these contracts and the issue of whether these contracts should be considered as contracts of an indefinite time are resolved, on an ad hoc basis, in the competent courts.

Examples of human resources related corruption and fraud committed by local authorities include:

- Fraudulently submitted timesheets to obtain overtime payment;

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11 The Supreme Authority for Selection of Personnel is the independent authority responsible for the recruitment across all public organisations including subnational institutions.
• Abuse or overuse of vacation and sick leave time;
• Falsifying documentation to get increased reimbursement for participation in field missions;
• Recruitment schemes that involve nepotism and conflicts of interest.

Interlocutors repeatedly raised the issue of false overtime claims, where employees are paid for extra hours they have not actually worked for. This is closely related to the lack of reliable timekeeping data, solved by using electronic systems to log hours and keep track of when employees come and go. Moreover, several inspections of the Inspectors Controllers Body of Public Administration have highlighted problems in the implementation of the provisions related to the selection of heads of organisational units, indicating that these provisions have been occasionally violated by local authorities in order to appoint those favoured by the elected officials.

The abovementioned problems show a lack of high quality personnel within the Greek local government. Even simple measures that were adopted by the legislator within the framework of the public administration reform – such as the compulsory publication on the web of decisions of local governments (DIAVGEIA) or the centralised system for public procurement and the use of electronic platforms such as KIMDIS and ESIDIS turned out, in several occasions, to be difficult to implement at the local level due to the lack of well-trained staff, able to use new technologies. This issue is a greater problem for smaller municipalities who have a limited number of employees.

**Audit and investigation mechanisms including financial management and control arrangements**

The public administration in Greece is undergoing reforms of the control and oversight arrangements, covering not only financial and budget execution issues but governance and operational systems and procedures. In local authorities the absence of a sound internal control system, encompassing both management and financial control activities, is more evident than in central government. The envisaged Legality Controller (Elengitis Nomimotitas) never became operational. However, local authorities of the decentralised offices of the General Accounting Office (Ypiresies Dimosionomikou Elegchou) and the Court of Audit (Grafeia Epitropou) are auditing (ex-ante financial control) individual financial transactions in the framework of external oversight arrangements. The GAO offices have been abolished as of 01.01.2017 while the decentralised offices of the Court of Audit are scheduled to be abolished after 01.01.2019. Given this framework, local authorities will have to focus on strengthening internal financial control arrangements following the paradigm of the General Directorates for Financial Affairs (GDOY) created in line ministries in the framework of the fiscal consolidation programme. The head of GDOY is undertaking the tasks of the accounting officer who is responsible for all financial transactions.

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financial transactions. In the process of strengthening internal control mechanisms, local authorities should also consider developing an independent internal audit function to evaluate the effectiveness of the controls in financial and administrative operations and transactions, as a prerequisite to the successful implementation of this reform. However, experts remain sceptical towards the abolishment of the ex-ante financial control, considering that this change may create new problems.

During the fact finding missions and interviews, it became evident that there is no internal audit function in most LGEs, with the exception of a couple major cities, i.e. Athens and Thessaloniki, and moreover there are no dedicated fraud and corruption investigators. LGEs rely solely on external bodies to detect and investigate these services (SEEDD, GEDD, SEEYME, MoF/GAO, environmental inspectors etc.) which does not allow the local institutions to develop their own internal capacities in relation to audit and investigation functions. On the other hand the fact that these bodies are external to the local entity ensures a certain degree of independence, although attempts to interfere in the investigation of alleged corruption incidents and integrity breaches might still occur. Furthermore, local entities regularly raise the issue of overlapping competencies between these external control and audit bodies which lead to multiple controls, sometimes covering the same issues, with ambiguous added value in terms of sanctions and misappropriated asset recovery. There is an ongoing discussion in Greece on who is responsible for these inefficiencies in the control and audit arrangements, with citizens stating that there is a widespread “impunity” status leading to declining levels of trust in subnational government.

Another issue raised during interviews with stakeholders was the need to strengthen and speed up the disciplinary investigation of alleged misconduct. Despite the progress of previous years, there are still cases where the disciplinary examination of individual cases of alleged illegal contact of elected officials as well as public employees is either lingering for long periods or when concluded, the decision is -in several cases- heavily influenced by an ill-defined notion of “solidarity” between colleagues and peers or political interventions. These phenomena are further contributing to the distrust of citizens towards local government entities while at the same time demotivating local government officials across Greece, who are wronged by the stereotypical representation of counterproductive public officials that are somehow involved in corruption and fraud schemes.

More specifically, it has been reported in the work of the main control and inspection bodies that the disciplinary processes are usually slow, procedural, and vulnerable to errors, allowing the misconduct and corrupt acts to escape sanction. As indicated by the number of appeals submitted by the General Inspector for Public Administration (GEDD) to the decisions of the first degree Disciplinary Boards, the contemplated sanctions for misconduct are minor (e.g. maximum one month’s suspension on full pay) in relation to the nature of the misconduct, which might also play as a perverse incentive to strengthen integrity and report misconduct. This relates to the fact that people working in local government entities do not want to draw attention and to cause problems by speaking out about corruption realities which results in a culture of opaqueness within subnational institutions.
Establishment and supervision of legal entities

According to the current administrative setup, there are several legal entities established, supervised and funded partially or fully by local authorities (e.g. KAPI, EYDAP), which are not subject to the same institutional guarantees as the core legal entities of the municipalities and the regions which are governed by public law provisions in relation to transparency and accountability legal requirements. The Kallikratis law tried to address this problem by strictly regulating the number and the legal status of the arm length bodies that each municipality or region can establish. However there are examples highlighted in inspection and audit reports as well as in court decisions indicating that in many cases the operations of these legal entities is the Achilles’ heel of local authorities.

