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Public Administration Reforms in Greece during the Economic Adjustment Programmes

Vasilis Nikitas and Vasiliki Vasilopoulou

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This paper was drafted before the outbreak of the Covid-19 pandemic. Its impact and policy responses are therefore not covered in this analysis. The closing date of this paper was end-2020.

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Vasilis Nikitas and Vasiliki Vasilopoulou

Abstract

This paper summarises the approach taken by the European Commission during the Economic Adjustment Programmes (2010 to 2018) to address reforms to Greece's public administration. It will argue that it was necessary to address this structural reform area as part of the programmes as well as post-programme surveillance. The paper will explain the challenges the public administration was faced with at the outset of the programme, as a number of macroeconomic imbalances that the Greek economy had accumulated prior to the financial crisis can demonstrably be linked to the weaknesses of the public administration. A reform of the public administration was therefore urgently needed and formed a key element of all three programmes. The benchmarking of structural policies revealed that Greece was underperforming relative to the EU average in many policy domains. Therefore, Greece needed to review the overall functioning and capacity of its public sector as well as addressing its public sector wage bill, which was well above the Eurozone average.

The assessment of the public administration usually looks into five broad performance areas, namely:

- 1) policy planning, development and coordination;
- 2) civil service and human resource management;
- 3) service delivery;
- 4) accountability; and
- 5) public financial management.

This paper will mainly focus on areas 1-4, as 5 formed part of separate work streams under the programmes. First, it will focus on actions taken to strengthen control of the size and cost of the public administration. Second, it will present actions relating to the consolidation of organisational entities and structures. Third, it will focus on efforts to improve accountability of the public administration, but does not cover the anti-corruption actions, as this constituted a separate working stream. Fourth, specific actions relating to human resources management reforms will be presented. Fifth, efforts to introduce coherent appointment procedures for managers will be described. Finally, actions to improve policy coordination will be highlighted.

It will show that over the years, the reforms undertaken as part of the three programmes and later as part of the post-programme commitments were overall effective in supporting Greece to modernise its public administration. The paper will also draw some lessons learned, while also highlighting aborted reforms and also identify specific public administration reform areas that were not covered, such as digital services.

The paper will conclude that important steps were initiated during the economic adjustments programme and it is encouraging to see a number of these reforms being developed further, but at the same time it acknowledges that further efforts are needed to bring the performance of Greece's public administration closer to EU standards.

The information provided in this paper was used as an input for the ex-post evaluation of the Greek adjustment programmes during the period 2010-2018. This paper was drafted before the outbreak of the Covid-19 pandemic. Its impact and policy responses are therefore not covered in this analysis. The closing date of this paper was end-2020.

JEL Classification: H11, H83.

Keywords: Greece, economic adjustment programme, structural reforms, public administration, fiscal, wage grid, attrition rule, depoliticisation, civil service and human resource management, policy planning, policy coordination and policy development, accountability, service delivery public sector performance.

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Contact: Vasilis Nikitas, vasilis.nikitas@ec.europa.eu, and Vasiliki Vasilopoulou, vasiliki.vasilopoulou@ec.europa.eu, European Commission, Directorate-General for Economic and Financial Affairs.

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1. INTRODUCTION

A number of macroeconomic imbalances that the Greek economy had accumulated prior to the financial crisis were linked to the weaknesses of the public administration¹. A reform of the public administration was therefore urgently needed and formed a key element of all three programmes. The benchmarking of structural policies revealed that Greece was underperforming relative to the EU average in many policy domains. The public administration was largely seen as overstuffed and characterised by complex, burdensome and lengthy administrative procedures. Therefore, Greece needed to review the overall functioning and capacity of its public sector.

A key feature of the Greek public administration was its high level of clientelism across all levels. A number of scholars have traced its underlying causes to a combination of certain features of the electoral system, which is close to a ‘first-past-the-post’ system usually resulting in one-party governments, and soft rules on political appointments². The latter allowed the winner of elections to populate the public administration with political appointees, in particular in senior posts, but also to create new posts across all levels of the public administration that were not based on specific needs identified. Related to this was that the governing party also frequently amended the Civil Service Code, in order to facilitate collaboration with senior civil servants who were seen as pro-government. This pattern resulted in an extreme politicisation of the administrative system³.

⁽¹⁾ For the purpose of this paper, public administration encompasses the central government (e.g. ministries, decentralised administrations, legal entities of public and private law and independent authorities), local administration (e.g. municipalities, prefectures and legal entities of local governments) and social security funds.

⁽²⁾ See for example: 1. Reform of Public Administration in Greece; Evaluating Structural Reform of Central Government Departments in Greece: Application of the DEA Methodology, Makrydemetres A., P.D. Zervopoulos and M.E. Pravita, Hellenic Observatory, London School of Economics and Political Science, 2016 (<http://eprints.lse.ac.uk/65567/1/GreeSE-No97.pdf>). 2. Public administration characteristics and performance in EU28: Greece, Dimitri A. Sotiropoulos, National and Kapodistrian University of Athens, 2018 (part of “Support for developing better country knowledge on public administration and institutional capacity building”, European Commission).

⁽³⁾ “Public administration characteristics and performance in EU28: Greece” (2018), <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8123&furtherPubs=yes>. This study refers to various academic research, including (i) Sotiropoulos D.A. (2000), *The Peak of the Clientelist State*, Athens: Potamos (in Greek); and (ii) Makrydemetres A. (2013), *Knitting Penelope’s Web: Administration and Democracy in Greece*, Athens: Sakkoulas editions (in Greek).

The Greek public administration was characterised by a high degree of centralisation⁴, which, at least partially, could be attributed to the low administrative capacity of municipalities. Greece remains one of the least decentralised administrative systems of the EU with local government. This is corroborated by the fact that compared to other OECD countries, a very large share of all government employees work for the central government. Although the local government's mandate is comparatively weak, it is still widely seen as a structure that is over-staffed and with comparatively lower quality. For example, the formal educational credentials and skill level of local government employees traditionally lagged behind the corresponding credentials and skills of central government employees⁵.

As Greece entered the financial crisis its public administration was faced with a number of chronic problems. A number of these problems were also identified in the National Strategy for Administrative Reform (2017-2019)⁶ indicating that addressing these issues has been a long-term process as it requires the introduction of new procedures complemented by promoting a cultural change towards a more service-oriented public administration. The main problems of the Greek public administration have been summarised as:

- **Low capacity to properly design and implement public policies:** in particular evident when attempting to develop integrated and cross-cutting policies, where the lack of a coherent strategy resulted in the intervention being fragmented and overlapping;
- **Lack of coordination:** closely related (and possibly a key contributing factor) to the previous point, the lack of coordination could be seen at all levels of the public administration, resulting in an overall weakness to efficiently implement reforms;
- **Lack of a comprehensive human resources management system, including a fragmented and non-transparent remuneration system:** the remuneration of civil servants was characterised by a plethora of allowances and exceptions, which resulted in a highly fragmented and non-transparent wage grid. Further, the mobility of existing civil servants was mainly carried out through secondments that usually were extended and without the vacant posts being published in a systematic and transparent manner. Finally, there was no appraisal system in place to assess the performance of civil servants and to identify specific training needs;

⁽⁴⁾ “European integration in administrative terms: A framework for analysis and the Greek case” (1998), C. Spanou. *Journal of European Public Policy* 5(3): 467–484.

⁽⁵⁾ “Public administration characteristics and performance in EU28: Greece” (2018), <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8123&furtherPubs=yes>.

⁽⁶⁾ <https://www.ypes.gr/ethniki-stratigiki-gia-ti-dioikitiki-metarrythmisi-2017-2019/> (latest visit: 28 June 2021).

- **Over-staffing resulting in under-utilisation and inefficient allocation of human resources:** the lack of a human resource management system, including job descriptions defined for each post, and proper needs assessment identifying resources required resulted in an inefficient allocation of resources. The non-existence of a human resource management system was illustrated, for example, through the lack of accurate and transparent information on staffing numbers for each public entity. As a consequence in inadequate and/or poor public services being provided to the citizens;
- **Overly complicated regulatory framework resulting in opaque legislation and administrative decisions:** complexity (and on occasion contradiction) of regulatory texts and regulations made it difficult for citizens and businesses to understand and comply with the regulations, and created costly legal uncertainty that further burdened the judicial sector;
- **Low penetration of e-Government services:** the low penetration of accessible e-Government services across the public administration meant that the citizens had to be physically present, while it also had an adverse impact on transparency. Where e-Government services have since established (e.g. Gov.gr and Taxisnet)⁷, it has allowed citizens to carry out a number of their transactions online, also allowing tax administration resources to be allocated to other tasks; and
- **Absence of modern methods, techniques and management tools:** lack of proper and integrated procedures for data collection, synthesis and analysis resulted in non-complete and/or inaccurate data. As a consequence, inefficiencies incurred both in terms of developing targeted and relevant policies and in terms of implementing and enforcing adopted policies.

The programmes developed policies to deliver concrete improvements across most of the problem areas identified above. The description of the various actions carried out and their respective impact are set out in the next chapters.

Finally, as concerns the institutional set-up there were recurrent changes during the programme period (and afterwards). In particular, the key ministry mandated with the responsibility of reforming the public administration had multiple shapes. In 2010, it was the Ministry of Interior, Decentralisation and Electronic Governance, in 2012 it changed to the Ministry of Administrative Reform and e-Government, in 2015 it changed to the Ministry of Interior and Administrative Reconstruction, in 2016 it changed to the Ministry of Administrative Reconstruction, and finally in 2019 it was yet again absorbed into the Ministry of Interior with one directorate moved to the new Ministry of Digital Governance.

(⁷) Recently, and in particular following the pandemic outbreak, there has been a significant number of new e-Government services made available, mainly through Gov.gr.

2. PROGRAMME INTERVENTIONS

This chapter describes the key interventions carried out under the three Greek economic adjustment programmes and analyses their respective impact⁸. The presentation follows in a chronological order and sets out the reform areas that were prioritised during the first and second programmes. These include, controlling the public administration in terms of size (staffing numbers), cost (wage bill) and restructuring of the central administration, while also enhancing the monitoring capacity (e.g. Single Payment Authority) and the transparency⁹ of the public sector. These constitute sections 2.1-2.3, namely:

- Section 2.1: controlling the size and cost of the public administration
 - Measures to rationalise public service employment
 - Restrictions on temporary staff and elected personnel
 - Wage bill reforms, introduction of performance-based incentives
 - Single Payment Authority (SPA)
- Section 2.2: consolidation of organisational entities and services
 - Major central and local administrations reform
 - Grouping of public sector entities with overlapping responsibilities
- Section 2.3: accountability of the public administration
 - Transparency initiative Di@vgeia
 - Introduction of disciplinary control and liability in public service

Experience with the first and second programmes had shown that the lack of capacity of the public administration to design and implement reforms played a key role in explaining the shortcomings of these programmes. The third economic adjustment programme, i.e. the ESM stability support programme, therefore included a fourth pillar dedicated to the modernisation of the public administration, which was

⁽⁸⁾ Note: Given that a number of these reforms/commitments took place during the first two economic adjustment programmes, the availability of relevant data is limited. Thus, an analysis is included only if there is sufficient information on the design and the results of these reforms.

