

# Regional Self-Government and Regional Governance in Greece and the EU: Developments, Concerns and Recommendations

Dimitrios V. Skiadas<sup>1</sup>,

<sup>1</sup>Professor of European Governance, Jean Monnet Chair, University of Macedonia

Eleftheria – Paraskevi Ftaklaki<sup>2</sup>

<sup>2</sup>ex Regional Vice Governor for the South Aegean Region,

PhD candidate at the University of the Aegean, Associate of the Jean Monnet Chair

**Abstract:** The development and evolution of the Multilevel Governance System of the EU is one of the most crucial elements of the current policy agenda in Europe, as the need for a more effective model has become obvious, and one of the most significant aspect of the relevant debate refers to a more active participation of the EU regions in formulating and implementing EU policies. By definition, this debate concerns also the Greek Regions, both in terms of verifying their current status as well as of seeking new relevant public policy options. Taking into account the various legislative initiatives on revising the existing local government schemes in Greece, putting forward proposals on establishing a new model of Regional Governance, based on scientific analysis and international experience, provides the relevant debate with a significant added value element. The various institutional, legal, political and budgetary characteristics of the Regions (as operating administrative entities) are being examined, taking into account the principle of subsidiarity, and using, as comparable elements, Regions from a similar, yet distinct, model, such as Spain. The main objective is to provide scope for discussion on the real transition from the existing schemes of local self-government to schemes of Regional Governance, which will provide the Regions with the capacity not to merely implement public policies formulated at central level, but to produce their own public policy options, at national and European level.

**Key Words:** Regional Governance, Local Government, Greece, Spain, European Union

## Introduction

The most important issue that one is called to contend with when trying to analyze the political, economic, social activity on a regional level is to define regions as reference entities. It is necessary to have a definition of the concept of a region, something that has not been achieved up to now, as there is no commonly accepted answer on the question of dividing an activity into regional references. The reasons for this can be traced to the facts that, on the one hand, the size of a region as a tool for analysis does not have a static, but rather a dynamic definition, depending on the nature of the questions to be analyzed and the purpose of the analysis itself and, on the other, the definition should function in such a way that the defined regions cover the totality of the geographical area that is referred to in the analysis (see Th. Skountzos, 2005, pp. 27-28).

Greece constitutes a case of an EU member-state with very special characteristics when it comes to analyzing the performance of its regions, due to the fact that the interaction of the factors that influence this performance is so intricate that the resulting varied image has been characterized as a “multiple geographies” status, i.e. as a very complex model of inequalities between north-south, east-west and center-region (see. V. Monastiriotes, 2005). This status results in contradictory views on the degree of the intensity and the scope of the inequalities that appear between Greek regions, as, although the increase and importance of these inequalities is recognized, it is often estimated that these are limited, especially if the means of recording them is the level of development of the regions, as this is measured by their Gross Domestic Product (GDP), a contradiction that is clearly demonstrated in an overview of the relevant bibliography (for this overview see G. Petrakos, G. Psycharis, 2016, pp. 41-46 and the references therein).

This fact has led to the conclusion that there is a lack of substantive recognition of the processes with a spatial dimension in Greece and especially of comprehending the influence and impact of these processes on the developmental dynamic of this country, on both a regional and a national level. This comprehension of what is called the “regional problem” of Greece requires examining and highlighting its many and complex factors, through the use of indicators (there are many indicators that record the development of inequalities over time, both quantitative and qualitative, while the factors have historical, geomorphological, political and economic characteristics – see G. Petrakos, G. Psycharis, 2016, pp. 48-155, for an exhaustive analysis of these indicators and characteristics of the Greek regional problem) which record the importance, but also the function, of these factors in determining the problem. The most important factors are the following (see V. Monastiriotes, 2007):

- A) The peculiar Greek city system: Greece has an intense population concentration in the capital (Athens) and the wider area (Attiki) and – to a lesser extent – in the co-capital (Thessaloniki), while, on the contrary, other semi-urban and rural areas have a very low population density, especially outside urban centers. This is characteristic of developing countries and not of a developed country such as Greece (e.g. this kind of population distribution is not present in the EU).
- B) Characteristics of development deficiency: The model “center vs region” characterizes Greece in general. There is also a wide “shadow” economy (black economy), a broad and especially concentrative public sector, a high percentage of structural unemployment, a low degree of industrialization, a relatively low contribution of the primary sector to the economy, bad infrastructure and not very advanced transportation networks, and, finally, low income levels that are

perennially below the EU average, even after its enlargement in the 2000s. This data demonstrate not only the lack of a developmental dynamic, but also weak economic spatial interactions and a difficulty in disseminating economic output between regions.

- C) **Regionalization:** Greece's geo-political location at the southeastern edge of the EU and the history of tension with its neighboring countries, in combination with the consistently bad condition of its transportation network and the low development of its commercial activity and other economic ties with these countries, resulted in the general degradation of the border Greek regions, which were isolated, while the whole of the international activity was absorbed by the (political, geographical, economic) center.
- D) **Natural geography/geomorphology:** The under-development of the border regions of Greece is also a consequence of the geomorphology of the country, i.e. the combination of mountainous, insular and distant regions and the obstacles that these characteristics create in any activity. Especially in the mountainous and insular areas, the bad connections with the centers of (economic and political) activity strike a direct blow to the dissemination of any kind of economic development taking place there.

The above factors demonstrate the permanent, structural inequalities in the Greek productivity model, as these are not due to a, for instance, concentration round a powerful, competitive industrial center or a powerful "new" economy that is based in an internationally competitive financial sector and in important activities that are based on knowledge, but rather to a concentration of economic activity that is dependent on a super-enlarged public sector with doubtful effectiveness (the activity of which covers 40% of GDP and 25% of employment, while about 80% of the public expenses go to salaries and pensions of the public sector) in the urban centers of the capital and the co-capital. The alternative options that are recorded in the Greek regions focus on activities that are based on knowledge and innovation (e.g. green economy, agricultural production with recorded origins, quality tourism services etc.) and which adapt to the regional and local comparative characteristics and advantages, offsetting the low competitiveness of already existing activities. Towards such options it is possible to employ the funds from the EU Cohesion Policy and the Common Agricultural Policy, as well as the financial tools that have been developed in the framework of the "Europe 2020" Strategy, bearing in mind that all these structures emphasize the strengthening of regional resilience and the promotion of social and special cohesion, especially due to the pressures that the economic crisis has brought to the regions, which have been made even more vulnerable by their large dependence on public investment and employment in the public sector. The aim is to achieve a balance in the consequences of the European integration process, which, on the one hand, may highlight regional inequalities on a national and European level, but, on the other, can signal a new developmental perspective for the regions of the EU member states (see H. Caravelo, E. Tsonas, 2012, for a bigger analysis of these findings).