School committees are another case that fall in the same category, with incidents reported of the mismanagement of funds, lack of appropriate administrative structures and maladministration. As already highlighted, these entities have traditionally been used as vehicles for corruption and were involved in major scandals in the past. Some of these entities were established under public law, but the ones where there has been most abuse were established under private law.

Municipal Revenues

A key component of the relationship between municipalities and citizens is the implementation and collection of municipal revenues. The Ombudsman in its Special Report on Local Authorities (July 2014) has indicated that the majority of provisions related to municipal revenues are based on an outdated, instable and vulnerable to corruption institutional framework. The Body of Inspectors Controllers of Public Administration has also highlighted this issue in several of its reports, stating that there are serious impediments in collecting municipal revenues, because the authorities fail to collect them within the 5-year time limitation period.

Another important issue relates to the management of local government’s assets and especially immovable property. In the era of financial crisis and budget cuts, subnational institutions cannot afford to mismanage their assets. This is not just an issue of low managerial and technical capacity; in many cases there is a web of undisclosed interests and networks influencing decisions in favour of their own interests, thus harming local communities.

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14 Municipal revenues include among other sources the following: Special reciprocal fees based on the provisions of Article 25 of Law 1828/1989, fees based on the gross income of restaurants, bars and other relevant business entities, fees for cleaning and lightning, fees for real estate assets, fees for cemeteries, and fees for the use of public areas.
2.1.2. Objectives

Objective 1: The MoI and procurement experts from local entities work closely with the SPPA, the SG for Commerce and the SG for Public Works, to develop tailored risk registers and control activities to prevent, deter and respond to procurement fraud and corruption.

Defining the main schemes and stages at which procurement corruption and fraud can manifest in a local authority should be part of this exercise. Proven tools for local authorities to address procurement corruption and fraud risks and schemes include, for example:\(^\text{15}\):

- Implement software programs that help analyse bids to identify patterns indicative of collusion, such as South Korea’s Bid Rigging Indicator Analysis System:\(^\text{16}\).
- Look for unusual bidding patterns (e.g. bids that are identical, very close to each other, or suspiciously far apart compared to previous tenders). These tactics are known as complementary bidding\(^\text{17}\), and are used by firms to ensure a particular bidder wins at an inflated price;
- Look for patterns in who bids for certain contracts based on location or type of work; if the same group of firms always bids and rotates who wins, this might be a sign of collusion;
- Look for identical errors in calculations or typos across multiple vendors’ proposals;
- Flag cases where one bidder withdraws and becomes a subcontractor, or where a losing bidder becomes a subcontractor — this could mean the losing or withdrawing bidder was promised subcontractor status in exchange for colluding with the winning bidder;
- Look for frequent change orders that increase overall contract value;
- Look for patterns of “lowballing” — e.g., one vendor is consistently the low bidder in a certain geographical area or in a fixed rotation with other bidders;
- Look for connections between bidders and between bidders and elected officials or employees involved in the procurement decisions by identifying matching addresses, phone numbers, and zip codes, or connections on social media;

\(^\text{15}\) Center for the Advancement of Public Integrity, “Taking a Bite Out of Corruption – A Data Analytic framework for Cities to Fight Fraud, Cut Costs, and Promote Integrity.” \(\text{http://www.law.columbia.edu/public-integrity/our-work-taking-byte-out-corruption}\)


\(^\text{17}\) Guide to Combating Corruption and Fraud in Development Projects, 2017 \(\text{http://guide.iacrc.org/potential-scheme-collusive-bidding/}\)
- Flag cases where numerous “sole source” contracts have been awarded to the same contractor, or cases where an open bid receives only one proposal;
- Look for potential conflicts of interest, such as elected officials or local authorities’ employees with family members that work for bidding companies or serve on the board of a non-profit that does business with the city.

**Objective 2:** Strategies to fight procurement related corruption in the local government are developed using the [OECD 2015 Recommendation of the Council on Public Procurement](http://www.oecd.org/governance/procurement/toolbox/principlestools/assessment/).

**OECD 2015 Recommendation of the Council on Public Procurement** is composed of twelve integrated principles including transparency and integrity, and provides a useful tool for strategy designers to address sectoral procurement corruption risks by offering a set of specific measures that can be implemented to ensure integrity in public procurement systems and to fight corruption related to procurement processes. Examples from practice for such specific measures are provided by the OECD Public Procurement toolbox.

**Objective 3:** A solid and long term human resources planning for all local authorities is implemented in close cooperation with the Ministry of Administrative Reform.

The ongoing reform initiatives like the new and transparent mobility scheme “The right employee for the right position”, the new organizational presidential degrees accompanied with updated competencies and clear job descriptions, the meritocracy-based performance evaluation and promotion procedures can be the bedrock for enhancing integrity in human resources management and recruitment procedures in local authorities.