⁽⁹⁾ <https://diavgeia.gov.gr/>.

backed up with technical assistance provided by the European Commission's Structural Reform Support Service (SRSS)¹⁰. Particular attention was paid to measures to increase the efficiency and effectiveness of the public administration in the delivery of essential public goods and services. This included an ambitious reform agenda covering: human resource policies, open selection processes for managers to promote the depoliticisation of the public administration and to strengthen the central administration's coordination capacity as well as its transparency and accountability. These represent sections 2.4-2.6, namely:

- Section 2.4 human resources management reforms
 - Creation of organisational charts and job descriptions
 - Establishment of a mobility system
 - Performance assessment system
- Section 2.5: appointment of managers
 - Depoliticisation of appointments for senior and middle management posts
- Section 2.6: strengthening policy coordination
 - Support in the optimisation of inter-ministerial coordination
 - Legal codification

2.1 Controlling the size and cost of the public administration

Prior to the crisis, the public administration was characterised by overstaffing and an inefficient allocation of resources¹¹. Over time, the public administration in Greece had grown significantly, and in particular the state-owned companies had increased their staffing levels disproportionately¹², without however delivering corresponding improvements in the quality of public services offered to citizens. The recruitment was not based on strategic planning to address identified needs. In addition, the increase in

⁽¹⁰⁾ It is now named Directorate-General for Structural Reform Support (DG REFORM).

⁽¹¹⁾ Reform of Public Administration in Greece; Evaluating Structural Reform of Central Government Departments in Greece: Application of the DEA Methodology, Makrydemetres A., P.D. Zervopoulos and M.E. Pravita, Hellenic Observatory, London School of Economics and Political Science, 2016 (<http://eprints.lse.ac.uk/65567/1/GreeSE-No97.pdf>).

⁽¹²⁾ Public administration characteristics and performance in EU28: Greece, Dimitri A. Sotiropoulos, National and Kapodistrian University of Athens, 2018 (part of "Support for developing better country knowledge on public administration and institutional capacity building", European Commission).

public spending that had fuelled the pre-crisis boom was partially due to recruitments being made without a comprehensive hiring plan, which would have enabled better coordination and prioritisation. The state did not know the exact number of the public servants, its wage costs or the responsibility areas.

2.1.1 Staffing levels

In order to tackle the overstaffing in the public administration and enhance fiscal consolidation, the government introduced measures to rationalise public service employment. The reduction of permanent staff in the public administration was achieved by imposing a limitation to hires through freezing recruitments in 2010 and applying an attrition rule that permitted one (1) new recruitment for every ten (10) exits in 2011 and one (1) new recruitment for every five (5) exits in the period 2012-2016. For the years 2017 and 2018, the attrition rule was one (1) to four (4) and one (1) to three (3) respectively. Due to the fiscal constraints and the rather time-consuming selection procedures, during the period 2012-2015, the actual recruitments were less than the ceiling imposed by the respective attrition rule. These "unrealised" hires were carried over to the following year and thus, the actual recruitments for the period 2016-2018 were higher than the annual hires calculated by the attrition rule. However, the essential is that in aggregate the attrition rule for the period 2012-2018 was respected, which has also been the case since 2018 until today.

Similarly, a significant restriction was imposed on the number of temporary personnel and elected staff. The rationalisation of temporary personnel was achieved through a 50 percent decrease in approvals/renewals in 2011 compared to 2010 and an additional 10 percent decrease in 2012 and onwards compared to the previous year – until 2016. For the years 2017 and 2018, a ceiling equal to the number of temporary personnel in 2016 was agreed but not respected, especially not in 2018. Finally, a sharp reduction in elected staff took place, as a result of a reform at the local government level (the so-called Kallikrates reform – see section 2.4).

As a result of the aforementioned measures, the overall number of public servants decreased significantly (see Table 2.1 and Graph 2.1). Since the start of the economic adjustment programmes in 2010, the total number of public administration employees fell by 25% from 907 973 in December 2009 to 685 170 in December 2018. A significant consolidation took place in permanent staff, which shrank by approximately 130 000 persons, a drop of 18% compared to 2009. Temporary personnel decreased by 55% from 153 087 in December 2009 to 69 153 in December 2018. While essential for the efficiency-enhancing reforms for the public administration to succeed, which in turn was key for creating the conditions for a secular growth in incomes and living standards going forward, the redundancies temporarily added to the difficult social and economic transition cost during the adjustment period.

Table 2.1: Evolution of personnel 2009-2018

	Number of employees									
	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14 ^{/1}	Dec-15	Dec-16	Dec-17	Dec-18
Permanent Staff	730 234	700 962	674 012	654 781	618 572	576 856	600 484	598 870	602 908	601 103
Temporary Staff ^{/2}	153 087	109 968	57 853	41 869	22 626	15692 ^{/3}	58 856	60 881	62 009	69 153
Elected Staff	21 286	21 286	12 113	12 031	13 252	6 188	7 149	8 057	8 248	8 887
Other categories	3 366	3 262	3 088	3 053	3 103	2 891	4 773	4 851	5 728	6 027
Total number of employees	907 973	835 478	747 066	711 734	657 553	601 627	671 262	672 659	678 893	685 170
Year-to-year change		-72 495	-88 412	-35 332	-54 181	-55 926	69 635	1 397	6 234	6 277
% change using 2009 as "base" year		-8.0	-17.7	-21.6	-27.6	-33.7	-26.1	-25.9	-25.2	-24.5

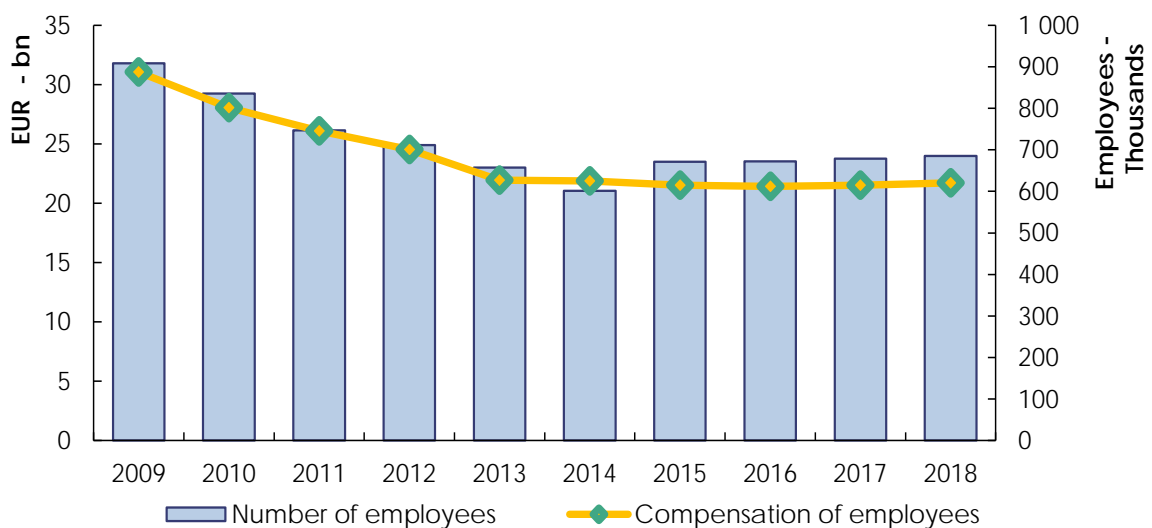
/1: Data on personnel of legal entities of private law (permanent and temporary) is not available for 201.

/2: The data of temporary staff include only staff burdening the budget.

/3: Data on temporary staff is not available for 2014. The figure of temporary staff for 2014 is based on the assumption that the number of temporary staff is 45.000 (which equals the approvals of 2013 for this type of personnel).

Source: Apografi.

Graph 2.1: Number of employees and wage bill 2009-2018



Source: Apografi and Eurostat.

Another effort of controlling the public administration’s size was the introduction of suspensions and mandatory exits. During the second economic adjustment programme, the Greek government committed to put under suspension a significant number of ‘surplus personnel’ of which up to 15 000 could potentially be forced to exit

the public administration once the suspension period was exhausted¹³. As regards the suspension scheme, an employee could be suspended due to the abolition of her/his organic position for a maximum period of one year (the period was later reduced to 8 months) and be paid with $\frac{3}{4}$ of her/his salary. In case of failure to be transferred to another position, the employee would be dismissed after the end of the suspension period. Mandatory exits of civil servants could also occur in the event of the abolition or merger of bodies. The implementation of the above laws resulted in the suspension of 25,000 civil servants (mainly teachers, school guards, municipal police, and employees of the Ministry of Health and Ministry of Education and Religious Affairs) due to the abolition of their positions. In the same context, the closure of the Hellenic Broadcasting Corporation (ERT) in 2013, as decided by the authorities, resulted in approximately 3,000 civil servants being forced to exit. However, the effort to decrease the staffing levels of the public administration through these schemes were eventually not successful, due to tight timetables and lack of a proper evaluation mechanism for the surplus staff. As a result, the effort was completely reversed both as regards the suspended employees who returned to their original posts and as regards ERT, which resumed operations with similar capacity as before its closure.

2.1.2 Wage bill

An important chapter of modernising the public administration were changes implemented in order to rationalise and simplify the wage grids. A significant obstacle on the formulation of the new system, especially at the beginning of the economic adjustment programme, was the fiscal constraints Greece was facing, as the new system should be both fiscally viable and resource-saving. Apart from the fiscal aspect, the remuneration system was in many cases outdated and arbitrary resulting in the need to address this problematic situation. At the start of the first economic adjustment programme, the actions were mostly fragmented and were focused only on achieving fiscal savings. The first coordinated effort towards a simplified and uniform remuneration system was made in 2011 but without the expected results other than fiscal consolidation. The reform of the single wage grid in 2015 was designed and implemented in order to address the issues that emerged from the implementation of the 2011 reform in a fiscally neutral manner.

At the start of the first economic adjustment programme in 2010 and in order to underpin fiscal consolidation efforts, the government introduced measures to curb the wage bill via a reduction of salaries and allowances. These measures included, among others, reductions in several allowances at first by 7% to 20% and by an

⁽¹³⁾ For this reason, various laws (e.g. OJ A 222/12.11.2012 and OJ A 167/23.07.2013) were issued, which specified the scope of suspension and mandatory exits.

additional 8% later, decrease in seasonal bonuses¹⁴ by 30%, which were later replaced by a fixed amount of EUR 1,000. Further, restrictions in participating to paid collective bodies and committees, reduction and introduction of a ceiling to overtime remuneration and rationalisation of traveling costs were introduced. Although the main objective of fiscal savings was achieved, these interventions did not help streamlining the existing system, which remained complex and fragmented.

The 2011 reform of the wage grid aimed at bringing not only fiscal savings, but also order into an extremely fragmented system, which included very significant differences among equally-ranking employees. While, in theory, all employees had the same salary, a complex system of more than thirty ministry-specific allowances created widespread differences. The key objectives of the reform were: i) the elimination of unjustified allowances and exceptions, creating for the first time a unified wage grid; ii) the provision of a connection between performance and pay; and iii) through a policy of nominal wage cuts and the strict application of the attrition rule, achieving significant fiscal savings.