### **The European dimension of Regional Governance and the "standards" for EU member states**

The impact that the EU has had on the governance structure of its member states, and especially on the development and promotion of the Regions as factors for policy drafting and implementation, has a double origin.

In the first place, the EU Cohesion Policy, as a competence that is shared between the EU and the member states (see Art. 4 para. 2 TFEU) and in the light of the principle of subsidiarity (which contributes to the definition of the relevant competence areas with the Union placing the targets of the EU Cohesion Policy and the member states formulating and implementing the relevant policies, whilst respecting this framework – see Art. 5 para. 3 TEU & Art. 175 TFEU), practically "obliges" member states to have the necessary efficiency for the management of funds that they will be receiving from the Structural Funds and other EU financial tools. This efficiency involves a cohesive combination of institutional and bureaucratic/administrative capabilities and the appropriate human resources, emphasizing the distinction between management and its control on the one hand, and the coordination between the public administrations that are involved, on the other. What is called for is the creation of structures and conditions of good governance, which have been proven to be a catalyst for the effective use of European resources, especially when good governance is shown at a regional level. The content of this quality refers to a) the administrative/managerial performance in programming processes, in preparing for and selecting projects to be subsidized, in monitoring and assessing, and b) to the functional/operational dimension of this performance, as it is defined by the relevant organisational structures, the available human resources and the administrative adaptability to the demands of this environment. At the same time, governance as a whole is affected by the political stability (or instability) in a country or region, the political interventions on administrative/managing mechanisms on a national or a regional level, the political responsibility shown by political personnel on a national or regional level, the politicization of managing matters and of project selection (this is closely connected to national or regional elections) and phenomena of corruption (see Neculai-Cristian Surubaru, 2017, pp. 844-856 and the references therein for an extensive analysis).

Secondly, the organisational structure and function of the EU itself, formulated in a pattern of multi-level governance, aims at securing a balanced and coordinated contribution of local, regional, national and European actors in the process towards European integration, which will have, among others, clearly defined spatial aspects. For this reason, there will always be a strong regional dimension in all the sectoral policies of the EU, so that the competent authorities participate more and have a larger regional added value to their effectiveness. It is no wonder that there is a special inter-departmental Working Group in the European Commission which ensures the analysis of the regional aspects and consequences during the drafting and implementation of EU policies. The effective participation of national authorities, on both a central and regional level, in this process requires their defining appropriately customized concepts, aims and tools, within the framework of their responsibility to formulate and implement measures that are set by European policies, bearing in mind the specific geographical framework of each region, its regional development tradition, its political culture, its legal system and its spatial capital (goods, financial and human resources and the possibility and potentiality of employing them - see Mace, 2017, for details on this concept). In parallel, member states need to adopt this EU model, i.e. to incorporate regional aspects to their

own national sectoral policies, taking into consideration the regionally and locally recognized needs for intervention. The aim is to have, both at an EU and a member state level, a vertical and horizontal coordination between the decision-making centers for sectoral policies, in a way that the relevant decisions are consistent at all levels (European, national, regional, local). It is well known that, among EU member states, there is a great variety as to the level and means of regional coordination and to the “sensitivity” of sectoral policies regarding their regional consequences. However, the interaction between member states and the creation of points of reference for the drafting and implementation of policies on a regional and inter-regional level can have positive results on the consequences of these policies. The means which can be used to implement these choices include, among others, the use of regional impact analyses in order to enhance the understanding of the consequences of these policies on a regional level, the use of methods of regional policy drafting so that regional differences and unique characteristics are taken into account, the creation of conditions and synergy mechanisms for sectoral policies on a regional level with the participation of regional and local authorities, the establishment of regional methods of monitoring the implementation of policies in order to have continuously updated information and, finally, the production of regional assessments with reference to the levels of politics, programming and output (see EU Hungarian Presidency, 2011, pp. 84-87, for a deeper analysis of the relevant arguments).

It is common ground that the most common systems of administrative organisation internationally are the centralized system, the decentralized system and self-government. In the centralized system, the central institutions of the state wield competences for decision-making and exercise authority over its whole territory. The decentralized system, involves the transfer of powers and competences for decision-making to regional institutions for the policy making in a specific geographical entity (region) of the state. To that effect, in this system the regional units of the state do not have decision-making powers, but only implementing/executive ones (i.e. they merely transfer the centrally drafted state policy). Finally, self-government involves the creation and operation of autonomous/individual entities (legal persons), which do not belong to the legal person of the state but have their own legal existence and institutions, a clear example of which is local government, where the management of cases referring to a specific area is assigned exclusively to these self-governing bodies (i.e. state institutions are excluded from wielding power over these cases) and these organisations are subject to the legality control of the state (see G. Petrakos, G. Psycharis, 2016, pp. 393-394, and the references therein for a broader analysis of these systems). The EU does not prefer one of these systems over another in order for them to be universally implemented by member states, but rather calls them, within the framework of their operation in the European integration process, to utilize any system that they have already adopted, activating it during the drafting and implementation of policies.