**Objective 4:** Local authorities work closely with the Court of Auditors and the General Accounting Office as well as other competent stakeholders to strengthen their internal control arrangements especially focusing on financial control mechanisms.

There is a clear need for a concrete change management plan to successfully transition to the new system of financial control. The goal of a contemporary internal control framework is to ensure that resources are handled according to the principles of sound financial management and accountability is maintained. Contemporary internal controls and well-functioning internal audit systems are meant to deliver key assurances to all stakeholders, including local communities, against these challenges. To this end it is also pivotal that local authorities develop a strong internal audit function which may call for a differentiated approach for different types of local authorities taking into consideration issues like size, location, and budget.

**Objective 5:** The existing controls and safeguards of the financial and budget management system and procedures are evaluated and existing integrity and corruption risks are adequately and cost-effectively addressed.

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Both local government reforms and fiscal consolidation programmes are posing additional challenges to the efforts of subnational governments to manage revenues and expenditures more efficiently and to provide services more effectively. Decentralisation policies need to incorporate the tools for transparent financial systems with effective internal control and audit structures in local governments. As core elements of the national PFM framework, internal control and audit functions support the fiscal decentralisation process by promoting transparency and accountability in the use of public, ensuring allocation of public resources in accordance with citizens’ priorities, and supporting aggregate fiscal discipline. In the absence of a contemporary internal control system, with internal audit as a safeguard for checking efficiency and effectiveness of that system, local governments are vulnerable to waste, corruption, and inefficiencies.

**Objective 6: Effective legality and sound financial management control mechanisms are ensured at the local government level.**

Following the Kallikratis reform on the type and the number of legal entities that can be established by municipalities and regions, there is a need to strengthen the oversight arrangements and include these legal entities in the general rules governing management and financial systems.

**Objective 7: Elected officials give a clear tone at the top that strengthening and speeding up disciplinary procedures is an absolute priority.**

To this end, locally elected officials should work closely with the Ministry of Interior and the Ministry of Administrative Reform who are competent for the policy in relation to the disciplinary code and procedures. For example, a fair and quick conclusion of the disciplinary procedures is a safeguard and a tool for the employees of local government entities across Greece, who work to deliver services to their local communities despite the challenges they face, mainly due to lack of resources.

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19 Public expenditure tracking surveys (PETS) have proven useful in detecting corruption at the local level in some countries. These surveys track the difference between allocated funds and funds actually spent, providing valuable data on financial flows, outputs and accountability arrangements. Making the way that a local authority manages its finance more transparently thus empowering the citizens to exercise their watchdog role is an effective tool to enhance efficiency and restore their trust in local government entities.
2.2. Service Delivery

2.2.1. Vulnerabilities

_Municipal Approvals and Licensing (e.g. zoning approvals, building permits, business licences):_  
Local authorities’ power to grant building permission can make them vulnerable to corruption, from individuals or developers wishing to obtain a permit to build simple things like a house to complex and profit-making establishments such as a mall or a supermarket.

The applicant may attempt to bribe the local official to disregard any violations of the General Building Regulation (GOK) and other relevant legislation (e.g. total building height or placing the building in a forest area or within the designated foreshore area). On the other hand, there can be a petty corruption incident where the official demands facilitation money, known as “fakelaki” envelope containing money) to speed up the procedure or overlook minor irregularities.

Playgrounds are another topic of interest when discussing corruption incidents in the local government, since they are known to operate without appropriate certifications by the competent authorities. Under the same category falls also the case of health-regulated establishments, such as cafeterias and restaurants. Reports indicate a lack of implementation of the relevant sanctions. Even in cases of determined violations (e.g. urban planning and environmental provisions, sound pollution, occupation of public space), that would normally induce the removal of a license, local authorities have failed to take the appropriate actions.

_Inspections and controls:_

This function of local authorities relates to the abovementioned responsibilities but within the Greek context it has been identified as a high risk fraud and corruption area. Many regulated business activities in municipalities, including craft enterprises, gas stations and garages, daycare centres, restaurants, healthcare providers, senior care facilities, and other forms of entrepreneurship and service delivery, rely upon periodic inspections.

The inspection and investigation institutions have also identified building and land development inspections as facing many corruption risks. In construction, there are different actors involved (e.g. engineers, developers, contractors) interacting with public officials mandated to perform controls and inspections over the lifespan of a construction project.
Bribery schemes involving inspectors can compromise public safety and cost municipal taxpayers. For example, building developers might offer bribes to building inspectors in exchange for helping to accelerate projects to completion notwithstanding the failure to complete critical steps in the process. Health and hygiene inspectors might be offered bribes in exchange for overlooking expensive code violations.

Regions are also entrusted with significant control and inspection responsibilities in the areas of oversight of corporate and capital companies, implementation of investment plans in the primary production sector (e.g. agriculture and livestock farming, protection of natural resources and especially water, extracting of mineral resources, development of renewable energy sources and industrial operations). In most cases there are certain technical thresholds (level of environmental nuisance, production capacity etc.) that regulate whether the responsibility falls under the regional or central government authorities.