As set out in the background report of the first and second economic adjustment programmes¹⁵ the 2011 reform fell short of its aims. While the third objective of fiscal savings was achieved, with a level of the wage bill coming closer to the EU average, the first and the second objectives were less successful as the reform resulted in a rather compressed wage grid. Moreover, a number of exceptions to the principle of the unified grid were later re-introduced in the system, benefiting a limited number of professional categories, but still covering a significant number of civil servants. Furthermore, the connection between grade and pay provoked the practice of assigning civil servants to the highest wage scale in some professions¹⁶, contrary to one of the purposes of the reform. Moreover, a performance assessment system was not introduced until the ESM stability support programme. As a consequence, the connection between performance and pay with bonuses was not implemented¹⁷, while the provision that ‘no

(¹⁴) Constituting of two additional months’ of basic salary.

(¹⁵) https://ec.europa.eu/info/publications/economy-finance/esm-stability-support-programme-greece-first-and-second-reviews-july-2017-background-report_en.

(¹⁶) For example, Inspectors-Controllers seconded to the Financial Auditors Division of the Ministry of Finance, School Counsellors of the Ministry of Education and Religious Affairs, Special Inspectors seconded to the Office of the General Inspector of Public Administration.

(¹⁷) OJ A 226/27.10.2011 (Article 19) provided for an incentive which would be paid once a year, as an one-off bonus, after the achievement of the goals of the previous year which is certified through the performance assessment.

promotion shall take place before assessing and readjusting the promotion rules', resulted in all promotions¹⁸ being frozen.

A new unified wage grid was introduced in 2015, addressing a number of issues that emerged from the implementation of the wage grid reform in 2011, while at the same time retaining the fiscal savings that were achieved. Having already achieved the desirable fiscal consolidation and with the general government wage bill becoming increasingly aligned with the euro area average in terms of GDP, an overall fiscal neutrality constraint was introduced when designing the new compensation system. The reform simplified and rationalised the pay system for two thirds of civil servants¹⁹, with a 20 percent decompression in the wage scale, a streamlining of allowances, and a new system of career-based incentives for the best performers. The decompression aimed to differentiate the compensation based on education and responsibilities (i.e. job description).

The 2015 wage reform aimed to further streamline the wage bill as well as introducing innovative features, such as linking career advancement with the appraisal. Main elements of the wage reform were: (a) simplification of the structure of the wage which would be composed of the basic salary and only three other allowances (family, border areas and hazardous jobs), (b) gradual unfreezing of the salary advancements which were frozen with the 2011 wage reform, (c) career incentives based on performance, (d) suspension of automatic wage increases in case of sustained underperformance and (e) decompression via increased management allowances. Additionally, the 2015 wage reform foresaw the review of the hazardous allowance in 2017, the preservation of the so-called 'personal difference'²⁰, which would be gradually phased out through the non-implementation of wage increases and the abolition of allowances for participation in committees and working groups. As regards the review of the hazardous allowance, the reform is still pending but work is ongoing. An inter-ministerial committee was established to prepare a detailed study, including to develop a methodology on provisional quantifications regarding allowances for hazardous and dangerous work. This is expected to lead to a revised system that will be in place later in 2022.

(¹⁸)According to OJ A 226/27.10.2011 (Article 7) the promotion to a higher grade (i.e. higher wage scale), which can be applied only to a fraction of the employees each time, takes into account the performance of the civil servant and constitutes a permanent raise to his/her salary.

(¹⁹)The remaining one third (1/3) of civil servants are under special wage regimes and include uniform personnel, doctors, university professors, judges, researchers, diplomats munitions and archbishops.

(²⁰)Employees hired before November 2011, when the first uniform wage grid came into effect, are entitled to receive a 'personal difference' that limited the size of the wage cuts implied by the uniform wage grid to 25%.

The 2015 wage reform has broadly met its objectives. It was the first time that a single remuneration system with very few exceptions was applied to a significant number of public servants (more than 400 000 employees). Most importantly, the reform was not a fragmented effort to serve only fiscal purposes, but part of a comprehensive strategy towards a modern state and an efficient public administration. The new remuneration system, which is connected with other reforms, such as an annual performance assessment and common selection procedures for the appointment of managers, should allow higher performers to be promoted faster. Additionally, when the transition to job descriptions will be completed, the structure of the salary could be complemented with job-based remunerations.

However, the implementation of this fundamental reform was not without difficulties and some limited exceptions have been introduced and new allowances created later on, but the overall remuneration system has been broadly preserved. The nature of exceptions are manifold, including extending the scope and the coverage of the ‘personal difference’ for specific categories of staff²¹, placing specific categories of staff at the most senior remuneration grade²², adjusting the allowance for managerial responsibilities, extending the scope of an allowance for civil servants carrying out controlling tasks and specific reimbursement provisions for legal entities of public and private law. Moreover, some of the aspects of the 2015 wage reform, which are connected with the performance²³, are not implemented yet, creating disincentives to good performers and inequalities among the employees.

The compensation of certain specific categories of staff, representing the remaining one third of civil servants, was regulated with the reform of the specialised wage grids. The specialised wage grids cover categories such as uniformed personnel, doctors, judges, university professors, and researchers. Before the reform the number of ‘special’ grids was 20, leading to a cumbersome and non-transparent system. The number of grids was therefore streamlined to only cover eight categories of staff. The system of allowances also varied across the grids, leading to a low level of transparency when it comes to understanding the structure of the overall remuneration. The reform carried out greatly simplified the allowances and, in most cases, consolidated them into the main salary.

From a fiscal perspective, the reforms implemented during the economic adjustment programmes contributed significantly to the country’s fiscal

⁽²¹⁾OJ A 52/1.4.2019, Article 57 (concerns Ministry of Development and Economy), OJ A 133/07.09.2019, Article 93 (concerns the National Transparency Authority), OJ A 167/30.10.2019, Article 221 (concerns the Hellenic Competition Commission).

⁽²²⁾OJ A 167/30.10.2019, Article 174 (concerns the Presidency’s office).

⁽²³⁾ Civil servants appraised with excellent performance assessment for three consecutive years would be allowed to move up faster by one wage scale, thus advancing their salary progression.

consolidation effort. The total fiscal savings of approximately € billion can be mainly attributed to the 2010 wage cuts, the 2011 wage reform and the constraints imposed to the recruitment of new personnel. The 2015 reform was primarily a structural reform with no fiscal impact, which established a modern remuneration system for the first time. The compensation of public employees had been reduced by more than 30% overall (Table 2.2), resulting in the size of the Greek public administration to be close to the EU average (Graph 2.2)²⁴.

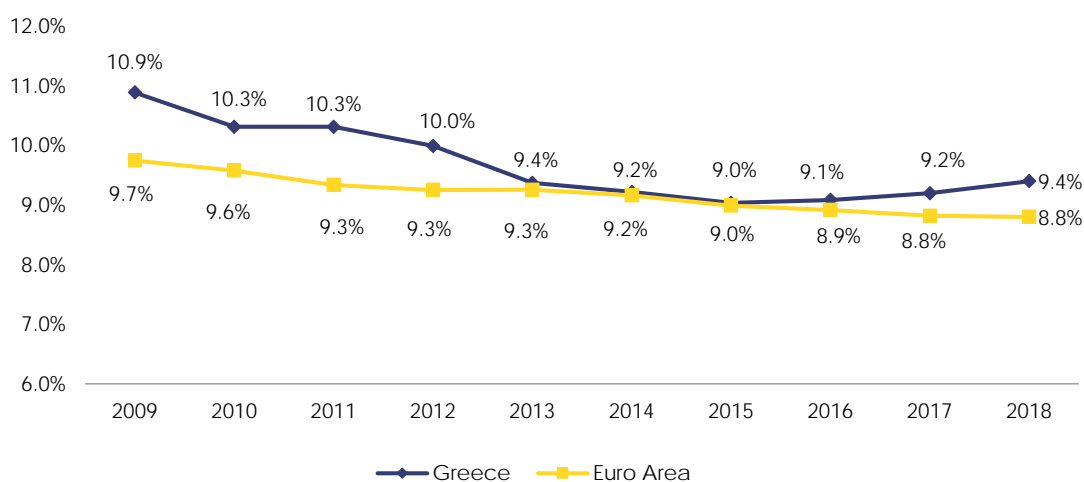
Table 2.2: **General Government Wage Bill 2009-2018**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
G.G. Wage Bill (in mil. euros) ^{/1}	25 866	23 114	20 968	18 823	16 834	16 352	15 914	15 829	16 294	16 894
G.G. Wage Bill as % of GDP	10.9%	10.3%	10.3%	10.0%	9.4%	9.2%	9.0%	9.1%	9.2%	9.4%
Euro Area compensation of employees as % of GDP	9.7%	9.6%	9.3%	9.3%	9.3%	9.2%	9.0%	8.9%	8.8%	8.8%

/1 The figures do not include the imputed social security contributions.

Source: Eurostat.

Graph 2.2: **Compensation of employees as % of GDP**



Source: European Commission.

An important reform closely related to the modernisation of wage grids and the implementation of a common framework across the public administration was a

⁽²⁴⁾It should be noted that the savings from the first wage reform were in fact smaller. Following the Court of State's rulings, uniformed personnel and other public officials (judicial staff, doctors, university professors) were paid with retroactive amounts for the period until the implementation of the specialised wage grids in 2017. The wage refunds paid in 2018 amount to approximately EUR 1 billion.

reform of travel expenses and allowances related to personnel transfers or secondments. The pre-programme framework²⁵ was characterised by fragmentation due to the several exceptions from the general rules of the law. The purpose of the reform was to simplify and modernise the existing framework in order to comply with the current operational needs of the administration and the need to rationalise the expenditure. The provisions of the new reform²⁶ established a common framework for the travelling conditions, describing in detail and in an objective way, the allowances applied to all civil servants. In this way, inequalities and distortions were eliminated, ensuring an equal treatment of all personnel. The reform was overall successful, despite some later amendments that opened the door for limited exceptions to the common framework.

Reforms adopted during the programmes also created a common framework, for the first time ever, for the non-wage benefits. Before the reform, it was at the discretion of each public entity to grant such benefits to its employees, resulting in these privileges to be fragmented and not consistent in terms of equal treatment and fairness among civil servants. In the context of the rationalisation of non-wage benefits, a stricter framework²⁷ of granting such benefits was established resulting in more uniformity. All collective agreements, ministerial decisions and decisions of boards of general government entities granting non-wage benefits needed to be accompanied by an assessment of its fiscal impact, which must first be approved by the Director General of Financial Services of the supervising ministry. Moreover, benefits related to insurance and health coverage contracts, as well as reduced tickets and free travel passes were abolished, whereas benefits to ensure the hygiene and safety of working conditions were granted exclusively in kind.

2.1.3 Monitoring tools

Other important reforms related to strengthening the central control of public administration employment, included the creation of a census database and the establishment of the Single Payment Authority, paving the way to a comprehensive human resource management system (HRMS). The lack of detailed data on public servants had been a significant obstacle to any attempt to effectively address the long-standing problems of the Greek public administration and hindering the efficient utilisation of its human resources. In this regard, it was considered imperative to put in place mechanisms for recording and managing staff. These mechanisms would enhance transparency in public payments and ensure full control over wage bill spending.

⁽²⁵⁾ OJ A-35/18.02.1999.

⁽²⁶⁾ OJ A-94/14.08.2015.

⁽²⁷⁾ OJ A 94/14.08.2015.