### **The interaction between Regional Policy and Regional Governance**

The above mentioned approach has provided the basis for efforts to set criteria in order to define various types of regions in a way that allows for the drafting and implementation of policies for their development. These can be distinguished in three categories, the criteria of homogeneity, the criteria of polarization and the criteria of programming, as follows (see Th. Skountzos, 2005, pp 28-40):

- A) **Homogenous Regions:** they are the ones with a degree of homogeneity on a specific characteristic that may be economic (i.e. common levels of income, common structure or type of economic basis or activity, common employment or unemployment status, etc.), social or political (i.e. common ideology, common customs, common social trends, etc.) and geographical (i.e. common topography, common climate conditions, etc.). However, such a categorization is not always easy, as, on the one hand, the differences can be more obvious than the commonalities and may cancel them out and, on the other, there may be different commonalities with the same intensity in two or more regions, which makes their categorization impossible. Such a categorization was used in the EU mainly for the determination of the areas for intervention based on the Structural Funds targets, in the framework of the Cohesion Policy, during the programming periods 1989-1993, 1994-1999 and 2000-2006.
- B) **Polarized Regions:** they are the ones that are teamed together because of their close interdependence, which is due to mutual flows of factors of production (goods, persons, services, intelligence, capital, etc.), and which is structured around poles (centers) of activity in the region. The intensity of this interdependence is a main criterion for this categorization. The OECD takes a similar approach (see OECD, 2011) which uses the flux of population concentration as a criterion and distinguishes regions in mainly urban, medium and mainly rural.
- C) **Programming Regions:** these are defined by criteria of administrative and political jurisdiction, i.e. the grouping together of areas in a region (in the administrative sense) is based on the unity of the administrative decision-making institutions. One basic advantage of this categorization is the possibility of collecting sufficient (mainly statistical) data for the drafting and implementation of policies; a crucial weakness is the potential omission of operational interdependencies between regions that are divided by administrative boundaries. This categorization has been used by the EU, based on the Nomenclature of Territorial Units for Statistics (NUTS) system, which divides the land territory of each state on a number of levels (i.e. the level of administrative regions is NUTS 2).

The alternative use of the above definitions has proven to be necessary, as the coexistence of two types of areas has been established both on a national and a European level. The first type involves areas that have been determined as “soft”, that is areas with loose administrative boundaries, as they are not identified within sufficiently determined administrative units, and lack a legal and institutional basis, but they have inner-operational cohesion and geographical affinity, facing common challenges, so they can be seen as a single entity for the drafting and implementation of a strategic and political intervention with methods that surpass conventional, legal processes. The second, on the contrary, involves areas that are characterized as “hard”, that is areas which have a complete and distinct administrative boundary, with a clear legal and institutional basis and reference, and are developed over a number of levels, having an official status. The first category allows interested actors to

develop “soft” action, in the sense of informal action, i.e. to act flexibly, with no limitations from legal-institutional frameworks, and often with a de-politicized decision-making process, which is characterized by a spirit of cooperation, coordination and negotiation (elements that are particularly popular mainly with citizens and their elected actors), while the second provides actors with the power of “hard” action, in the sense of formal action, i.e. to act legally, within a legally set environment and delineated – without flexibility – competences, with an emphasis on the legal dimension and not the geographical dimension of issues. The most appropriate approach to these models of operation for the exercise of regional policy is their complementary consideration, where the elements of “soft” or informal action will resolve issues of accountability, responsibility and territorial integration, whereas the elements of “hard”, formal action will be based on legality and clear jurisdiction (see E. Purkarthofer, 2016, pp. 5-9).

It may thus be concluded that the spatial structure of the administration and of the governance mechanism of a state is directly related to comprehensive economic effectiveness, regional development and social prosperity. In the case of Greece, the constitutional demands of Articles 101 and 102 of the Greek Constitution, regarding the organisation of the state administration according to a decentralized system and the administration of local affairs by local government institutions, establish the mechanism which implements the basic aspiration for a universally equal access to public goods and services provided by the state, not taking into account the place of residence, while public goods (especially those with local references) are provided in a more effective way on a decentralized, local level, something which ensures a better response to the wishes of citizens and contributes to the increase of social prosperity (see G. Petrakos, G. Psycharis, 2016, pp. 391-392).

## **The Greek reality**

The organisation structure of the modern Greek State, influenced by both the administrative organisation of the Ottoman Empire (Greece being a part of the Ottoman territory for more than four centuries) and by the evolution of administrative models developed in western Europe (the relevant political and administrative influences were very strong especially after the Greek Revolution of 1821 in the years following Greece’s independence), demonstrates traditional elements of local government structured at two levels, sometimes with a larger emphasis on the self-governing model and sometimes with a larger emphasis on the decentralized model. The names of the self-government or decentralized administration were often identical, as the terms “Community”, “Municipality”, “Province”, “Prefecture”, “Region” have been used at different times to describe either self-government or decentralized patterns of administration (for a detailed historical overview see N.K. Chlepas, 1994, V. Andonopoulos, M. Mathioudakis, 1988/1992, M. Moustakas, 2000). Apart from the resulting confusion with regard to the real nature of the entity concerned, i.e. whether this involved self-government or decentralized administration, there was an issue on the compatibility of transfer of competences from the institutions of decentralized administration to the institutions of local government and vice-versa, bearing in mind that the central reference point of these competences was the administration of local affairs, based on the relevant constitutional provisions especially after 1975 (see Articles 101 and 102 of the current Greek Constitution), something which was finally settled by the Council of State (Greek Supreme Administrative Court) in its landmark judgment 3442/1998, in which it was found that, on the one hand, the transfer of competences of decentralized administrative institutions to the self-governing bodies does not violate the constitutional provisions (with some special reservations), and, on the other hand, that no competence on a local affair can be taken away from an local government institution or a decentralized administrative body in order to be transferred to the central administration, even in the case of abolishing such institutions or bodies, and such competences should be transferred to other similar institutions or bodies (the so called “decentralisation acquis” – for a detailed analysis of the relevant case law see D. Skiadas, 1995, and the references therein).

The current form of the organisation of the Greek State is described in the “Kallikratis” program (Law 3852/2010 - named after a well known ancient Greek architect), which re-arranged the whole administrative architecture of the Greek State. Thus the previous scheme comprising 54 Prefectural Governments and 3 extended Prefectural Governments (“Superprefectures”) were merged into 13 elected Regions, mainly on the basis of achieving economies of scale, providing services to citizens and being able to take on developmental initiatives on a regional level, while the entire scheme comprises 7 Decentralized Administrations acting as controllers of legality of the elected Regions actions (see Explanatory Memorandum of the Law 3852/2010).

Thus the elected Regions entail a series of institutions for exercising their competences, both on a political and an administrative level. These are the (Regional) Governor, the Vice-Governors (there are two categories, those whose authority and competences are determined according to the limits of regional units - the former Prefectures - within the overall region, and those whose authority comprises sectoral competences extending to the entire territory of a region), the Regional Council, The Financial Committee and the Executive Committee.