**Garbage collection and waste management**

The area of waste management has been proven to be a great challenge for local authorities. Over the past two decades, there have been numerous studies and efforts to develop modern and efficient systems of waste management taking into consideration the social, health, environmental, technical and financial constraints. The current policy framework is the Regional Plans for Waste Management (PESDA), and the discussion is driven by the regions, the municipalities and the Bodies for Managing Solid Waste (FOSDA).

At the same time, policy options to deliver this service, like outsourcing waste collection or developing the necessary infrastructure through private and public sector partnerships have raised concerns about corruption, including nepotism, conflict of interests and kickbacks. Significant funds have been invested from the national budget and the EU, and there have been allegations and investigations on fraud and corruption; this has been accompanied by calls to reinforce integrity safeguards in this high corruption risk area.

When exploring the advantages and disadvantages of outsourcing, local authorities should keep in mind their statutory obligation to ensure that the rules that apply to them are followed by the external providers. However, the extent to which that obligation is fulfilled varies. Furthermore, when services are contracted out, the process for citizens to make complaints may be unclear, and in some cases, local government officers may not adequately monitor contract performance or respond to complaints. For outsourcing of service delivery to be cost-effective while providing better quality services to the local communities, it is necessary to ensure that private companies do not get preferential treatment because of their informal connections with local decision makers. At the same time, continuous monitoring and stewardship of outsourced service providers need to be strengthened, and the lines of responsibility and accountability arrangements need to be clear and transparent, both internally and externally.
Municipal cemeteries management

Although this action plan does not cover all possible fraud and corruption risks detected in the area of service delivery provided by local government entities, since this requires a detailed risk analysis exercise at the entity level, it is worth mentioning the issue of municipal cemeteries management. According to the legislative framework (laws 445/1968, 582/1968, and 547/1977), municipalities and communities are responsible for establishing and managing the cemeteries. Given that the post mortal dignity is considered to be of high ethical and sentimental value for citizens, this area of responsibility has been highlighted as a high risk area by the competent control and investigation bodies as well as the Ombudsman. The Body of Inspectors Controllers of Public Administration (SEEDD) has identified the following main issues in its relevant reports:

- Non implementation of the provisions of the law 547/1997 regulating the management and operations of cemeteries,
- Absence of official Regulations of Operations for municipal cemeteries,
- Financial mismanagement, loss of revenues and creation of deficits.

2.2.2. Objectives

Objective 8: Inspection records and relevant documentation are reliable and transparent.

Inspection records can be a rich source of information to help anti-corruption officials identify incidences of bribery or fraud. However, the value of these records depends on whether the information is available electronically or on paper. For example, in Greece there are ongoing digitalisation reforms across public administration including local authorities. LGEs could build on these to communicate this key information effectively.

Objective 9: The integrity of licensing and inspection functions is strengthened.

This objective can be achieved by introducing specific controls such as the segregation of duties, the four eyes principle, job rotation in high risk positions, or random checks from third parties not involved in the service delivery line. Also, in cases where inspectors work in pairs, especially when pairings are supposed to be randomly assigned, recurring pairings of the same inspector teams can be examined. The use of innovative tools like data mining and geospatial data are considered to be valuable anti-corruption techniques.

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Objective 10: Local authorities invest more and are at the forefront of the efforts (e.g. OGP, Diavgeia, e-KEP) to further advance digitalisation of service delivery at the local level.

Municipalities and regions in Greece are able to take advantage of the widespread proliferation of digital technology to transform operations and improve service delivery. Moreover, e-governance can potentially reduce corruption. Local authorities with robust e-governance policies and e-government tools make it more difficult for institutional corruption to prevail since e-government tools often feature built-in systems of authentication and granting permissions, thus ensuring a reliable audit trails and promoting transparency and accountability. As information is standardised, more accessible, and easy to compare amongst different users, those in high level positions are less likely to wield discretionary power.

Objective 11: Concrete rules of interaction and clear transaction processes for service users are established and communicated.

Clear procedures can help enable citizens not only to hold local officials to account but also feel less obliged to bribe to obtain services they are entitled to. Actions to achieve this objective could comprise, for example, providing clear information about administrative procedures, removing unnecessary procedures, and ensuring timely and transparent administrative decisions.
2.3. Integrity arrangements and safeguards

2.3.1. Vulnerabilities

*Revolving doors and post-employment*

Local authorities increasingly outsource the provision of services that they would once have provided internally (see section 2.2 on service delivery). In addition to the risks related with outsourcing services, there is the possibility that local authority employees abuse their access to insider information and/or their ability to shape policies or contracts while in office, in order to create opportunities for themselves, their friends, or private-sector companies for which they will later work. In addition, it may have consequences in terms of services being provided at low quality or poor value for money. The transfer of individuals from government to private-sector roles, sometimes known as the ‘revolving door’, has been associated with many apparent conflicts of interest.

- **Abuse of office.** An official might use his or her power while in office to shape a policy or decision in favour of a certain company, with a view to ingratiating himself or herself with that company and thus opening up a path to future employment. The temptation might be exacerbated by the risk of redundancy, providing a greater incentive for officials to use their position this way.