Besides the public finance management aspects, such mechanisms would provide an important tool to enable strategic planning of the public administration and the ability to monitor and assess the progress of reforms, for example, the implementation of wage grids and the control of staffing levels in the public administration. Specifically, a series of actions were designed and implemented with the ultimate goal of a gradual transition towards a comprehensive human resource management system for the entire public administration.

The first pillar of the HRMS implementation was the census of public servants.

The scope of the census was initially limited to civil servants with specific types of employment contracts (permanent and temporary) but it was later extended to include the government members, general secretaries, and other natural persons, who were not considered permanent or temporary personnel, but were paid by the state. The census database is a dynamic tool, which is continuously populated with new data, so as to increase the coverage of the overall public administration. In order to ensure the participation in the census, subsequent laws introduced sanctions for those who had not yet registered in the census. Upon completion of the census in 2010, the exact number of civil servants was eventually established, which clarified for the first time the size and the composition of the public administration. In addition to numerical data, the availability of qualitative data, provided a tool to facilitate a more efficient distribution and management of human resources.

Another important reform was the creation of the Single Payment Authority (SPA).

The Single Payment Authority was established jointly with the census and given responsibility for the management of the payment of all kinds of regular or extraordinary remuneration for all public administration employees through a single bank account. To ensure the correct payment of salaries, an additional responsibility was the cross-checking of the data of employees paid by the Single Payment Authority with the respective data of the employees registered in the census database. The establishment of the Single Payment Authority in connection with the census database did not only facilitate human resource management but it was also used to regularly monitor the wage bill and any additional compensation of the persons registered in the census, allowing for an efficient wage policy and control to be exercised by the Ministry of Finance. The implementation of this institutional reform was not without hurdles. For instance, there were delays in several bodies being transferred to the Single Payment Authority and the mandate to execute their salary payments. A similar delay occurred in ensuring the interoperability of the census database with the Single Payment Authority. Finally, the regulatory framework for the implementation of the Single Payment Authority was defined by a variety of laws, circulars and other legislative acts that were characterised by overlaps, ambiguities and opposing interpretations. Despite the incurred delays and ambiguities, the establishment of the Single Payment Authority is considered a successful reform, which greatly improved the monitoring of the wage bill and managed to connect the qualitative aspect of the human resources management

reform (census database) with quantitative data. It should also be acknowledged that this is an ongoing reform, as an integrated IT system for the general government payroll was rolled out in 2021.

2.2 Consolidation of organisational entities and structures

In the context of reorganising the public administration, a local administration reform took place, aiming at a better organisation and operation of the state in order to enhance the efficiency, effectiveness and democratic legitimacy of public policies. Key elements of the so-called Kallikrates reform (adopted in 2010 and implemented in 2011) were the reduction in the number of municipalities and their legal entities²⁸, the replacement of the 57 prefectures with 13 regions, the establishment of decentralised administrations, changes in the local governments' financing, increasing the mandate of the elected local and regional officials from four to five years and redistributing the responsibilities of municipalities and regions. Apart from overall efficiency gains, the merger of municipalities and reduction of authorities at the regional level along with major reorganisation of responsibilities across different levels of government also resulted in large budgetary savings²⁹.

A similar effort of reorganising the public administration at a central level took place the same year. The OECD carried out an independent functional review of all ministries. The objective of the review was to take stock of the use of resources, including human resources, needed to carry out government functions. In addition, the ministries were asked to identify actions, which would rationalise their organisational structures³⁰ and processes and could generate productivity gains. Finally, the review would quantify the possible fiscal savings from the implementation of its proposals. In December 2011, the OECD report on the “Functional Review of Public Administration in Greece”, underlined the need for a drastic reduction of administrative structures in the central level of governance, as well as the rationalisation of their internal organisation to achieve an increased administrative productivity. Whilst the law introducing the process of evaluating the organisational structures of the central administration was adopted in

(²⁸) Municipalities decreased from 1 034 to 325.

(²⁹) According to Eurostat data on local governments' budget, the Greek municipalities were running an average annual deficit of approximately EUR 211 million in the period 2005-2010 compared to an annual budgetary surplus averaging EUR 415 million (after excluding the impact of the financing for arrears clearance which was balance improving for the subsector but not related to local governments' operation) for the period 2011-2018.

(³⁰) A ministry is structured by the following hierarchy: directorates general, directorates and divisions and each of them has assigned areas of responsibilities defined by law.

2011, there were delays in the actual implementation, as the Presidential Decrees regarding the Ministries' new organisational structures were issued only in 2014.

The main objectives of the reform were to redefine the mission and responsibilities of each service and to eliminate those that did not add value to the service and/or overlapped with functions of other units, thereby reducing the number of organisational units to the strictly necessary. As a result, the number of organisational structures of the public administration at central level decreased significantly, through merging small divisions or those with overlapping responsibilities. In particular, the number of Directorates-General decreased by 23%, the Directorates by 38% and the Units by 35%³¹, while a significant number of job positions were abolished based on the new organisational charts. It is the case that this reform mainly focused on reducing the number of organisational units, and less on the functional complementarity of these units, including addressing possible overlapping of competences within the same ministry³². However, the updated organisational charts for the Ministries that took place in 2017 partially reversed the organisational charts prepared following the functional review, as previously abolished structures were reintroduced.

Although the reform of reorganising the public administration had overall positive results at central level, this effort was not expanded to cover all general government entities. The common perception is that there is still a degree of fragmentation among the approximately 1,700 general government entities³³, with overlapping responsibilities whilst some are considered to be dormant. Had this exercise been extended to cover the remaining general government entities, it is likely that a number of these entities would have been consolidated and/or merged with other entities, thus resulting in an overall reduction of entities, units, and posts.

2.3 Accountability of the public administration

An important institutional reform implemented in 2010 was the transparency initiative ('Di@vgeia'). A major problem of the Greek public administration affecting its credibility among the citizens and businesses had been the numerous incidents of serious mismanagement, abuse of power and public money misuse due to non-transparent and over-bureaucratic procedures and practices. The transparency initiative

⁽³¹⁾ Source: National Strategy for Administrative Reform 2017-2019.

⁽³²⁾ Makrydemetres A., P.D. Zervopoulos and M.E. Pravita (2016), 'Reform of Public Administration in Greece; Evaluating Structural Reform of Central Government Departments in Greece: Application of the DEA Methodology' Hellenic Observatory, The London School of Economics and Political Science.

⁽³³⁾ <https://www.statistics.gr/en/statistics/-/publication/SEL08/>.

introduced in 2010 meant that all administrative acts adopted (e.g. circulars, award of contracts, approval of mission costs of an employee) had to be published on the “Di@vgeia portal”. In practice, this means that each decision adopted by a public authority is fully transparent, allowing easy and timely access to public information by the citizens, thereby contributing significantly to the accountability of the public administration.

In order to ensure meritocracy, the Ministry of Administrative Reform and E-Government (as the Ministry was called then) launched in 2013 a comprehensive action plan to strengthen disciplinary control and liability in the public administration. This integrated action plan was based on the reinforcement and efficient functioning of the Disciplinary Councils in order to ensure both their independence and swift examination of disciplinary cases. These include checking of individual civil servants' registers with a particular emphasis on detecting counterfeit documents (e.g. academic records), as well as tackling unwarranted absences by systematically checking compliance with working hours throughout the public administration and imposing sanctions in cases of violation. The aforementioned actions helped to enhance transparency, trust and meritocracy among civil servants. Related to this is the initiative launched in 2020 by the Ministry of Interior in cooperation with the National Transparency Authority to roll out a national integrity system, which is based on three pillars: suppression, prevention and awareness. While the reforms carried out as part of the economic adjustment programmes might have been of limited scope, as actions had to be delivered under a strict timeframe, it delivered concrete results and identified areas for follow-up reforms.

2.4 Human resources management reforms

During the ESM stability support programme specific reforms connected to the establishment of a comprehensive Human Resource Management System (HRMS) took place. These reforms covered the preparation of digital organigrams and job descriptions; establishing a mobility system; and a performance appraisal system. The HRMS is currently under development, expected to be completed by 2024, and will integrate other reforms carried out as part of the three programmes, including the census database (‘apografi’) and the single payment authority. Other features of the HRMS will be an electronic file, where all the data of each staff will be stored, including certificates and previous posts.

First, preparation of digital organisational charts for all general government entities, complemented with job descriptions for all posts, was initiated during the ESM stability support programme and completed as part of the post-programme commitments. The exercise was expected to have been completed by 2019, but encountered delays despite some initiatives to support the process, such as allowing

only general government entities that have completed its digital organisational chart to take part in the mobility scheme. In the end, the exercise to assign each entity with a digital organisational chart was completed in the beginning of 2021. Also the exercise to prepare job descriptions for each post has advanced significantly with more than 95% of all posts now having this in place. Having the digital organisational charts complemented with job descriptions are expected to significantly reduce the still high number of discrepancies between the title of a civil servant's post, the content of his/her daily tasks and the type of training received.

The main purpose of completing job descriptions and subsequently linking them with the existing personnel is to provide a comprehensive and accurate picture of the allocation of human resources across the public administration. This will facilitate the identification of staff shortages based on existing needs and allowing for the preparation of a medium-term recruitment plan, while taking into account priority areas and required qualifications. Complementary to this is the ongoing work to streamline the rather scattered job classification system ('*klados*') and to bring it closer to the function groups of the job description. This will be important, as the current job, classification system remains the key framework for new hiring procedures for permanent civil servants.

A recent development, which links the job descriptions directly with the remuneration, is the position-based remuneration that the Independent Authority for Public Revenue has introduced as of 1 June 2021³⁴. While the basis of the remuneration remains the unified wage grid, the innovation is that a supplementary wage grid was established by means of the grading of each job description, which takes into account the qualifications and responsibility areas of the specific post.

Second, the introduction of a mobility scheme in 2016³⁵ allowed, for the first time, civil servants to apply for vacant posts published for everyone to access and based on a specific selection process. The mobility scheme replaced the previous cumbersome and non-transparent process involving *inter alia* the signatures of three ministers for a transfer to be realised. Furthermore, the previous system relied mainly on secondments as the mode of mobility, even if the needs of the receiving entity were of a permanent nature. As a result, once a civil servant had been appointed to a unit, he/she rarely moved to a different unit as horizontal mobility was not part of the public administration culture. The 2016 reform introduced a transparent advertisement of vacant positions, to which employees were free to apply based on their qualifications. The receiving entity is the only one to decide on the transfer, without the involvement of the political level, while the sending entity is no longer in a position to block the

⁽³⁴⁾ OJ A 26/19.02.2021.

⁽³⁵⁾ OJ A 224/02.12.2016.

transfer³⁶. Under the mobility scheme, secondments are not excluded, but as a rule they are limited to one year. In order for a public entity to be part of the mobility scheme and seek new staff for its vacant posts, the entity is required to have finalised its digital organisational chart and job descriptions, as described in the previous paragraph.