The governance system of the elected Regions in Greece is “Governor-centric”, as the Regional Governor has, by law, the most fundamental powers that concern the operation of the Region (see Art. 159 of Law 3852/2010), given that s/he is the legal representative of the Region, provides direction for the implementation of the regional development strategy, issues all administrative and non-regulatory acts, executes the decisions of the Regional Council, the Executive Committee and the Financial Committee, is the head of the region's administrative services, orders the collection of the region's revenue and distributes the budget's appropriations, signs the contracts that the region enters into, etc. These competences may be delegated to the Vice-Governors (see Art. 160 of Law 3852/2010).

The Regional Council is a core institution which is presumed to be competent for all issues, when there is no direct granting of competence to another institution (see Art. 163 of Law 3852/2010). It has important advisory and supervisory competences that involve the approval and monitoring of the operational plan of the Region, the approval and monitoring of development programs, the approval of the budget and the annual evaluation of the Region, the imposition of fees and other

regional revenue, the expropriation of land for the benefit of the Region, the management of the estate of the Region, the contracting of loans, the program for public works and public procurement, etc.

The Executive Committee (see Art. 173-174 of Law 3852/2010), is comprised of the Regional Governor and the Deputy Governors, and has a coordination role on the activity of the Region, its departments and legal entities, and submits proposals to other institutions (e.g. the Regional Council) on the region's operational plan, the rules of procedures and the evaluation scheme of the region's services, the region's draft budget, etc.

The Financial Committee (see Art. 175-176 of Law 3852/2010) prepares the region's draft budget and the final evaluation of the Region's performance and submits them to the Regional Council for approval. It examines the necessity for contracting loans and sets the terms and conditions in the various stages of entering into contracts (procurement tenders, approval of minutes and awarding of tenders, formation of the competent committees, etc).

The competences of the elected Regions are categorized operationally and thematically. The operational categorization involves the types of action undertaken by the institutions of the Region, and these are divided into 1) competences for rendering of services, 2) competences of an investment and developmental character and, 3) supervisory – ratifying competences. The thematic categorization covers the following sections of public policy (see Art. 186 of Law 3852/2010): a) Programming – Development (this refers to the regional development planning, the programming and implementation of the relevant actions and the management, audit and implementation of the developmental interventions through Public Investment Programs (PIP) and Regional Executive Programs (PEP), b) Agriculture – Livestock Farming – Fisheries, c) Natural Resources – Energy – Industry, d) Employment – Trade – Tourism, e) Transport – Communications, f) Works – Urban Planning – Environment, g) Health, h) Education – Culture – Sports and i) Civil Protection and Logistics.

In parallel, elected Regions can develop international activity (see Art. 203 L. 3852/2010) in cooperation with relevant local government organisations, as well as with other institutions from abroad (inter-governmental, inter-regional, trans-border and territorial cooperation), participating in networks, programs, actions and initiatives developed within the EU, Council of Europe and other international organizations' scope, with reference always to their thematic competences. They are represented in the representative assembly of the Committee of the Regions and the Congress of Local and Regional Authorities of the Council of Europe, according to the provisions of the community and national law.

The budgetary function of the Regions is formally based on their financial independence. The term "independence" however, is rather misleading as the main source of revenue for the Regions is the subsidy provided by the Central Government, known as "Central Independent Resources", as financial support for meeting the cost of exercising the competences that they have acquired. This demonstrates the dependence of the Regions from the Central Government (estimated at 95% of the regions' financial capability – see Association of Greek Regions, Central Association of Municipalities of Greece, 2018, p. 14), and their vulnerability either to delays (a common occurrence) or to reductions of the relevant amounts. Therefore, there is a constant request, by the regions to the Central Government, to observe the legal provisions for the timely payment and the rational allocation of resources based on population criteria (number of residents, population density, etc.), social criteria (size of the average household, educational level, percentage of foreign nationals, etc.), financial criteria (income, employment, work mobility, etc.), geographical criteria (layout, location, accessibility, etc.), developmental criteria (structure of local economy, existence of educational/research institutions, etc.), environmental criteria, cultural criteria, etc (see Association of Greek Regions, 2013, p. 38 onwards).

The position of the elected Regions in the Greek institutional, political legal and financial reality is crucially affected by the existence and operation of the Decentralized Administrations, which are exercising general decision-making power on state affairs in the region, and specifically in the field of forests, urban planning, environmental policy, energy (esp. water), immigration policy and citizenship (see Art. 280 of Law 3852/2010). The relationship between elected Regions and Decentralized Administrations was further complicated by the fact that the latter comprised the Legality Monitoring Authorities which exercise legality controls over the actions of the former (see Art. 214-240 of Law 3852/2010), thus creating an impression of dependence of the Regions from the Decentralized Administration - such a dependence being contrary to the scheme established by the relevant constitutional provisions.

### **The Spanish case, as a measure of comparison**

The model of Spain is an interesting case of reinforcing Regions as fundamental elements of the governance structure of a state (for the cited data on the organisation of the Regional Governance in Spain see A. Smith, P. Heywood, 2000, Christophe BONNOTTE, José Manuel RUANO, 2013, E. Sakagianni, 2015, E. Gontika, 2014, The Economist, 2008, unless stated otherwise). Selecting Spain as a comparable case to Greece is based on this country's performance with regard to the quality of the various levels of government (national, sub-national and local), as in both countries there are similar declining trends, according to the European Quality of Government Index (for more details see Widuto, 2018, p. 3 and the references therein, Charron, Lapuente & Annoni, 2019).

The Spanish model is the result of the centuries-old historical process that begins during the 8<sup>th</sup> c. AD with the foundation of small feudal states aiming at the limitation of the Arab expansion in the Iberian Peninsula, something which was achieved and gradually led to its re-occupation by the Christians. Despite the subsequent formulation of a unified kingdom, there are constant historical records, especially since the beginning of the 20<sup>th</sup> century, of initiatives seeking regional autonomy (e.g. Catalonia, the Basque country) with emphasis to the regional linguistic and cultural heritage. After the fall of the Franco dictatorial regime, it was clear that any choice of political system, in order to have any chance of viability, had to take into consideration the devolution of important elements of autonomy to the regions. This is reflected in the text of the Spanish Constitution of 1978, where, among various provisions, an effort to strike a balance between the power of the central administration (Government) and the power of the authorities of the Spanish Regions is recorded, in the framework of a unified state.