- **Undue influence.** A former official now employed by a private company might influence his or her former colleagues to make a decision in a way that favours the company. In this case, he or she (and the company) is exercising undue influence. Undue influence over the formation of policy or legislation in such a way as to benefit a certain company or interest group is known as ‘policy capture’.

- **Profiteering.** An individual might profit from public office by drawing on information, knowledge or stature derived from his or her public role in order to profit financially. This profiteering could occur while an official is still in public office or after they have left it.

- **Switching sides.** An individual might leave public office to take up employment with a private-sector organisation in a role that requires him or her to oppose the government’s position on an issue, where he or she had previously represented the government. This is known as switching sides. It can be regarded as problematic because the individual may have had access to

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privileged information in government, which could now be used to frustrate the government’s aim.

Local politicians campaign funding

Campaign funding for municipal and regional elections in Greece is regulated by Law 3870/2010. Campaigns may be funded only via private funding in the form of contributions from private persons in cash and in kind. At the same time, private funding is subject to a number of restrictions in line with many OECD countries. Article 3 of Law 3870/2010 states that the following sources of funding are not allowed:

a) Private persons with debts to local government entities amounting to more than EUR 1,000;

b) Media owners and publishers;

c) Employees of local government entities or their supervised legal entities;

d) Legal entities of private law;

In line with the relevant regulations on political finance in Greece (article 7 of law 3023/2003), it seems that corporate donations are also banned at the local level. Private funding allows for support from society at large for a political party or candidate, and is widely recognised as a fundamental right of citizens. Yet if private funding is not adequately regulated, it can be easily exploited by special private interests. Therefore, OECD countries increasingly regulate private funding to ensure a level playing field among parties and candidates.

In terms of limitations to campaign funding, a common practice used by many countries is to set a maximum ceiling for donations. This ceiling is important to successfully identify where there is room for potential policy capture. In Greece, contributions from individual donors to a combination of candidates may not exceed EUR 2,000, while individual candidates may not receive more than EUR 500 according to Law 3870/2010. These provisions set important boundaries and help to frame private funding in municipal and regional elections. Inappropriate election contributions to candidates, lobbying improprieties/bribery, campaign help in return for favourable votes on projects, are just some of the issues to be addressed in order to improve the effectiveness of local government and the ability of its current campaign funding system to resist corruption. A significant part of the solution is to strengthen the oversight and control system of these safeguards and to ensure adequate monitoring and evaluation of controls.

Lobbying, undue influence, capture by local interests and conflicts of interest

Local officials are particularly vulnerable to capture and undue influence from individuals or narrow interest groups, a phenomena which in turn gives room to fraud and corruption. Using personal networks for influence is problematic in any policy area, but even more so in local communities where this can be achieved without directly involving (and without the knowledge of) decision-makers, by manipulating information or by establishing close social or emotional ties with them. There is a risk of a lack of
transparency and democratic safeguards in the decision-making processes and the treatment of specific interest groups or persons.

Such networks tend to flourish in smaller municipalities. In Greece there are two major metropolitan areas and a few large municipalities in terms of the size of the population. According to a 2017 study with comparative data on local government entities issued by the Hellenic Agency for Local Development and Local Government (E.E.T.A.A. S.A.), 260 out of 325 municipalities (i.e. 80%) have a population of up to 50,000, 48 (15%) have up to 100,000, and only 17 (5%) having more than 100,000 persons. 23

An example of how undue influence and policy capture work on the subnational level is the case of grants awarded to athletic clubs and cultural associations. This area, if not regulated by a clear and transparent framework, can easily become a vehicle for corruption. The awarding of grants has been used at the local level as a tool for “legitimately” distributing taxpayers’ money to specific interest groups, or certain structures of the electorate, which in turn would support the local politicians in elections and facilitate their winning.

Another case of personal networks influencing local policies is seen in rent seeking activities. Identifying the types of rent seeking behaviour in the area of responsibilities of local authorities in Greece is quite challenging. It usually revolves around the issues of market entry (e.g. getting the necessary license to produce or run a business) or market access (e.g. operating hours of businesses). In this context, the rent seeking activities are undertaken by individuals and interest groups who are affiliated with local officials or have the means to influence their decision in order to redistribute income and wealth. This involves the abuse of power by local officials who seek their own benefit by buying votes or taking bribes. This and other types of rent seeking hinders efficiency and economic growth.

Furthermore, local entities with small populations are more prone to instances of conflicts of interest.

A conflict of interest situation may arise, for example, when an elected or appointed official has a personal interest in a matter that goes beyond the interests of other members of the community, and might reasonably be expected to influence the official’s performance of his or her duties. This may include, for example, close links between real estate developers and the staff of local authorities, campaign contributions from developers, conflict in contract awards, or a personal interest in administrative decisions.

2.3.2 Objectives

Objective 12: Local authorities should work closely with the General Secretariat Against Corruption and other competent stakeholders to develop tailored and sustainable

23 https://www.eetaa.gr/ekdoseis/pdf/168.pdf. These figures are based on the 2011 census and are not current for 2018, but they show the overall distribution of the size of municipalities.
training and capacity building modules on integrity and anticorruption tools and practices.

**Objective 13:** Local authorities mainstream tailored measures to avert the capture of public policies by narrow interest groups in day-to-day operations.