Overall, the gradual increase in the number of entities and applications for each cycle launched to date is an encouraging and clear signal that the public administration has overall embraced this public administration reform. The vast majority concerns transfers, while the number of secondments has decreased significantly. However, a number of exceptions have been granted that exclude staff from specific entities to take part in the mobility, while secondments that had taken place prior to the introduction of the mobility scheme have been granted numerous extensions and are yet to be completely phased out. It would be important for the integrity of this reform that these exceptions, which are limited in duration, are not renewed. More recently, provisions have been adopted³⁷ to strengthen the link between the mobility scheme and the annual recruitment planning, while at the same time reducing the number of mobility cycles conducted per year and enforcing the set timeframe. In terms of ownership and sustainability of this reform, it constitutes a healthy sign that although there was a change of governing parties in 2019, the new government that was took office remained overall committed to the reform and took actions to further improve the scheme, while respecting the overall principles, including the requirement that only the receiving entity needs to approve the transfer.

Third, a new performance assessment system was introduced in 2016³⁸, aiming at the continuous improvement of civil servants' performance and enhancing the overall efficiency of the public administration. The assessment criteria cover administrative ability, collaboration with co-workers, service-minded attitude towards citizens and effectiveness. The first performance assessment under the new system was conducted in 2017, while in 2018 it was conducted for the first time electronically for the majority of the civil servants. Despite negative reactions including from public administration trade unions, participation has been rather satisfactory, although a bit worryingly with a downward trend³⁹. It is understandable that there was a reluctance to enforce disciplinary action on civil servants opting not to participate as the performance assessment system was introduced and focus on actions to facilitate voluntarily compliance. Such actions included, for example, requiring the civil servant's

⁽³⁶⁾ An exception to this principle was introduced in 2019, but applies only for the smaller municipalities (OJ A 204/16.12.2019, Article 42).

⁽³⁷⁾ OJ A 53/11.03.2019, Articles 41-43 and 79.

⁽³⁸⁾ OJ A 33/27.02.2016.

⁽³⁹⁾ Participation rate for appraisals (i.e. civil servants submitting their evaluation form): 2018: 74%; 2019: 64%; and 2020: 61.90% (preliminary figure).

participation in order to be eligible to apply for a management post⁴⁰. Given the current trend, and as the performance system has become an established feature, it would be important to look at how to ensure a higher participation rate in order to consolidate this reform. Nevertheless, the establishment of an annual performance assessment is still a significant step in terms of strengthening the meritocracy and effectiveness of the public administration.

Looking ahead it would be important to continue improving the system. This could be done through introducing goal setting, which should help addressing grade inflation, which remains a problem, while allowing for the existing link between the performance assessment and remuneration to start applying once the managerial framework is in place. It is therefore welcome that the authorities are planning to introduce goal-setting into the performance assessment framework, including linking the performance assessment with the entities' annual action plans through quantitative and qualitative targets. This should enable the activation of the existing provision in the unified wage grid⁴¹ on a more solid basis, while at the same time also encouraging all civil servants to participate. As concerns the pay-for-performance schemes, experience from other EU Member States has shown difficulties in implementing such schemes if the overall managerial framework is inadequate⁴². Finally, another area of improvement would be to extend the performance assessment to staff categories that are currently not covered, such as the education personnel.

2.5 Appointment of managers

An important reform initiated during the ESM stability support programme concerns the process for appointing senior and middle managers in the public administration. The aim of the new framework⁴³ was to foster transparency and meritocracy in the appointment of managerial positions in the public administration while also enhancing institutional memory through moving away from a system with a high degree of volatility across the core of the civil servants. This marked a significant change in an area that hitherto lacked a transparent and objective process, and was thus open to political interference. The new selection system applicable to all management levels at central level is performed through a selection panel chaired by the Supreme

⁽⁴⁰⁾ OJ A 53/11.03.2020, Articles 45-46.

⁽⁴¹⁾ If a civil servant is assessed to have the top grade ("excellent performance") for three consecutive years, s/he would be allowed to move up faster by one wage scale, thus advancing their salary progression.

⁽⁴²⁾ Pay-for-performance in the civil service of the EU (Upcoming publication), DG REFORM, European Commission.

⁽⁴³⁾ OJ A 33/27.02.2016.

Council for Civil Personnel Selection (ASEP), which ensures the objectivity of the selection process. The selection panel assesses the applicants' qualifications and work experience against the advertised job description and conducts a structured interview with shortlisted applicants for each position to be filled.

In the ministries, the appointment of 90 Director Generals was completed for the first time in 2019 using a common selection process, although the selection processes for Directors and Heads of Division have encountered delays. More specifically, for the Director posts (395 across all ministries), while the majority of calls were launched before the end of 2018, a significant number of appointments are yet to be completed. As concerns the Heads of Division (approximately 1,000 posts), these calls are expected to be launched following the completion of the Directors' appointments in each ministry. The incurred delays have created some operational issues, in particular at directorates or divisions where the manager has left (e.g. retired) and they are waiting for the ongoing selection process to be completed. Although, some of the delay is due to external factors, i.e. the general election that took place in July 2019 and the pandemic outbreak in 2020, it is clear that there seems to be a need to streamline the process. The recently adopted framework for the Supreme Council for Civil Personnel Selection (ASEP)⁴⁴ could provide a basis to explore how to ensure a more swift process, while ensuring the credibility of the process and ASEP's role.

Encouragingly, recent initiatives have expanded a common selection process more widely in the public administration showing the ownership of this reform. First, extending the selection process of the central administration also to the local administration⁴⁵. Second, and more recently, a common selection process was extended to 450 more public sector entities⁴⁶, including hospitals and state agencies.

However, a selection process for Administrative Secretaries was marred with serious problems and delays and was eventually cancelled in 2019. The Administrative Secretaries were expected to take a leading role in supporting and coordinating the execution of policy implementation and overall administration by the government and its ministries. The completion of the appointments of the Administrative Secretaries had been seen as a key element for the depoliticisation and strengthening the institutional continuity in the public administration. Unfortunately, the selection process encountered serious problems, in particular the lack of consistent minimum eligibility criteria across ministries. This led to some of the calls to be relaunched (22 out of 69), resulting in more delays. An independent assessment carried out concluded that, compared to other selection processes (e.g. for Director-Generals),

(⁴⁴) OJ A 6/15.01.2021.

(⁴⁵) OJ A 53/11.03.2020.

(⁴⁶) OJ A 197/12.10.2020, Articles 20-23.

the provisions relating to the Administrative Secretaries were too general and allowed for manifold interpretations. In the end, the new government that took office in July 2019, took the decision to cancel the process, setting out that the process had lost its credibility.

At the same time the role of the Secretaries-General was reinstalled, while a new post at each ministry was introduced, namely the Permanent Secretary⁴⁷. First, as concerns the reintroduction of the Secretary-General post, it was deemed that their role was vital and that a prerequisite for these public servants to be effective in their role was that they enjoy the full trust of their political leadership. Hence, their appointment is made by the Prime Minister and the relevant line Minister as long as some basic qualification criteria are fulfilled. Second, a Permanent Secretary post was established with a mandate to oversee the ministry's human resources and the budget (incl. procurement), while he/she would also oversee policy coordination within the ministry as well with other ministries on cross-cutting issues. Importantly, the Permanent Secretaries were appointed through a common selection process without any role for the political level. The appointments of 13 Permanent Secretaries⁴⁸ were completed in 2020. For a summary description of the various political and non-political posts in a ministry, see Box 1.

Although the scope of the reform was reduced as the mandate of the Permanent Secretary vis-à-vis the Administrative Secretary was narrowed and did not cover any policy-making mandate, it needs to be acknowledged that since its abortion there has been progress in achieving a functional depoliticisation. More specifically, all administrative acts are now delegated⁴⁹ to the Permanent Secretary and Director-General level, which are estimated to constitute 80% of all decisions. Given the tradition of all decisions being centralised and requiring the Minister's signature, the decision to assign a substantial part of decisions to be taken by non-political appointees constitutes a significant reform that is expected to contribute to the further depoliticisation of the public administration and to speed up administrative procedures.

Overall, there has been some concrete achievements in terms of establishing an open selection process for the senior posts while also moving ahead with other reforms to promote the depoliticisation. It is highly encouraging that a reform that focused on establishing a common selection process for management posts at the

⁽⁴⁷⁾ OJ A 133/07.08.2019 (Executive State Law).

⁽⁴⁸⁾ One Permanent Secretary post was established in each Ministry except for the Ministry of Defence, the Ministry of Foreign Affairs, Ministry of Citizens Protection and Ministry of Shipping. The only Ministry not yet to appoint a Permanent Secretary is the Ministry of Education and Religious Affairs (as of 10 November 2021).

⁽⁴⁹⁾ OJ A 133/07.08.2019 (Executive State Law).

Box 6.1: Brief overview of senior posts in the Greek government and administration

The political level of a ministry consist of, in descending order from higher to lower ranking, the Minister, the Alternate Minister, Deputy Minister(s) and Secretary General(s). All these posts are appointed through a decision by the Prime Minister ⁽¹⁾.

As concerns the Secretary Generals ⁽²⁾ their mandate is: support the policy planning, coordination and implementation, while also participate in the process of drafting the ministry's action plan and follow up the implementation of the Government's work.

The administrative level at the ministry consist of, in descending order from higher to lower ranking, Permanent Secretary, Director General(s), Directors and Heads of Division ⁽³⁾. The responsibilities of the senior administrative level is:

- Permanent Secretary: responsible for ensuring the smooth and efficient administrative and financial operation of the ministries and for drawing up the action plan of the ministry and monitoring its implementation, in cooperation with the competent Secretaries-General. The Permanent Secretary is heading up the ministry's horizontal executive service, which has a coordination function on the design and monitoring of public policies, the legislative process, internal audit and communication aspects.
- Director General: coordination of its services and provision of inputs to the political leadership of the ministry, including formulation of policy alternatives based on analysis and risk assessment.
- Administrative Secretary (note: this post was established in 2016 and cancelled in 2019): support the execution and administration implementation of the policy as defined by the political leadership of the government. This role could be seen as a combination of the Secretary General and Permanent Secretary posts.

⁽¹⁾ As of 26 March 2021, these posts were: 18 Ministers, 5 Alternate Ministers, 29 Deputy Ministers and 54 Secretary Generals (including Special Secretary Generals).

⁽²⁾ OJ A 133/07.08.2019 (Executive State Law), Article 41.

⁽³⁾ As of 26 March 2021, these posts were: 14 Permanent Secretaries, 90 Director Generals, 390 Directors and approximately 1 000 Heads of Division.

ministries was extended in 2020, on the initiative by the government, to also cover the local administration as well as other public entities⁵⁰.

2.6 Policy coordination

A key chronic problem of the public administration, in particular at the central administration level, has been the lack of efficient coordination. This became especially evident during the programme period, in particular when the scope of the reform covered the mandate of two or more ministries. The centre of government is found at the Prime Minister's office and the Presidency of the Government, which had

⁵⁰ OJ A 53/11.03.2020.

traditionally been staffed by governing party members and experts affiliated with the governing party. The Prime Minister's office and the Presidency of the Government includes the main coordinating structure, namely the General Secretariat of Coordination, which similarly is also often staffed by governing party members and experts. As a result, there was little continuity over time at the Prime Minister's Office and the Presidency of the Government, which is further exacerbated by the highly uneven capacity of coordination⁵¹.