More specifically, a baseline option in the Constitution is the “inseparable unity” of the state, which, as an “indivisible homeland”, “recognizes and guarantees the right to autonomy of all nationalities and lands it consists of” (Art. 2 of Spanish Constitution). This is a clear awarding of the right to autonomy and self-government in the regions. It is further specified by provisions on territorial organisation, where Municipalities, Provinces and Autonomous Communities are described as levels of organisation, provided with a comprehensive legal entity and a guarantee of autonomy (see. Art. 137 onwards of Spanish Constitution). This is a form of state based on territorial autonomy, which, typologically, as it does not imply a centralized stated, may be contrasted to, e.g., the French model of centralized governance. The same provisions entail general principles and processes that should be followed for the formulation and creation of Autonomous Communities, as legal entities, and their onward normalized operation. The main prerequisites for the process of founding an Autonomous Community is conducting a regional referendum and the approval by the Spanish Parliament, while basic requirements are the existence of common borders between areas with common historical, cultural, political and economic characteristics or insular territories and provinces that constitute a historical regional entity. However, the Spanish Constitution does not define the “map” of the Autonomous Communities that can be created, nor does it specify their structure. So, the Communities decided themselves on their institutions and their competences (within the framework of approval of their Constitution of Autonomy – see below), according to the degree of autonomy that each desired, in the framework set by Art. 148 and 149 of the Spanish Constitution (see below). This was, more or less, a voluntary process, which led to the creation of seventeen (17) Autonomous Communities, which cover the whole territory of Spain and have particularly varied and unequal competences. These discrepancies caused the Spanish system to be described as competitive regionalism (see Lazaro, 2011, p.185).

What is of particular interest is the characteristic of the Spanish administrative system to provide the power of creating Autonomous Communities at different times, based on the competences they may exercise. This led to the distinction between Communities of full autonomy and Communities of gradual autonomy. The first group, taking advantage of the provisions of Art. 151 of the Spanish Constitution, used the competences stipulated in Art. 148 of the Spanish Constitution as the lowest (minimum) limit of competences that were included in their constitution, while the second group used the provisions of Art. 143 of the Spanish Constitution and set the competences described in Art. 148 of the Spanish Constitution as an upper (maximum) limit of competences that were included in their constitution. In any case, they can take advantage of Art. 150 of the Spanish Constitution, which allows for a review of their constitution.

The Autonomy Constitution is the fundamental legal text for Autonomous Communities, which the state recognizes and protects as an integral part of the Spanish legal order (Art. 147 of the Spanish Constitution).

The institutions of Autonomous Communities are (see Art. 152 of the Spanish Constitution): a) the Regional Assembly (or Parliament) which functions as a lawmaking body, with elected members having a 4-year mandate (they are elected with direct and universal elections and a proportional electoral system) and which includes the regional councilors and the Regional Government Council b) the Regional Government Council which is the executive body of the Autonomous Community, with administrative and executive functions, takes collective decisions and is politically accountable to the Assembly, which can terminate the mandate of the President of the Council, following a motion of censure against him/her, which is taken with an absolute majority vote between its members, c) the Supreme Judicial Council (monitored by the Spanish Supreme Court) which is the institution of judicial power and is responsible for the organisation of justice within the borders of the Community.

In each Autonomous Community there is an appointed representative from the central government, acting as liaison between the state and the regions. These officials do not, however, wield any power on the administrative operation of the Autonomous Community. Their role is to coordinate and provide direction to the state administration of the provinces that are included in the administrative boundaries of the Autonomous Community in which they are appointed. The Spanish Constitution, of course, allows the central government to intervene in case an Autonomous Community fails to fulfill its constitutional obligations or acts against the national interest of the country. Specifically, the central government makes an official announcement to the President of the Autonomous Community, informing them of the violation. If this process proves fruitless, the central government, following the approval of the Senate, can take exceptional measures aiming at forcing the Autonomous Community to comply.

With regard to the competences of the Autonomous Community, the provisions of Articles 148 and 149 of the Spanish Constitution are crucial, especially if the competences of the Central Government are also taken into account. The first lists a number of competences which the Autonomous Communities can exercise, without specifying if these are exclusive or shared competences, and which mainly concern the sectors of transport infrastructure, environmental protection, agriculture, fisheries, health, education, tourism, culture and local language. The second includes a list of competences that are exercised exclusively by the central government and mainly concern the areas of defense, security, immigration, nationality, economic policy, foreign policy, public health, employment and social security, media and communications, transport on a national scale and scientific research. On some of these sectors, the central government enacts legislative frameworks, laying out the general principles and policy directions, while the Autonomous Communities can be delegated to enact laws setting out the details of implementation of the relevant policies.

The devolution of powers to the Autonomous Communities was to be carried out by so-called processes of transfer of the financial, human and material resources of the central administration to the autonomous administration, and partly by regrouping some of the powers vested in the provincial administrations (see Bengoetxea, 2005, p. 50-51). The progress of the relevant proceedings has been on several occasions very slow and the application of the relevant provisions has frequently caused political and judicial conflicts between Central Government and Autonomous Communities. The interpretation of the relevant provisions of the Spanish Constitution has formed balanced presumptions of competence for both sides, as, issues that are not explicitly assigned to the State by the Constitution may belong to the jurisdiction of the Autonomous Communities according to their respective constitutions, but also, issues that are not taken up by the Autonomous Communities belong to the jurisdiction of the State, whose rules are superior in case of conflict with the ones of the

Autonomous Communities, on issues not under the exclusive jurisdiction of the latter. Furthermore, taking into account that the Constitutions of Autonomy of several Communities provided for exclusive regional competences on areas that the Constitution reserves for the State, it was decided that Autonomous Communities can exercise exclusive competences on those sectors which do not affect the national interest of the Spanish state, and on sectors which do not influence directly the affairs of neighboring Autonomous Communities. After all, the true measure of self-government for Autonomous Communities depends not only on the scope and limits of their competences, but also on the nature and intensity of the control over their activities. It is not uncommon, however, for the central State to resort to quite detailed legislative framework, limiting thus the ability of the Autonomous Communities to complement the legislation with specialized regulations. This effort of “state penetration” by the central government in the exclusive sphere of regional autonomy has been, in turn, the cause for judicial conflicts between the central state and Autonomous Communities.

