

Institution: University of Surrey		
Unit of Assessment: 25 Area Studies		
Title of case study: Simplifying Public Administration in the Greek Tourism Sector		
Period when the underpinning research was undertaken: 2012 – 2016		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Dr Theofanis Exadaktylos	Senior Lecturer in European Politics	August 2011 - Present
Period when the claimed impact occurred: 2015 – 2018		
Is this case study continued from a case study submitted in 2014? N		
1. Summary of the impact (indicative maximum 100 words) <p>Dr Theofanis Exadaktylos's research uncovering the causes of failed public administration reforms in Greece in the wake of the financial crisis led to an improved understanding of the barriers to reform among domestic and international actors, and redesigned public administration systems in Greece. Exadaktylos's specific recommendations, delivered as part of the World Bank task force, have been taken up by the Greek government, and implemented in ways that avoid the cycles of non-cooperation identified in Exadaktylos's research. As a direct result, the Greek tourism sector is now characterised by more streamlined and efficient regulatory practice, fewer corruption points, and is more open to foreign and domestic investment.</p>		
2. Underpinning research (indicative maximum 500 words) <p>Dr Exadaktylos's research has made an original and significant contribution to our understanding of why governments fail to enact deep structural reforms despite international pressure, establishing that lower levels of political trust decrease administrative capacity and widen problem intractability, creating a vicious cycle of non-cooperation and economic recession. This work has been focused on policy failures in Greece after the financial crisis of 2008. Initial research by Exadaktylos showed that overly complex processes had been at the root of Greece's public administration problems, stymying economic recovery. This research highlighted a politics of blame among established political parties, and the shifting of responsibility for reform implementation to future administrations (r1).</p> <p>Exadaktylos also identified the importance of societal stakeholders in facilitating or resisting institutional reform in Greece, concluding that the inability of the Greek government to secure domestic support for any reform vision decreased its bargaining power in its negotiations with the Troika (r2). Even when reforms enjoyed significant public and political support, the research found that status quo stakeholders could successfully resist change through political strategies of a) issue-linkage and framing, b) side payments, and c) institutional rule manipulation (r3).</p> <p>Exadaktylos's work was therefore profoundly relevant to understanding how to reform Greece's public administration, since it not only suggested how particular Greek institutions might be re-designed in ways that simplified processes and reduced potential corruption points, but also highlighted the points of friction that constrained any proposed reform set out by the international bailout agreements. A key contribution focused on the case of the attempted liberalisation of licensing for taxis (which had been highly restrictive both in terms of obtaining a license and in the</p>		

documentation required to operate a taxi) in Greece (**r4**). The policy was met with strikes and blockades from taxi drivers who perceived liberalisation as a direct threat to their established professional interests. Reform proposals were modified, only to be met by repeat protests, and were eventually postponed until a later date, with the risk of being abandoned altogether. Mistrust in the government's ability to deliver a concrete and meaningful solution to the problem decreased the administrative capacity of the government to bring forward the reform and, in so doing, increased non-cooperation from key stakeholders (in this case, taxi-drivers) and deepened the effects of economic recession.

In September 2015, immediately following the publication of this article (**r4**), Dr Exadaktylos was approached by Dr Florentin Blanc and Peter Ladegard of the World Bank's Regulatory Policy and Management Unit. The World Bank wanted to explore how these findings could be incorporated within the licensing process for establishing tourism enterprises, specifically hotels and rooms in Greece, which was a sector facing similar problems to taxi licensing, with businesses having to deal with cumbersome bureaucracy and high costs to market entry.

On the basis of this research base on public administration reform in Greece, and his extensive expertise on Greek politics, the World Bank asked Exadaktylos to identify the administrative and procedural obstacles in the sector, and to deliver reform recommendations that could help jump-start Greece's economy following the financial crisis (**e1**).