For example, to mitigate the risks of such policy capture, it is essential to ensure that public officials are able to identify and adequately manage conflict-of-interest situations. Also, local governments should aim at balancing the level playing field to enable diverse interests to express their concerns and ideas in policy-making processes at the local level and to instil transparency in local lobbying activities.

**Objective 14:** Local government institutions work closely with the Ministry of Interior and the Ministry of Administrative Reform as well as other competent central government actors to ensure that enforcement mechanisms at the local level provide appropriate responses to all suspected violations of public integrity standards by public officials and all others involved in the violations.

To achieve this goal, local governments could in particular aim to:

- apply fairness, objectivity and timeliness in the enforcement of public integrity standards (including detecting, investigating, sanctioning and appealing) through the disciplinary, administrative, civil, and/or criminal process;
- promote mechanisms for co-operation and exchange of information between the relevant bodies, units and officials (at the organisational, subnational or national level) to avoid overlap and gaps, and to increase the timeliness and proportionality of enforcement mechanisms;
- encourage transparency within public sector organisations and to the public about the effectiveness of the enforcement mechanisms and the outcomes of cases, in particular through developing relevant statistical data on cases, while respecting confidentiality and other relevant legal provisions.

**Objective 15:** Elected officials, senior public managers, finance directors and all individuals involved in sensitive and high risk positions demonstrate explicit commitment to fighting fraud and corruption.

To show this commitment elected officials could sign a public integrity pledge where they commit to use all available means and resources at their disposal to combat corruption in all its forms at all times including the application of appropriate prevention and detection control measures. This pledge would serve as a voluntary commitment where relevant stakeholders (including public representatives, officials and other service providers, informal groups of people as service recipients and citizens’ committees) agree to eliminate all forms of unauthorised payments, ensure and promote the participation of residents in decisions that affect the content and quality of services provided and ensure transparency in all local authorities activities.

**Objective 16:** The head of each local entity appoints an "Ethics Officer" (EO), a point person to discuss and work on anti-corruption efforts.

This EO should be a person of the highest integrity and can either be a volunteer (such as a retired public official) or someone currently working in government. This person will
also be responsible to coordinate the anti-corruption plan and to ensure there is continuous progress. The Ministry of Interior should be notified once this person is appointed, in order to publish his or her identity on the national website as the coordinator for the respective local government entity.

**Objective 17:** Clear and credible whistleblowing channels are established at local government level.

The best fraud fighters are the staff and service users of local authorities. Arrangements should ensure that staff and the public have access to a fraud and corruption whistleblowing help-lines. For example, once established, a main task of the Ethics Officer (see Objective 16) could be to find out what reporting systems are in place, or need to be created, to provide an easy way for people to anonymously report corruption (a reporting "hotline"). To this end, a survey of citizens or employees could ask whether or not they would use such a reporting system, and if not, ask for the reasons. Moreover, hotline complaints can also point towards potential corruption hot spots. Introducing effective complaints receiving and management systems, at least in larger municipalities, or using a shared services approach for smaller ones, including innovative elements like smartphone applications, can leverage these robust data sources to identify incoming complaints that are tied to particular fraud and corruption schemes in high risk areas such as building and business licensing and waste management.

**Objective 18:** Local authorities publish annually details of their anti-corruption and integrity related work.

These annual reports should include information about the initiatives taken to strengthen and implement integrity arrangements as well as the number of detected fraud and corruption cases that were referred to the competent investigative bodies. Moreover, feedback on the outcome of those cases should be provided (this links directly with part 1, measure 8). To achieve this objective, an advanced level of multi-stakeholder cooperation between local government entities, investigative and inspectorate bodies, as well as prosecutorial and judicial authorities will be required.

**Objective 19:** Local Government Entities of all levels develop Local Government Codes of Conduct which set out the integrity standards required of appointed staff and elected representatives.

These codes could be developed through a participative process with local officials and representatives of local communities to determine these values. The exercise itself enables a debate over values and core principles that should guide interactions with the citizens and the users of the services provided. This way, ownership of the resulting code will then most likely be greater. The code could be structured around ‘key principles’ including: integrity, leadership, selflessness, objectivity, accountability, openness, honesty and respect. It should set out ‘general conduct obligations’ for both local government elected officials and public servants focusing on those in high risk areas. Moreover, the code should adopt clear guidance for political decision-makers and public servants and mechanisms on how to identify and manage conflicts of interest. As already highlighted, the discussion about the drafting of these codes could involve the civil society (including NGOs, academic institutions and all interested stakeholders). However, the commitment to incorporate these values in the daily operations and the
decision making processes of local government entities is contingent upon the political will of the local elected officials.
2.4. Transparency and citizens' participation

2.4.1. Vulnerabilities:

*Low participation of civil society:*

Greek citizens have few opportunities for direct participation in local decision-making between elections. Beyond national referendums that may be called for critical issues, citizens cannot request local referendums.

The only possibility for direct citizen participation provided for in the Kallikratis law is the Municipal Consultation Committee of article 76 of Law 3852/2010. It is a consultation body consisting of representatives of local commercial and professional associations, scientific organizations, school parents’ councils, sports and culture clubs, youth clubs and associations and any type of organisation or association. At the same time, citizens can also directly participate even if they do not belong to a club, organisation or association. The President of the Committee is the Mayor or the Deputy Mayor. The main competences of the Committee involve municipal development and investment programmes, taking into consideration issues faced by local residents.