During the ESM stability support programme, a specific action related to improving the coordination of the central administration took place. The main deliverable carried out with the technical support provided by the European Commission was the preparation of a manual for inter-ministerial coordination. The manual provided a comprehensive overview of the institutional structures and processes in place, which were largely overlapping and suffered from low capacity. It also included an implementation plan setting out specific actions. Unfortunately, there was low political support for concrete actions that would improve the overall coordination capacity of the central government, for example through strengthening the General Secretariat for Coordination. The situation has recently improved as the Presidency of the government, which is entrusted with the overall coordination, has been strengthened⁵². This is consistent with key recommendations in the manual developed under the programme. For example, a dedicated service responsible for monitoring support and evaluation was established, which has set up a tailored management information system ('MAZI') to ensure a systematic follow-up of the central administration's work. This service is also expected to assess adopted policies with the aim of providing feedback to facilitate the government's policy planning. Finally, a monitoring committee for public policies has been established, which is a body comprising the Secretaries-General.

Another key structural reform to enhance transparency and cut red tape relates to legal codification. Whereas the focus under the first and second economic adjustment programmes was more broadly on better regulation⁵³, the focus under the ESM stability support programme was narrower. It aimed to achieve a concrete and lasting impact through progress on legal codification. The aim of this reforms was to address the high fragmentation of the legislative framework. Although legal codification did take place in a couple of sectors (e.g. tourism sector and forest maps), the establishment of the

⁽⁵¹⁾ For specific research on the Prime Minister's office, see for example Featherstone K. and D. Papadimitriou (2015), *Prime Ministers in Greece: The Paradox of Power*, Oxford: Oxford University Press.

⁽⁵²⁾ OJ A 133/07.08.2019 (Executive State Law).

⁽⁵³⁾ Key legal initiatives were adopted. See e.g.: OJ A 34/23.02.2012, which replaced a Circular of the Prime Minister titled "Legislative policy and quality and effectiveness evaluation laws and regulations".

institutional structure (e.g. the central codification committee) and the finalisation of the guidance for ministries took longer than expected. Nevertheless, including this reform area in the ESM stability support programme helped attracting an increasing level of attention to the issue and allowed the work to continue at greater pace following the programme period, as it was part of Greece's post-programme commitments⁵⁴. Recent legislative initiatives⁵⁵ have included specific provisions to strengthen legal codification, the conduct of which was supported by EU funding. With hindsight, anchoring this initiative into improving the overall law-making process might have brought a wider impact as it would, for example, enhanced the quality of draft legislation, through the conduct of impact assessments and an improved transposition of EU legislation, including single market directives, which remains an issue. However, a positive step has recently been taken through the preparation of manuals on legislative methodology and legal codification along with the establishment of a uniform impact assessment template that is submitted together with each draft law introduced to the Parliament.

⁽⁵⁴⁾ Specific commitments made by Greece to the Eurogroup when successfully completing the ESM programme. Regarding legal codification, the specific commitment stated: "In view of enhancing legal certainty and access to law through legal codification, the Labour Law Code and Code of Labour Regulatory Provisions will be adopted by mid-2020, and the National Gateway for Codification and Reform of Greek Legislation will be completed by mid-2022".

⁽⁵⁵⁾ Executive State Law, Law 4622/2019.

3. ASSESSMENT OF PROGRAMME INTERVENTIONS

In this section, an overall assessment of the impact of the programme interventions is presented. This assessment is complemented by a section that sets out reforms that were aborted and a section setting out areas where there remains scope for further reforms.

3.1 Impact of programme interventions

The development of public administration reforms was a challenging endeavour. This is partially due to the fact that there was no single model that could have been readily applied, as each public administration is a multi-layered organisation, differing in terms of the level of centralisation, mandate of independent authorities and agencies, and broader political economy issues, such as the overall role of the state in monitoring but also producing specific services. A further complicating factor was that specific sectors, such as the financial sector or privatisations, were prioritised under the economic adjustment programmes. This resulted in tailored provisions concerning specific structures, which albeit many times of a temporary nature, set precedent that were subsequently followed by others. This shows the challenge of successfully implementing an economic adjustment programme, including numerous structural reforms, while also trying to modernise the public administration through setting a uniform framework as concerns remuneration, career progression etc.

A contributing factor that structural reforms adopted in sectors ranging from education to energy were not successfully implemented or faced with significant delays was the lack of capacity of the public administration. Although this was recognised early on, the actual modernisation of a public administration is a time-consuming task at the best of times, as it entails, amongst others, bringing in new resources with specific skills and improving the quality of managers. If one then takes into account that the first programme focused predominantly on bringing the public administration's wage bill closer to the EU average, which entailed significant reduction of salaries, the task of reforming the public administration becomes even more challenging.

In an effort to address shortcoming experienced in the first and second programmes due to the lack of capacity of the public administration to design and implement reforms, the ESM stability support programme included a fourth pillar, dedicated to the modernisation of the public administration that was backed up with technical support provided by the European Commission. It is worth highlighting that at the time of the first programme, the European Commission did not

have a distinct Directorate-General responsible for this policy area. It was therefore agreed to establish a Task Force for Greece in 2011, which thereafter was absorbed by the Structural Reform Support Service in 2015 and in 2019 into a fully-fledged Directorate-General, DG REFORM. As a result, also the quality of the technical support developed during the programme periods played an increasingly important role, in particular during the ESM stability support programme as concerns the public administration.

As set out in the introductory chapter, the key challenges the Greek public administration could be summarised in six key areas: (i) low capacity to properly design and implement public policies; (ii) lack of coordination; (iii) under-utilisation and inefficient allocation of human resources; (iv) overly complicated regulatory framework; (v) low penetration of e-Government services; and (vi) absence of modern methods, techniques and management tools. The structural reforms undertaken during the programme period, which were frequently linked with technical support provided by the European Commission, focused predominantly on addressing the under-utilisation of resources and introduction of modern management tools, while it also contributed on strengthening central coordination and simplifying the regulatory framework.

More specifically, the first and second economic adjustment programmes mainly focused on efficiency-enhancing reforms of the public administration, while the structural reforms pursued during this period focused on establishing tools to strengthen the monitoring of the public administration and allocate resources more efficiently. This was justified by the urgent need to establish control over the public wage bill in times of fiscal stress and the fact that the wage bill of Greece exceeded substantially the EU average. As the figures show, the programmes managed to slim down both the size and cost of the public administration, with a reduction in the period 2010-2018 of 25% in staff numbers (permanent staff) and 27% of the wage bill. The structural reforms carried out during this period have proved to be key tools, such as the census and the single payment authority, and are expected to constitute key elements of the integrated human resources management system that is being developed.

The focus shifted towards structural reforms during the ESM stability support programme, which had a dedicated pillar for the modernisation of the public administration. Main reforms undertaken are linked with facilitating a more efficient allocation of resources and introduction of modern methods and management tools. First, the requirement for each general government entity to prepare a digital organigram and for each post to have a job description will establish the corner stones of a comprehensive human resources management system for the public administration. Second, the introduction of a mobility scheme and an annual performance appraisal exercise, contributed to a more efficient allocation of resources, while also enhancing

the management tools available. Third, the introduction of a transparent selection process for management posts, has also contributed to a more efficient use of available resources. Importantly, these various reforms were mutually reinforceable, as the authorities linked the participation of entities in the mobility scheme with the prerequisite to have completed their digital organigram and job descriptions, while prospective managers had to participate in the annual performance exercise.

Although the scope of the structural reforms was comparatively narrow vis-à-vis the challenges the public administration was facing, they managed to establish the need to pursue reforms on the political agenda. Here, two examples can be provided as concerns the depoliticisation. First, the selection process for management posts established during the programme period for the central administration was recently extended to also cover the local administration and other public sector entities. Second, the delegation of signature powers to the Director-General that also came into effect recently is estimated to result in close to 80% of all decisions taken at a ministry to be signed off at the administrative level. Another example concerns the creation of job descriptions for each post. As a result of this exercise progressing, the need to proceed to streamline the existing job classification system ('klados') became more evident. While it has taken quite a bit of time, the authorities are now advancing and the relevant legislation was adopted in 2021. The next step would then be how to ensure a coherent link between the function groups in the job description and the streamlined job classifications.

In summary, the Greek public administration has changed significantly and for the better since 2010. At the beginning, beyond making the public administration more cost efficient, the efforts were focused on reforms that in reality should have been in place well before the economic crisis, such as the census of all civil servants and the easy access to public information⁵⁶. Other reforms undertaken during the first and second programmes involved the reorganisation of structures that resulted not only in fiscal benefits, but also in reducing fragmentation and increasing efficiency. Finally, significant steps have been taken towards establishing a Human Resources Management System, for example through the preparation of digital organigrams for all general government entities and job descriptions for all posts.

3.2 Lessons learned

This section considers general aspects and reflects on the overall context under which the public administration reforms were carried out. Thereafter, it provides with specific lessons learned relating to the design of the wage reforms carried out.

⁽⁵⁶⁾ <https://diavgeia.gov.gr/>.

3.2.1 General aspects

A swifter implementation and broader scope of the census and the Single Payment Authority (SPA) would have accelerated the completion of the Human Resources Management System. The implementation of a centralised human resources database and its link to the SPA was a very important step to support the initial reforms related to the rationalisation both of the size of administration and the wage bill spending. However, in the course of the programme period, there was a transition from quantitative to qualitative-oriented reforms such as the introduction of digital organigrams and job descriptions. Towards this transition, although it was expected that the census and the SPA would be the supporting linkage between these reforms and the ultimate goal of the complete HRMS, this did not happen. The link of each public servant registered in the census database with an ‘organic post’ and its respective job description should have moved forward faster. This would have facilitated the integration of key human resources tools into the unified wage grid (e.g. performance assessment), thus incentivising high calibre public servants. Finally, as mentioned in the previous section, this integration could be used as a step towards a job-based wage grid.

The sequencing of reforms was important, which, for the modernisation of the public administration, would have entailed the prioritisation of rather time-consuming exercises, such as a functional review of the overall public administration and a completion of job descriptions. For example, significant efforts during the first and second programmes were allocated to initiatives to reduce staffing levels through suspensions and mandatory schemes. In retrospect, it is rather clear that, as a pre-requisite for such initiatives to have a concrete and lasting impact, first a functional review should have been completed for all general government entities and that specific job descriptions existed for each post. This would have provided the information basis required to carry out a proper needs assessment, accounting for the current size and characteristics of the public administration, and where specific posts that could be considered redundant would have been identified in a structured manner. Instead, the suspension and mandatory schemes, and in particular the objective for an *ad hoc* number of exits (i.e. 15,000), was pursued mainly with the incentive to break taboos rather than modernising the public administration. At the same time, one needs to acknowledge the acute fiscal stress, in particular during the initial years of the economic adjustment programmes, which meant that the time to design and carry out such structural reforms was severely constrained.