3. References to the research (indicative maximum of six references)

- r1. Vasilopoulou, S., Halikiopoulou, D. & **Exadaktylos, T.** (2014) Greece in Crisis: Austerity, Populism and the Politics of Blame, *Journal of Common Market Studies* 52 (2) pp. 388-402 <https://doi.org/10.1111/jcms.12093>
- r2. **Exadaktylos, T.** & Zahariadis, N. (2014). Risk or Opportunity? Institutional Change and Europe's Financial Crisis, 2008–12. In Haastrup, T. & Eun, Y-S. (eds) *Regionalizing Global Crises*. Palgrave Macmillan, London, 41-59. ISBN: 978-1-137-34757-2
- r3. Zahariadis, N. & **Exadaktylos, T.** (2016) Policies that Succeed and Programs that Fail: Ambiguity, Conflict, and Crisis in Greek Higher Education, *Policy Studies Journal* 44 (1) pp. 59-82 (First published: 01 September 2015) <https://doi.org/10.1111/psj.12129>
- r4. **Exadaktylos T.** & Zahariadis, N. (2014) Quid pro Quo: Political trust and policy implementation in Greece during the age of austerity, *Politics and Policy* 42 (1) pp. 160-183 <https://doi.org/10.1111/polp.12058>

4. Details of the impact (indicative maximum 750 words)

Dr Exadaktylos worked with the World Bank Task Force for six months beginning in January 2016. Drawing on the barriers to reform identified in Exadaktylos's research, the Task Force sought to (a) map out the societal stakeholders' negotiating positions, (b) assess the political viability of proposed reform, (c) provide recommendations to simplify administrative processes, and (d) draft legislation designed to implement these reforms.

Stage 1: Identifying Barriers to Reform

Dr Exadaktylos undertook in-depth analysis of licensing issues in the Greek tourism sector (**e2**). Mapping the existing process for hotels, accommodation classification and operating licenses, Exadaktylos identified a complex system that involved the submission of at least 27 different certificates and licenses from multiple central public authorities: the Ministry of Tourism, Ministry of Environment and Planning, and Ministry of Culture (Archaeology). Similar processes had to be repeated with the local urban planning authority, the local tax authority, the regional and local government councils, and the local authority for tourism. Additional pre-licensing inspections were

required for land use, waste management, sanitation, fire safety, entertainment, water quality, and specifications of the facilities for star classification.

Once necessary approvals had been collected, investors had to register with the Greek Chamber of Hotels (GCH) and the Hellenic Association for Tourism Enterprises (SETE). Only after these registrations would the Greek National Tourism Organisation issue an operating license. Such processes made the installation of a hotel an arduous procedure that demanded considerable time and money. Frequently, informal side-payments – bribes – were necessary to expedite or even simply process applications at multiple points. The whole process could take many months or even years, with anecdotal evidence suggesting that certain cases have been outstanding for as much as 30 years.

Stage 2: Providing Reform Recommendations

Following meetings with civil servants and tourism stakeholders (**e3**), Dr Exadaktylos produced a set of Decision Memos (**e4**). These covered applications and operating licenses for swimming pools, hotels, and accommodation classification, and were designed to: (a) simplify the contact points between investors and the state to minimise corruption, (b) streamline and reduce the number of certificates required and minimise duplication. Dr Exadaktylos's specific recommendations included:

1. Establish a 'one-stop shop' online portal for submitting documents and certificates, providing applicants with a single point of contact with public authorities.
2. Move to a system of self-certification with post-hoc inspections.
3. Apply to the Ministry of Tourism for the operating license at the same time as submitting the application to the 'one-stop shop'.
4. The introduction of a 60-day time limit in processing all certificates, after which licenses would be considered automatically granted in the case of non-response.
5. The updating of the Land Use code transferring best practice from the UK [The Town and Country Planning (General Permitted Development) (England) Order 2015].

Stage 3: Legislation and Implementation

Dr Exadaktylos's detailed recommendations were taken up by the Ministry of Development, which designed a single piece of legislation for ratification in 2016. Meeting resistance, the package was disaggregated, and subsequently passed in small instalments, that today constitute the legal framework for installing and licensing tourism-oriented business (**e5**). These are:

- Law 4442/2016 (Section 8): Simplification of framework for operating tourist accommodation.
- Joint Ministerial Decision 8592/2017: Simplification of procedure for opening and operating tourist accommodation.
- Law 4495/2017: Allowing the electronic submission of planning permissions via the online portal ermis.gov.gr
- Law 4582/2018: Thematic Tourism / Regulations for modernising institutional frameworks for tourism and tourism education.
- Presidential Decree 59/2018: Updated Land Use and Planning Classifications
- Law 4607/2019: Restrictions for building on a coastline

Stage 4: Change in Sector Practices

Following the changes, Greece's two main tourism associations (SETE and GCH) issued circulars informing their members of the new practices, as did the Technical Chamber of Greece, in their advice to civil engineers (**e6**).