The same provision also states that there is the possibility of electronic consultation with citizens, which may run in parallel with the Municipal Consultation Committee. The organisation of these public opportunities, however, is at the discretion of the community or municipal leadership.

Stakeholders interviewed for the purposes of this action plan stated that those provisions regarding citizens’ participation at the local government have failed in implementation, noting the citizens’ lack of trust in local government institutions and authorities. At the same time, the role of citizens and local government employees (potential whistleblowers) in scrutinising the conduct of elected local officials becomes more important. In any case, it should be noted that the low quality and accessibility of open government data in most Greek local authorities, as well as strong local personal networks, hinder ability and incentives for citizens to serve as watchdogs. Further, the monitoring and investigative capacity of citizens and civil society groups is generally low.

*Ineffective complaints management systems*

Municipalities and regions must also have established systems to record complaints about administrative action (e.g. service delivery and staff behaviour). Citizens, as well as municipal councillors and staff, should all be made aware of these reporting systems and know how to gain access to them. Municipal and regional employees also have an obligation to report any suspected corrupt conduct, and this should be stipulated in a code of conduct specifically designed to address the needs of local government entities. Currently there is no such a tailored code in Greece, apart from the Guide of Proper Administrative Conduct, applying to the whole public sector and a couple of more tailored ones mainly within the tax administration. The relevant obligations of local
government employees should be found in the Greek Constitutions, penal code and other regulations government competencies of subnational government institutions. However, it should be noted that there is a dedicated code (Law 3584/2007) governing the issues relating with the status and relevant provision of the local government employees.

2.4.2. Objectives

**Objective 20:** Local authorities provide citizens with information necessary to hold them to account.

Ongoing reforms in open government and transparency initiatives in Greece like “making the rules known” can both support the development of the growing concept of “armchair auditors” as a growing part of “crowd-sourcing” control mechanisms.

More specifically, municipalities and regions should encourage transparency and stakeholder engagement at all stages of their activities to promote accountability and the public interest, in particular through:

- promoting transparency and an open government, including ensuring access to information and open data, along with timely responses to requests for information;
- granting all stakeholders – including the private sector, civil society and individuals – access to the development and implementation of local public policies;
- encouraging a society that includes “watchdog” organisations, citizens groups, labour unions and independent media.

**Objective 21:** LGEs convene a multi-stakeholder group that includes local government officials, civil society and specialists to assess, recommend and implement a set of improvements to the local administration to ensure transparency, accountability and integrity.

The coalition would work on the basis of a memorandum of understanding between the parties to distribute responsibilities and establish commitment. Concrete actions could include the creation of community watchdog groups. These are local committees of community-based organisations or grassroots associations whose key role is the dissemination of information pertaining to government activities to the public. These groups can help in strengthening local government integrity by raising awareness in the community regarding corruption risks and promoting transparency in local governments. They can also monitor local government issues and policies, correspond with media and government authorities, attend public hearings and speak for public policy proposals. This should be piloted at first by a mixed group of local authorities to adjust the approach that would better suit the needs and special characteristics of Greece.
Objective 22: Local authorities implement anti-corruption awareness programmes.

To effectively raise awareness, LGEs should study tools such as internet, internal bulletins, conferences and press releases. Local government has the benefit of being closer to the citizens than central government and this offers the opportunity to organize awareness raising events on pro-integrity and anti-corruption strategies in schools, universities or even sports and cultural events facilities.
Annex A. Model for monitoring an anti-corruption local government programme

### AWARENESS-RAISING AND EDUCATION

**PRIORITY 1**

**ANTI-CORRUPTION TRAINING IN LOCAL GOVERNMENT ENTITIES (LGEs)**

**Description**

Efforts will be made to introduce anti-corruption education at all stages of the Greek local government system, including at the municipal and regional level. This will require cooperation between government departments, particularly the Ministry of the Interior and Administrative Reconstruction.

**Outcome 1**

**Integrity training integrated in local government entities**

**Outcome indicators**

- Percentage of LGEs providing integrity training
- Percentage of local civil servants reaching the required integrity standards as part of the course

**Benchmark**

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<th>Completion date</th>
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<tr>
<td>1.1 Survey conducted of existing anti-corruption and integrity training in LGEs</td>
<td>Survey has been completed, with the participation of over 50 percent of Greek LGEs</td>
<td>January 2018</td>
<td>Ministry of the Interior and Administrative Reconstruction</td>
<td>6,000</td>
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<tr>
<td>1.2 Workshop held to evaluate present gaps in integrity training</td>
<td>Workshop concluded with agreement on key gaps in integrity training and key features of possible training</td>
<td>February 2018</td>
<td>Ministry of the Interior and Administrative Reconstruction, LGEs, civil society</td>
<td>6,000</td>
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### AWARENESS-RAISING AND EDUCATION