The need for ownership of structural reforms to be successful was of an even higher relevance for the reforms undertaken in the public administration area. It is clear that the influence political parties traditionally had on the public administration, which had caused a wide-spread clientelism in the public administration, resulted in a strong internal resistance to change. This meant that although most decision-makers spoke openly about the woes of the public administration, with public opinion in

general highly supportive of reforms to improve the public administration, a number of structural reforms launched were not fully completed (e.g. functional review) or adjusted on numerous occasions (e.g. selection of managers, establishing organisational charts). Linked to the lack of ownership, were also the frequent political changes, especially during the initial programming period, which resulted in various reforms being halted or significantly adjusted. Given the need for strong ownership for public administration reforms to be successfully implemented and maintained, trying to ensure continuation of key reforms launched has been a difficult balancing act. In practice, this means that as previous evaluations have identified⁵⁷, the actual impact of the reforms carried out did not compare favourably when considering the level inputs invested. Finally, a concrete example illustrating the importance of ownership to promote the modernisation of the public administration has been the recent progress of improving digital public services, which was not an area covered as part of the economic adjustment programmes. Nevertheless, the concrete results during a limited period brought by the Ministry of Digital Governance since 2019, which has been able to launch a number of digital services (e.g. e-prescriptions), signals the importance of ownership to ensure the successful outcome of reforms aiming to improve the public administration.

Even aborted public administration reforms can act as catalyst for change. One illustrative example relates to an aborted reform and concerned efforts undertaken as part of the ESM stability support programme to depoliticise the public administration. Although, the appointment of the Administrative Secretaries was eventually abolished, while the politically appointed Secretary-General posts were reintroduced, in order for this not to be seen as a reversal of the depoliticisation efforts, an ambitious reform to promote functional depoliticisation was launched at the same time. It can be argued that this new reform, which was the authorities' own initiative, and meant that more than 80% of all decisions at a ministry does not require the signature of the political level, had a more concrete impact on promoting the depoliticisation of the public administration.

3.2.2 Design of wage reforms

A key success factor in any remuneration system is the application of the right balance between cost-efficiency and the compensatory character of the wage grids in order to attract and maintain the needed skills. If the unified wage grid is structured to be cost-effective with a compressed wage progression, hence resulting in low flexibility to differentiate the compensation of essential employees, a possible alternative is to adopt a special wage grid for certain entities or categories of staff. This

⁽⁵⁷⁾ Reforms in the public administration during the crisis: overview, description and assessment, K. Spanou, ELIAMEP, 2018.

approach is seen as preferable compared to introducing *ad hoc* exceptions, which are associated with significant risk of undermining the integrity of the overall reform, in particular when considering the fragmented and non-transparent remuneration system in Greece prior to the introduction of the unified wage grid. An illustrative example of such an exception is the so-called personal difference, which was supposed to be in place for a limited time, but has frequently been extended in both time and scope. A key consideration in the use of special wage grids is the need to only apply them to a limited number of well justified categories/entities.

Another key aspect is how to provide incentives based on performance in order to reward the best performers. Although such a provision is part of the unified wage grid, with hindsight it seems rather logical that this provision has not yet been activated. This is mainly due to two reasons. First, the Greek public administration did not have any experience of carrying out assessments, as evidenced by the disproportionate high number of employees, who were assessed with the top mark. Second, no goal-setting was introduced, neither at an individual nor at a unit level, which could have been fed into the performance assessment. Here, it needs to be acknowledged that for a majority of posts in the public administration, it is rather complicated to set quantifiable targets under the direct control of the civil servant. A recent study⁵⁸ on pay-for-performance highlighted that the nature of public administration, where most tasks involve collective effort and results are often intangible, adds complexity in measuring the individual performance. As a result there is a shift from a measurement-centred approach towards a more context-centred one⁵⁹, in order to ensure that the pay-for-performance system is based on solid information and evidence.

Finally, as concerns ensuring the overall integrity of the wage reform, a permanent structure with the participation of the key ministries should have been established at an earlier stage. Having already achieved the desirable fiscal consolidation and with the general government wage bill becoming closely aligned with the euro area average in terms of GDP, the 2015 wage reform was introduced aiming to simplify and rationalise the pay system by decompressing the wage scale, streamlining the allowances, and establishing a new system of career-based incentives for the best performers. However, since its adoption in 2015, a number of exceptions have been introduced and new allowances have been created or reintroduced in a discretionary and non-transparent manner. For example, overtime is being charged across units in a horizontal way, but does not reflect actual time worked, while electronic time

(⁵⁸) Pay-for-performance in the civil service of the EU (Upcoming publication), 2020, DG REFORM, European Commission.

(⁵⁹) Under a context-centred pay-for-performance scheme, the scheme is part of an integral part of a larger human resources management system, incorporating elements such as reward, recruitment, motivation, cultivation of the working environment, learning and development, training, talent management, leadership, etc.

management system has yet to be rolled out across the public administration and the number of committees where members receive reimbursement has been increasing. In order to strengthen the central control of the unified wage grid, an important step, which could have been taken earlier, was the establishment of an inter-ministerial committee in 2020⁶⁰, with members from the Ministry of Finance, Ministry of Interior and the Presidency office. The inter-ministerial committee has listed all deviations (around 160 in total) adopted since the introduction of the unified wage grid in 2015. The next step will be for the committee to propose alternatives to the political level on how these deviations could be addressed in a systematic and coherent manner, which would maintain the integrity of this key reform.

Looking ahead, the Greek authorities are likely to be faced with the challenge of finding a balance between protecting the integrity of the unified wage grid, while allowing for a degree of flexibility based on a systematic approach to attract and maintain the competencies and skills needed. Beyond the option of using special wage grids for a limited number of categories/entities (e.g. public health sector staff), another alternative could be the use of a supplementary wage grid linked to job descriptions and specific qualifications required. This approach has been introduced for the Independent Authority for Public Revenues (IAPR)⁶¹ and provides a supplementary remuneration for each employee based on the responsibilities of each position specified in the job description. The implementation of this system to the IAPR personnel could act as a pilot in order to be extended to other public administration entities.

3.3 Aborted reforms

A significant number of reforms were initiated and implemented during the three programmes. Given the political developments during this period, it was to be expected that there would be some reforms that were aborted or partially reversed, given the culture of political influence in the public administration. This section highlights the aborted reforms with the highest impact.

First, the functional review carried out for the central administration was not extended, as initially planned, to all general government entities (see section 2.3). Although it should be acknowledged that the scope of such an exercise is very significant and the time and effort to complete the review for the ministries was more than initially foreseen, it would nevertheless have been a highly useful exercise. It would have been useful to carry out such a review as it could have helped to identify entities that could be abolished or merged with other ones, as well as ways of further consolidating the administrative structures. A completed functional review of the

⁽⁶⁰⁾ OJ A 53/11.03.2020, Article 77, http://www.et.gr/api/DownloadFeksApi/?fek_pdf=20200100053.

⁽⁶¹⁾ OJ A 26/19.02.2021, http://www.et.gr/api/DownloadFeksApi/?fek_pdf=20210100026.

general government would also have been very beneficial in terms of defining a hiring plan with a longer-term perspective. Furthermore, the updating of the organisational charts that took place in 2017 to some extent overlapped with work already carried out during the second programme, while the reintroduction of organisational structures that had previously been abolished, partially reversed the results of the functional review. It is encouraging though that a recent initiative by the authorities, which will also be provided through technical support by the European Commission, is to introduce a so-called common assessment framework (CAF) for all public entities. This framework is a tailored management tool for self-assessment and performance for public sector organisations. In order, to encourage participation, the authorities are planning to make the completion of this self-assessment a prerequisite for any new hiring request.

Second, the link between the performance assessment and pay as foreseen in the unified wage grid has not been applied to date (see section 2.2). The introduction of the annual performance assessment was a major reform, which was also faced with strong internal opposition, mainly from the trade unions. Whilst the annual performance assessment have by now been established, as three full cycles has been completed, the downward trend in participation (around 60% for the 2019 appraisal) raises some concern. However, the authorities' plans to introduce goal setting as part of the performance assessment, for example through establishing a link to each ministry's annual action plans, could enable the activation of the existing provision foreseen in the unified wage grid on linking positive assessment with faster progression along with the wage scale. To start applying this provision, it will be essential that civil servants trust the fairness of the appraisal process, as they will then be more likely to accept the results of the performance appraisal, even an adverse one. Further, the persistent problem with grade inflation demonstrates the need to proceed with changes that further strengthen the integrity and relevance of the performance assessment. Finally, steps taken recently to strengthen the link between the annual performance assessment and the selection process for managers should benefit both reforms.

Third, no specific actions to strengthen coordination in the central administration were taken during the programmes, following the preparation of the above-mentioned inter-ministerial manual (see section 2.6). The manual set out the institutional framework and included a set of recommendations with concrete actions on how to strengthen the coordination between ministries. With hindsight, a more thorough follow-up on these actions would have been helpful, including as regards the strengthening of the General Secretariat of Coordination. On the other hand, it must be acknowledged that institutional reforms take time to implement, especially when they concern the very core of the central administration.

Fourth, while the planned framework to bring alignment of horizontal provisions and internal regulations for all independent entities was not adopted, actions were nevertheless implemented during the programmes to strengthen the capacity and

mandate of specific independent authorities (e.g. Hellenic Statistical Authority and the Hellenic Competition Commission). As a result, there remain significant differences between independent authorities in terms of how the senior posts are appointed and the qualification/requirements needed. Although there have been recent initiatives ⁶² attempting to streamline the process, their focus has been rather narrow. Another aspect concerns the budgetary independence of these authorities that is often constrained on vital organisational matters. For example, a Ministerial Decision is usually needed for an independent authority to proceed with a reorganisation or initiate selection process to hire new staff. However, it needs to be acknowledged that other public administration reforms, in particular the unified wage grid, have attempted to strengthen the central control of the public administration, including the independent authorities. Given the key role a number of these independent authorities have both in terms of monitoring the public administration⁶³ (e.g. ELSTAT and ASEP) or regulating and supervising the functioning of markets⁶⁴ (e.g. HCC, RAE, EETT), there remains a need to define a clear set of common rules governing how these independent authorities are managed and operate. However, such a framework will need to find an appropriate balance with the hiring procedures and remuneration applicable for the overall public administration.

3.4 Scope for further actions

While the reforms carried out as part of the economic adjustment programmes covered a number of areas, some reforms could have been further elaborated, whereas some areas, such as digital services, were not covered. This section sets out some examples of reforms that could have been advanced further.

The level of monitoring and controlling of temporary staff (see section 2.1) could have been further elaborated through carrying out a mapping of the public administration's needs in the medium- to long-term. Although the number of temporary staff was considerably rationalised during the programme period, this effort was the result of a horizontal measure serving the fiscal consolidation purpose rather than a carefully designed decision based on the actual needs. Having achieved the desired decrease, the next logical step would have been to initiate a detailed mapping of public administration's needs and establishment of a mechanism to effectively control the hirings of temporary personnel. However, such reforms were never pursued.

⁶² OJ A 133/07.08.2019 (Executive State Law),
http://www.et.gr/api/DownloadFeksApi/?fek_pdf=20190100133.

⁶³ For example, the Supreme Council for Civil Personnel Selection (ASEP) and the Hellenic Statistical Authority (ELSTAT).

⁶⁴ For example, the Hellenic Competition Commission (HCC), the Regulatory Authority for Energy (RAE) and Hellenic Telecommunications and Post Commission (EETT).

Another constraining factor to allow for an efficient monitoring of this category of staff was that the census database has not been providing the same level of detail in comparison to permanent staff. As a result, the control over the number of temporary personnel has been insufficient, which resulted in the non-compliance with the ceiling in 2018. The trend of increasing the number of temporary personnel continued in 2019. In an attempt to address this, the authorities agreed, as part of the post-programme surveillance, to reintroduce a ceiling for temporary staff, which will be applied as of 2022. As part of this process, the authorities have established a methodology, in order to distinguish between temporary staff covering permanent or seasonal needs, thus creating a clear link between the need to control the number of temporary staff and the actual needs of the public administration.