The new legal framework reduces the number of certificates from 27 to 3 for hotels with fewer than 100 beds, which represents 80% of all hotels in Greece. It sets up an online portal for investors – *Ermis* – as the one-stop shop for business installation and licensing (e7). A new business notification website implements the recommendation to replace pre-inspections with self-certifications, allowing business activity to start immediately (e8). The framework requires post-hoc inspections outsourced to private agencies rather than public ones, thus limiting points of corruption. It introduces Dr Exadaktylos's proposed 60-day time-limit on applications with an automatic grant of the license after that has elapsed.

Beyond the direct policy and legal impact in simplifying public administration, these reforms are catalysing a stagnant tourism industry and working practices in tourism-oriented businesses. Thanks to the one-stop-shop, working practices in the public sector for licensing have changed. The Ministry of Environment and Energy has formally mandated intra-institutional cooperation, meaning that public services and authorities dealing with a licensing request are obliged by law to cooperate to arrange for the relevant certificates to be obtained without the involvement of interested parties, an institutional reform that closes off potential points of corruption (e9). Although implementation problems remain, the Greek tourism sector believes that the *Ermis* portal has unlocked the potential of private individuals to invest without constraints (e10). Launched in November 2018, there were 1632 pre-approvals within the first month of operation, and by the end of 2018 more than 10,000 new applications had been logged (e11).

5. Sources to corroborate the impact (indicative maximum of 10 references)

- e1. Aides mémoires from World Bank retaining Dr Exadaktylos (PDF)
- e2. Documents Dr Exadaktylos produced which set out inventory of existing policy framework:
 - a. Installation License comparative table (Excel file)
 - b. Summary for Installations-land use (PDF)
 - c. Summary for Tourism (PDF)
 - d. Greece Investment Licensing Review (PDF)
- e3. Report of activities and Meeting notes with Ministry of Tourism, external stakeholders, and experts discussing proposed reforms (PDFs: a. 27 Jan - 4 Feb 2016; b. 29 Mar - 8 Apr 2016)
- e4. Decision memos:
 - a. Swimming pools (PDF)
 - b. Accommodation classification (PDF)
 - c. Operating licenses (PDF)
- e5. Government gazette detailing the legislation that implements the recommendations (PDFs: a. Joint Ministerial Decision 8592-2017; b. Law 4442-2016 Section 8; c. Law 4495-2017; d. Law 4582-2018; e. Law 4607-2019 Section 4 coastline; f. Presidential Decree 59-2018)
- e6. Industry coverage of reform law (SETE / GCH / TEE):
 - a. Forum reporting on new law (PDF)
 - b. FEDE - Circular on swimming pools (PDF)
 - c. GCHotels - Seminars brochure (PDF)
 - d. Hotel Mag - GCH Circular to members (PDF)
 - e. SETE - Circulars on updates website (PDF)
 - f. SETE-GCH Consultation Parliament document (PDF)
 - g. SETKE - FAQs for members (PDF)
 - h. TEE - Law announcement (PDF)
 - i. TEE - Presentation by the Ministry of Development (PDF)
- e7. Ermis Portal <http://www.eu-go.gr/sdportal/index.jsp?lang=EN> (and PDF)
- e8. Business registration website <https://notifybusiness.gov.gr/assets/index.html> (and PDFs a. in Greek and b. in English)
- e9. CIRCULAR 49581/2075/2019 (PDF)
- e10. Interviews with tourism industry representatives (PDF)
- e11. Media coverage of the start of the programme <https://www.in.gr/2018/12/07/greece/oikodomiki-adeia-ena-klik-ston-ypologisti/> (and PDF)