#### PRIORITY 1

**ANTI-CORRUPTION TRAINING IN LOCAL GOVERNMENT ENTITIES (LGEs)**

<table>
<thead>
<tr>
<th>1.3 Draft integrity training content developed for LGEs</th>
<th>Draft integrity training content</th>
<th>June 2018</th>
<th>Ministry of the Interior and Administrative Reconstruction</th>
<th>15,000</th>
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</thead>
<tbody>
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<td></td>
<td>completed and amended following consultation with workshop participants</td>
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| 1.4 Integrity training piloted in a limited number of LGEs | Curriculum is taught successfully in a minimum of 30 LGEs across Greece | September 2018 | Ministry of the Interior and Administrative Reconstruction and selected LGEs | 6,000 |

| 1.5 Integrity training revised in line with feedback from piloting institutions | Updated training completed incorporating comments from all LGES participating in pilot programme | February 2019 | Ministry of the Interior and Administrative Reconstruction and selected LGEs | 10,000 |

*Source: modified from UNODC materials for national workshop*
Annex B. UNCAC Prevention of Corruption Standards - Summary

ARTICLE 5. The Framework: Create a Plan.

- What is the strategy for your city? Check your city's past history: any corruption? What was it? Any audits showing problems? What are the causes of any problems in your city? What are your risks? (Usually, the risk involves use of money.) How common are your risks and how often do they happen? Focus on prevention and building of trust.

- Create the plan by knowing: WHY-- what principles does your City believe in? HOW--what strategy do you have for improvement? And ACTION--what are you actually going to do to change things? Who does what and how do you know it was worthwhile?

- Coordinate with all groups in your City-- public, private, citizen groups; include citizens in discussions about corruption and in setting goals to prevent it.

- Set realistic goals that are transparent to the public. Build on your success; don't try to do everything all at once.

ARTICLE 6. The Group: Who implements the Plan?

- The City needs to form a group that is responsible for the Anti-corruption plan. This "Ethics Group" can be an existing body with new duties, or a new one formed for just this purpose. But it is important that this Ethics Group be independent and not manipulated by any official or any person who has too much power or influence over it. There should also be checks and balances on the group--how are they selected? What is their term? How are they reviewed?

- The City needs to make sure that the Ethics Group has resources to do their job; don't starve the group; they must have access to existing city resources to do their job.

- The goal of this group is to establish local practices to prevent corruption and to involve citizens in that process. The group should have the authority to develop policies, codes of conduct, to receive complaints, to survey citizens, and to recommend new laws.

- It is helpful to designate one person to be in charge of this group--the "Ethics Officer" for the City. This can be an existing city official who is given more duties--such as an Ombudsman.

- Their meetings and activities should be transparent.
ARTICLE 7. Employment of Public Servants.

- Hiring, Promotion and Retirement of Public Officials should be fair and based upon objective criteria.
- Focus on Selection, Training and equitable pay.
- The key is to have transparency in all parts of the employee process.
- Set up systems to avoid conflicts of interest in the person's private life and public duties.
- Focus on positions that have a risk of corruption; screen applicants and create standards for these positions that would prevent problems; create training and discuss risks and prevention strategy.

ARTICLE 8. Codes of Conduct

- Know the national laws (criminal and conflicts of interest) that apply to your City; make sure they are in plain language and that all officials are trained on them.
- Study whether your City needs any additional rules or codes that would help in prevention of corruption. If so, see that those laws are passed. Have regular times to update the Code.
- Look at these areas: receiving gifts or advantages; outside employment; investments in city projects; declaration of assets, conflicts between public and private duties.
- Although Codes should have sanctions, the emphasis should be on prevention and training and providing fast and informal advice to employees of the City on ethics issues.
- Codes can also regulate activities with vendors or contractors.
- Look at standards for these Codes from other cities and municipal groups.
- Have discussions with officials and staff in developing the Codes--what do they see as the risk? what do they think the Code should regulate?
- Have the Ethics Group (Article 6) monitor the implementation of the Code and its effectiveness.
- Make sure that the Code has protection for whistleblowers and anonymous reporting.

ARTICLE 9. Procurement

- The entire procurement process should be transparent, web-based and encourage citizen input.
- Information on how to report corruption should be on all procurement documents.
• There should be objective data for procurement decisions and an appeal process.

**ARTICLE 10. Public Reporting**

• The public should get information on how the City is functioning and how decisions are being made. Simplify this in plain language online. (See Open Government Project)
• Eliminate face to face decision making and discretion; put up process online.
• Increase access to government documents online.
• Streamline licenses and permit processes; have online applications; have "one-stop shops" for people to do their City business.
• Report online to the citizens what is being done to prevent corruption? What measures are in place?

**ARTICLE 11. Judiciary and Prosecution (Judicial Appointments, tenure)**

**ARTICLE 12. Private Sector**

• Enhance auditing standards, encourage codes of conduct and conflict of interest rules.
• Handle false documentation and off the book transactions.
• Disclosure of who is establishing and maintaining businesses.

**ARTICLE 13. Public Participation (see Open Government Plan)**

• Raise awareness of Corruption and Remedies with all groups in your City on the threat of corruption and how it affects the future of your City.
• Discuss how to report corruption; safeguards for those who report.
• Educate all--young and old--on their rights and how government works.

**ARTICLE 14. Money Laundering (National law)**

*Source: Adapted from United Nations Convention Against Corruption (UNCAC) Ch. II, Art. 5-14: Prevention*