The revision of how temporary staff are selected would have strengthened transparency and reduced the scope for clientelism, as would a fairer approach for the selection of permanent staff. A number of temporary staff is traditionally used to serve permanent needs, such as cleaners. The hiring procedures for selecting the temporary staff is often not transparent, while the frequent renewals of these temporary contracts gives rise to expectations for the posts to be converted into permanent ones. When new selection procedures for permanent staff are launched, temporary personnel, who are occupying these posts before they became permanent, are often given disproportionate advantage with increased scoring. As a result, the integrity of the selection process for permanent staff is adversely affected. One sector where this has traditionally been a problem is the waste collection carried out by municipalities where permanent needs have usually been covered by temporary staff. While selections for permanent staff were taking place at regular intervals, the selected staff, shortly after taking up their post, would be transferred within the public administration, which would in turn raise the need for hiring new temporary staff, thus creating a vicious circle. In this regard, a positive measure adopted recently⁶⁵ with the aim to strengthen the central control of hiring procedures sets out that personnel appointed at permanent posts at municipalities need to remain for, at least, seven years in the post they have been recruited for.

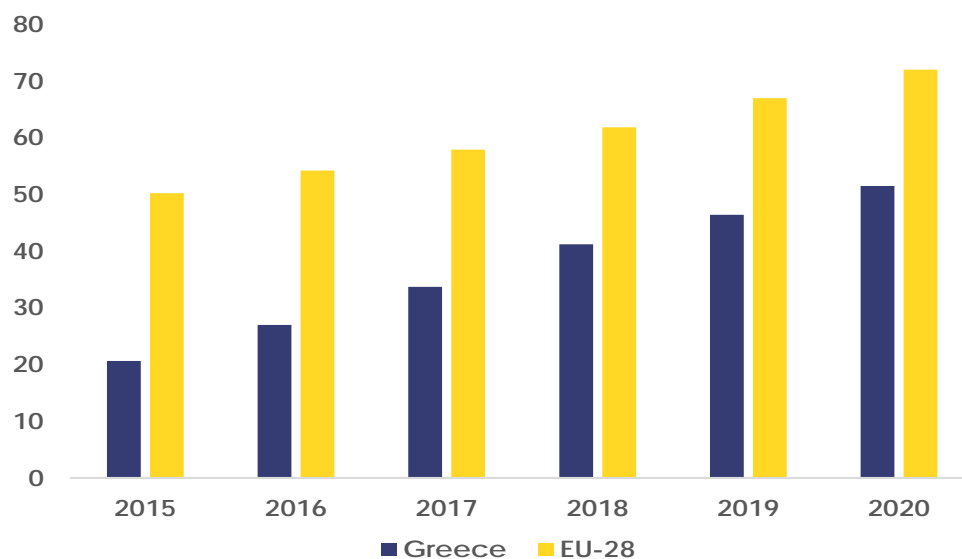
No specific actions to strengthen service delivery through promoting the digitalisation of government services were pursued as part of the programmes. Such reforms could have further contributed to the modernisation of the public administration while at the same time reducing the administrative burden for businesses and citizens. As the graph below shows (Graph 3.1), while Greece has made some progress during the previous years, it remains amongst the EU Member States ranked

⁽⁶⁵⁾ OJ A 53/2020.03.11, Article 74. Mainly relates to the hiring procedure 3K/2018 with 8 166 posts, out of which a substantial part concerns staff to be employed in waste management by the municipalities.

with the lowest scores as concerns digital public services⁶⁶. However, and as shown in Graph 3.2, the proportion of individuals using the internet for interacting with public authorities is close to the EU average, which signals that the roll-out of digital public services will be swiftly taken up by the Greek citizens. The recent initiatives to expand digital services available to the public (e.g. Gov.gr) has shown the benefit such services can bring. The challenge will now be to follow up on the highly ambitious reform of a national simplification programme, which would ensure that various processes are streamlined, thus reducing the overall administrative burden. This should also free up resources for the public administration, which could be used elsewhere.

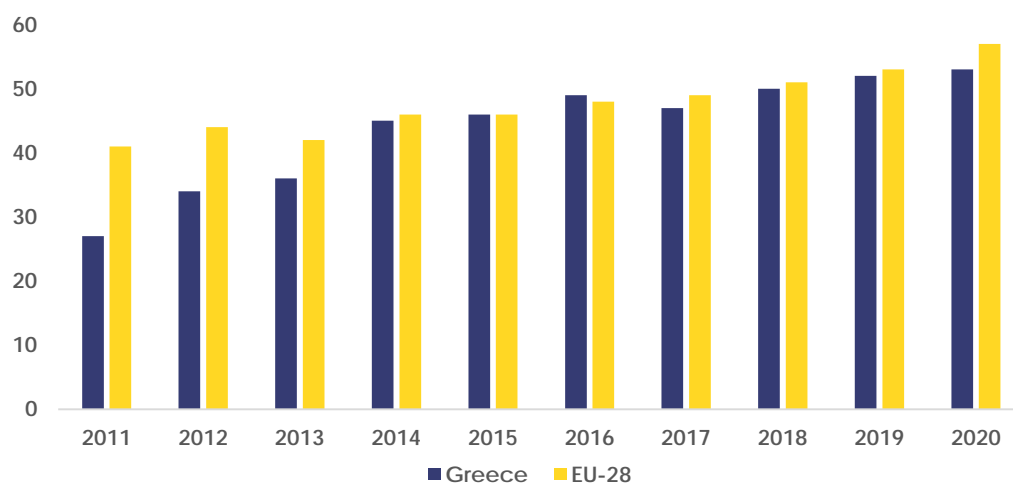
⁽⁶⁶⁾ Digital public services constitutes one of five indicators assessed by the European Commission's annual Digital Economy and Society Index (DESI). The digital public services' dimension measures.

Graph 3.1: Digital Public Services (DESI scoring evolution)



Source: Digital Economy and Society Index (DESI) 2020, European Commission.

Graph 3.2: Individuals using the internet for interacting with public authorities (% of individuals)



Source: Eurostat.

Reforms of the regional and local administration were not prioritised. Although the significant public administration reform undertaken during the first programme ('Kallikrates', see section 2.3), contributed to reducing the number of municipalities and regional administrations, the focus of the public administration reforms was exclusively on the central administration. This was to some extent understandable, given the highly centralised nature of the Greek public administration, however, specific reforms could have contributed in establishing stronger and more accountable local and regional

structures. The initiative to establish an internal control framework, which was put in place in 2021, could contribute in this regard.

The actions planned to support the depoliticisation of the public administration could have had a broader scope (see section 2.5). According to a study studies published by the OECD in 2011 ⁶⁷ and 2017 ⁶⁸, which used the staff turnover in senior civil service posts after a change in government to measure political influence, Greece was part of the group of countries assessed with rather politicised public administrations. For example, setting a framework on the number of posts at the offices of political appointees (incl. Ministers, Deputy Ministers and Secretary-Generals). Usually, these offices can be rather sizeable, resulting in work that traditionally falls under the responsibility of the administration to be carried out in the offices. Further, a more transparent approach to the selection of temporary staff would have contributed to reduce the clientelism, hence also contributing to the overall depoliticisation of the public administration. Finally, stronger focus on functional depoliticisation, such as the delegation of signature powers to the administrative level, as introduced by the Executive State Law and that have come into effect as of February 2020 could have further strengthened the efforts to depoliticise the public administration.

⁽⁶⁷⁾ OECD (2011), "Political influence in senior staffing", in Government at a Glance 2011, OECD Publishing, Paris, https://doi.org/10.1787/gov_glance-2011-24-en.

⁽⁶⁸⁾ OECD (2017), Government at a Glance 2017, OECD Publishing, Paris, https://doi.org/10.1787/gov_glance-2017-en.

4. CONCLUDING REMARKS

While the reforms pursued during the first two economic adjustment programmes helped significantly improve the efficiency of Greece’s public administration, the structural reforms launched during the ESM stability support programme made important steps towards modernising it and bringing in best-practice human resources management tools. Efficiency-enhancing measures prioritised during the first and second economic adjustment programmes proved successful in bringing down Greece’s public wage bill and bringing the size of the public administration in line with the euro area average. The ESM stability support programme included a dedicated pillar aiming to modernise the public administration. Concrete progress has been made, including the introduction of an annual performance assessment of staff, a mobility scheme to facilitate civil servants to transfer to other services and selection procedures for management posts. These reforms initiated a much-needed transformation of the public sector towards modernising the public administration, which has been key for breaking the vicious cycle of weak administrative capacity resulting in suboptimal implementation of structural reforms.

While the lack of ownership combined with the partly infelicitous sequencing of reforms limited their effectiveness, significant progress has still been made in a number of areas to modernise Greece’s public administration. The low political buy-in, lack of support from the civil servants’ representatives and frequent changing of priorities as the political leadership changed⁶⁹, formed key obstacles for adopted reforms to be rolled out swiftly and applied fully. Another factor that weighed on the effectiveness of reforms was their sequencing. An earlier start of some of the far-reaching and time-consuming exercises, such as a functional review of the overall public administration and the completion of job descriptions, could have helped to guide the subsequent efficiency-enhancing measures and ensure a greater buy-in for – and a more timely delivery of – the important modernisation reforms.

The reforms launched during the programme period have improved the performance of the public administration while starting to act as a catalyst for further reforms. While Greece still remains ranked amongst the EU Member States with low scores on various indicators used to measure the performance of the public administration⁷⁰, certain indicators where Greece has traditionally scored poorly,

⁽⁶⁹⁾ Also reflected in the frequent changes in the Ministry responsible for the public administration (see chapter 1).

⁽⁷⁰⁾ A composite indicator framework prepared by the European Commission, which looks into five broad performance areas (policy planning, development and coordination; civil service and human resource

including those concerning complexity of administrative procedures and perceived provision of public service, have been gradually improving. Given the recent progress in reinforcing critical principles of accountability and transparency, such as introducing an open selection procedure for management posts, delegation of signature powers to the administrative level and a broad range of new digital services, the trend of strengthened public administration performance is likely to be further reinforced. The public administration reform has nevertheless not been completed, and much remains to be accomplished.

Looking ahead, there remains significant scope to continue the efforts to modernise the public administration. The next key steps for the public administration reform mainly concern completing of ongoing reforms in a number areas, for example setting up an integrated human resources management system, including streamlining the job classification system and linking it with the job descriptions and introducing objectives into the annual performance assessment exercise. Further, continued efforts are needed to improve policy planning and coordination, for example through enhancing the quality of impact assessments accompanying new legal initiatives and introducing ex-post assessments of adopted legal frameworks to draw useful lessons learned. In terms of service delivery, the ambitious national simplification programme led by the Ministry of Digital Governance aims to ensure that the digital transformation of the public administration is accompanied by the necessary simplification, thus resulting in reducing the administrative complexity. Finally, the strategy to establish a national integrity system that is being implemented by the Ministry of Interior and the National Transparency Authority is striving to enhance the accountability and capacity of the regional and local administration.

management; accountability; service delivery; and public financial management), placed Greece in the 26th position in 2019.

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