Finally, an interesting observation can be drawn from Art. 137 of the Spanish Constitution, which, on the one hand establishes the autonomy of the local authorities from the state government and on the other it distinguishes its content from that of the Autonomous Communities, by limiting it. More specifically, the autonomy of the Autonomous Communities is of a political nature, with legislative power, while the autonomy of the local authorities has an administrative character, with purely normative capability (i.e. it depends on the legislative mandate provided either by the state or by the Autonomous Communities).

As far as the budgetary function of the Autonomous Communities is concerned, there is some limited economic autonomy (see Art. 156 of the Spanish Constitution). The biggest part of their resources comes from the state budget, and from the Interregional Compensation Fund, whose resources are distributed to the Autonomous Communities based on population, income of its inhabitants, surface area and unemployment percentage. In total, about 20% of the tax revenue of Spain is transferred to the Autonomous Communities (e.g. 33% of income tax, 35% of VAT, 40% of taxes on fuel consumption, tobacco and alcohol). In parallel, due to their competences, the Autonomous Communities participate in public spending, especially in the areas of health and education, while they have a smaller contribution in the areas of defense and social security. Autonomous Communities cover about 20% in total of the public expenditure on provision of services in Spain.

In conclusion, Spain is a model of increased decentralisation of powers and competences, without having a federal system (see also Art. 145 of the Spanish Constitution). It is oriented towards the American model of dual federalism, which emphasises the separation of central State and regional powers. In order to secure the cultural pluralism of Spain, the constitutional design does not provide for any form of intergovernmental cooperation among the Autonomous Communities, or between them and the central State. This bilateralism causes many problems, the solutions to which require multilateral coordination and consensus-seeking (see Lazaro, 2011, p. 186).

The institutional solutions that have been sought provided a balanced arrangement that contributed both in controlling separatist tendencies that traditionally exist, maintaining the unified character of the Spanish state, (most commonly called as a regionalized unitary state - see Bengoetxea, 2005, p.49 and the references therein) and in promoting a useful European decentralisation paradigm, always taking into account the historical dynamics that inspired it.

## **Reconfiguration of Regional Government to Regional Governance**

The political background and framework within which every effort for administrative restructuring of Regions in an EU member state must take place has been set by the Committee of the Regions of the EU in 2014, with the adoption of the following action principles as desirable parameters (see Association of Greek Regions, Central Association of Municipalities in Greece, 2018, p.7):

- Development of a transparent, open and fully participatory process for policy drafting
- Promotion of the participation of and of the partnership between directly competent public and private institutions throughout the process of policy drafting, through the appropriate digital tools, respecting, at the same time, the rights of all institutional bodies
- Reinforcement of the effectiveness and cohesion of policies and promotion of financial synergies in all governance levels
- Observance of subsidiarity and proportionality during policy drafting
- Safeguarding the maximum protection of fundamental rights in all governance levels.

This framework allows for a wide range of flexibility, as it focuses mainly on the effectiveness of administrative patterns and secondarily on their structure/architecture, as long as this structure contributes to the realization of these principles. Towards this direction, the aforementioned theoretical background and the characteristics of both case studies (Greece and Spain) can be utilized for the formulation of specific political choices, with a view to establishing Regional Governance, as an evolution of Regional Government.

The first basic observation is the need for re-defining the relationship between the Region and Central Administration. A starting point may be the notion that the Region is not just an executive body of the central state, with the mere mission of implementing central policies, but, on the contrary, it has a creative role, as, on the one hand it has a policy-making role and, on the other, it can and should adapt central policies to the needs of local societies (see Association of Greek Regions, 2018, p. 11). For this reason, the state monitoring function, which should in any case exist, should not restrict the free initiative and action of the regional authorities and departments, but should reconfigure its organisation in a unified and distinct (self-contained) control structure (one controlling body, as the existence of many controlling mechanisms causes overlaps, confusion of jurisdictions and delays in the operational functioning of the Region) for ensuring the legality of the regional activity; as to carrying out this control, it should be characterized by an in-depth knowledge of the substantive object of control (management of local affairs), by objectivity and impartiality, without any political dependencies, by fairness in

process and evaluation and – mainly – by an understanding of the nature of the Region as a political institution that bears a popular mandate for carrying out work, therefore having a direct legitimization for taking initiatives, whose scope and advisability cannot be a subject of control. Towards this direction, the Spanish model provides useful models of organisation and operation.

Another important element, relevant to the aforementioned one, is that, due to the political nature of the Regions, their subsequent policy-making and their responsibility for adapting central policies to the needs of local societies, they need to have the appropriate normative and regulatory tools in order to act accordingly to their areas of jurisdiction as institutions of regulatory governance on a regional level. This means that they can, on the one hand, produce directly and independently legal results and interventions in the field of their jurisdiction and, on the other, introduce normative provisions for regulating matters that fall within their jurisdiction, these provisions having power equal to the norms enacted by the central state (normative autonomy – see Association of Greek Regions, 2018, pp. 29-31). Delegating such a rule-setting capability exclusively to Regions within their area of jurisdiction, will critically contribute to the reduction of overregulation and the rationalization of legislation, fulfilling existing standards, on a national and European level, for regulatory governance (for these standards see D. Skiadas, 2017).

It is, furthermore, obvious that there is a need for delineating the coexistence of the Decentralized Administration schemes with elected regional authorities. Based on the aforementioned dual role of the Regions, both as vehicles of regional democracy and local autonomy, and as fundamental actors in the administrative and political system of a state, in operational interlocking with the central administration, it is obvious that there is a need to create a central state primarily concerned with strategic level operations and to formulate a system of regional governance, whereby its institutions will be based on direct, wide and primary popular legitimization of their actions and this will be reflected in the range of their competences. A key point in this effort is the definition of the concept of “local affair” as a basic point of reference for local government bodies. It is a fact that, nowadays, developments in political, economic, social, but also technological arenas create the conditions in which local affairs could evolve into more general affairs, and, respectively, general affairs could have a concrete substantive local reference. Given the aforementioned resolution that a fundamental aim of public policy at all institutional levels is the quicker and more effective provision of services to citizens (principle of effectiveness), there is a need to assign competences to levels of administration that are capable of exercising them for the interest of the citizens. Such an approach would not benefit from an legislative exhaustive list of cases of local affairs, so a considerable reinforcement of the competences of the regions is suggested, by limiting, at the same time, the competences of the decentralized administration structures to those pertaining areas of important public interest. Such a distribution of competences is based on criteria of an operational nature, which do not perceive competences as a totality of actions exercised exclusively by one institution, but as tools of distributing and specializing the work done by the various administrative units, in the framework of shared competences (for a detailed analysis of the relevant arguments see Association of Greek Regions, 2018, pp. 20-22).

As to the exercise of competences, at any administrative level, including that of Regions, a series of principles need to be applied, as follows (for an analysis of the relevant arguments see Association of Greek Regions, 2018, pp. 3-5):

**Subsidiarity Principle:** According to this principle, the higher level of administration does not take action (unless in sectors falling within its exclusive competence), unless such action will be more effective than the respective action carried out by the lower level of administration. This is a basic principle, established at a European level, which applies both within each member state and in the relations between the EU and its member states (for an analysis of this principle see indicatively N. Giannis, 2014). A relative principle is the **principle of the unification of programming**, according to which when the exercise of competences of lower levels leads to unacceptable social and economic inequalities, then the higher level must have the capability to intervene (through appropriate legislation), in order to balance these out.

**Principle of completion of administrative actions:** According to this principle, all the functions and competences that are relevant to the provision of services to citizens (e.g. social benefits, approvals, licensing, etc) should be concentrated on the lowest possible level, regardless of who decides on their provision. In this, economies of scale can be achieved in administrative action, as the reduction of the levels of administration involved in decision-making contributes to the effective and efficient resolution of problems.

**Principle of appropriateness and sufficiency of resources:** This principle calls every level of administration to exercise all the competences that it can effectively carry out, based on available resources.

Finally, the key driver for activating such an institutional pattern is financial resources, which are for local governance, what ichor was for the mythical mechanical giant Talos. It is critical to acknowledge that the real administrative self-sufficiency of the institutions of regional governance presupposes their effective financial self-sufficiency. Regions need to be independent from central state assistance and produce their own resources, both through inter-regional and other collaborations and through the promotion and development of intraregional advantages, operating as autonomous development units (see Association of Greek Regions, 2018, p. 33). Towards this direction of financial self-efficiency, a useful paradigm may be found in the model of participatory budgeting, which has been developed in the framework of local government of some states, and which allows for the direct knowledge and legitimization of the budgetary choices from the citizens themselves, contributing, on the one hand, to the establishment of a relationship of trust between leadership and citizens and, on the other, to the common formulation of decisions for the primary creation of revenue and the distribution of available resources to categories of expenses (for participatory budgeting see D. Skiadas, 2011, pp. 115-119 and the references therein).

All the above form the necessary conditions so that regional governance becomes a framework of cooperation between all levels of local government, with a geographical frame of reference with neighboring areas, so that they seek common advantages and possible complementarities, in order to add value to their actions, a value that would not have been possible if they had acted as single institutions of local government (polycentrism). The poly-centrist use of available economic, material and human resources and capabilities increases the competitiveness of the relevant actions, functions in a multiplying and



combinatory way on the effectiveness of limited available resources, as it eliminates overlaps and increases the wellbeing of the residents of the participating areas. This becomes a guide for the improvement of regional governance structures and for the reinforcement of inter-regional patterns of cooperation (on polycentrism see ESPON EGTC, 2016).

### Critical Review – Conclusions for Greece

Concluding this analysis, it may be noted that international evaluations demonstrate the high degree of administrative centralization in Greece, even after the implementation of the “Kallikratis” program, placing Greece among the most centralized countries in terms of administration, together with Chile, Turkey, Ireland and New Zealand. The participation of decentralized structures in public investments remains very low, as are the resources they deploy in order to exercise their competences (see OECD, UCLG, 2016, pp. 129-130).

Despite the fact that there is a constitutional provision (Art. 102 of the Constitution) for appropriately legislating so as to safeguard the administrative and economic self-efficiency of Regions, so that they can effectively exercise their competences, it is obvious that the reality is different and the following observations may be made:

The “Kallikratis” program, almost 10 years after its first enactment, has been overtaken by developments and modern needs in many of its basic choices. The creation of Regional Government has been a positive, yet timid step, as, once more, a clear dividing line between the central state and Local Government was not drawn. Thus, one more opportunity to clarify the legal nature and substantive content of the institution of the Region was lost. The Region is still seen as one more intermediate level of administration between the central state and Municipalities, functioning at times and on an ad hoc short-term basis, as a supramunicipal structure. And this structure is kept under the monitoring scheme of the Decentralized Administration which remains the “long arm” of the central state, on a political, administrative and economic aspect.

Various important institutional and economic aspects of the “Kallikratis” Program were never activated. Among them, the Developmental Program for Local Government which remained an unfinished draft without being ever adopted, the lack of resources and staff for the institutions of Local Government, the institutional framework for metropolitan operations (Metropolitan Regions, see Art. 212 onwards of the Law 3852/2010) that remained on paper only, etc. It could be said that the lack of real willingness from the part of the central administration to support the Kallikratis structure and to specialize and implement its action pillars was one of the main reasons why its objectives were never met. Moreover, these regulatory choices need redrafting and their objectives re-defining in order to adapt to new demands and gain an organisational effectiveness and viability.

Another element which causes further concern is the state of overregulation and poorly drafted legislation in the field of local and regional affairs, pertaining overlapping and incomplete regulations, ambiguities and gaps that create problems to those tasked with their implementation and form sources of bad administration, lack of transparency and corruption.

It is imperative to aim for the evolution of Regional Government to a new level of administration, which will be institutionally and operationally capable of facing the demands of the citizens, fulfilling its constitutional mission. This evolution marks the transfer of substantive responsibilities and competences to Regions, through a realistic and organized plan for decentralisation which adheres to the standards of the European reality and secures an important economy of scale in human and other resources. These competences will be taken up and exercised by political and democratically responsible bodies, which should be equipped with all the necessary guarantees to perform their duties. In this way the state centralization will come down from its pedestal, giving way to a new state role, the state guarantor in what concerns regional policies and, eventually, development in general, but also the economic and social cohesion of the country and the prosperity of its people.

### Bibliographical References

- [1]. V. Andronopoulos & M. Mathioudakis, (1988/1992), *New Greek Administrative History – Regional Administration/Local Self-Government*.
- [2]. Association of Greek Regions, (2013), *New system for the distribution of Central Independent Resources, in the Regions*, Athens
- [3]. Association of Greek Regions, (2015), *Proposal of the Association of Greek Regions for transferring competences from the Decentralized Administrations to the Regions*, Athens
- [4]. Association of Greek Regions (2018), *Legislative Proposal "Redesigning Local Government of 2nd degree - Transfer from Regional and Decentralized Administration to Regional Governance"*, Athens
- [5]. Association of Greek Regions, Central Association of Municipalities of Greece, (2018), *The role of self government in the political and administrative system and its contribution in the country's developmental reconstruction*, Joint proposal of common position by the Association of Greek Regions and the Central Association of Municipalities of Greece in the Conference of the Association of Greek Regions and the Central Association of Municipalities of Greece on 18-19.04.2018 in Athens.
- [6]. J. Bengoetxea (2005), *The Participation of Infra-State Entities in European Union Affairs in Spain: the Basque Case*, in St. Weatherill & Ulf Bernitz (eds), *The Role of Regions and Sub-National Actors in Europe*, Hart Publishing
- [7]. Chr. Bonnotte & J.-M.I Ruano, (2013), *Les fonctions publiques locales en Europe – Espagne*, Etude CNFPT – EUROPA, available on the website <http://www.europaong.org/wp-content/uploads/2013/06/Espagne.pdf>, on 7.6.2018
- [8]. H. Caraveli, E. Tsionas, (2012), *Economic Restructuring, Crises and the Regions: The Political Economy of Regional Inequalities in Greece*, Hellenic Observatory Papers on Greece and Southeast Europe Papers, Paper No.61, Hellenic Observatory, LSE, London,

- [9]. N. Charron, V. Lapuente, P. Annoni (2019), Measuring quality of government in EU regions across space and time, *Papers in Regional Science*, issue no 98, pp. 1925-1953.
- [10]. N. K. Chlepas, (1994), *Multilevel Self-Government*, Ant. N. Sakkoulas Publications
- [11]. The Economist, (2008) *How much is enough? Devolution has been good for Spain, but it may have gone too far*, Nov 6th 2008, available on the website <https://www.economist.com/node/12501023>, on 7.6.2018
- [12]. ESPON EGTC, (2016) *Polycentric Territorial Structures and Territorial Cooperation*, Policy Brief
- [13]. EU Hungarian Presidency, (2011), *The Territorial State and Perspectives of the European Union*, Background document for the Territorial Agenda of the European Union 2020
- [14]. N. Giannis, (2014), *The Principle of Subsidiarity - A principle of freedom, participation and responsibility*, European Expression - Center of Liberal Studies "Markos Dragoumis", Athens
- [15]. E. Gontika (2014), *The Autonomous Communities of Spain*, Essay for the Postgraduate Studies Programme of Public Law 2013-2014, National and Kapodistrian University of Athens
- [16]. A. Ch. Lazaro, (2011), The Spanish Autonomous Communities in the EU: "The Evolution from the Competitive Regionalism to a Cooperative System", in C. Panara & A. De Becker (eds.), *The Role of the Regions in EU Governance*, Springer-Verlag, pp. 185-214.
- [17]. A. Mace, (2017) Spatial capital as a tool for planning practice, *Planning Theory*, vol. 16, issue no 2. pp. 119-132.
- [18]. V. Monastiriotis 2005, *Geographical and Political Economy Perspectives on Regional Disparities in Greece*, Hellenic Observatory, LSE, London
- [19]. V. Monastiriotis, 2007, *Patterns of spatial association and their persistence across socio-economic indicators: the case of the Greek regions*, Hellenic Observatory Papers on Greece and Southeast Europe, Paper No5, Hellenic Observatory, LSE, London
- [20]. M. Moustakas, (2000), *The competences of Prefectural Self-Government*, Ant. Sakkoulas Publications
- [21]. E. Purkarthofer, (2016), When soft planning and hard planning meet: Conceptualising the encounter of European, national and sub-national planning, *European Journal of Spatial Development*, issue no 61, pp. 1-20
- [22]. OECD, (2011), Directorate for Public Governance and Territorial Development, *Regional Typology*
- [23]. OECD, UCLG, (2016), *Subnational governments around the world- Structure and Finance - Country profiles*
- [24]. G. Petrakos, G. Psycharis, (2016), *Regional Development in Greece*, Kritiki Publications
- [25]. E. Sakagianni, (2015), *The shape of the State of Spain and the unitary nature crisis which lead to the Referendum of 9th November 2014 on the independence of Catalonia*, Essay for the Postgraduate Studies Programme of Public Law 2014-2015, National and Kapodistrian University of Athens
- [26]. D. Skiadas, (1995), The "Decentralization Acquis" according to the case law of the Council of State, Applications of Public Law, vol. II-III, pp. 283-300
- [27]. D. Skiadas, (2011), *Theory of Public Expenses - Choices and Institutions of Public Expenses in Greece and the EU*, Sakkoulas Publications
- [28]. D. Skiadas, (2017), *Regulatory Governance - Theory and Practice in Greece and the EU*, University of Macedonia Press
- [29]. Th. Skountzos, (2005), *Regional Economic Analysis and Policy - Vol. A*, Stamoulis Publications
- [30]. A. Smith, P. Heywood, (2000), *Regional Government in France and Spain*, Joseph Rowntree Foundation
- [31]. N.-Cr. Surubaru, (2017), Administrative capacity or quality of political governance? EU Cohesion Policy in the new Europe, 2007–13, *Regional Studies*, Vol. 51, issue 6, pp. 844-856
- [32]. A. Widuto, (2018), *Regional Governance in the EU*, Briefing - European Parliamentary Research Service, Doc No. PE 628.244