



Measurement and Reduction of Administrative Burdens in Greece

AN OVERVIEW OF 13 SECTORS

PRELIMINARY VERSION



Co-financed by Greece and the European Union



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Foreword

Greece has been hit particularly hard by the crisis. GDP contracted by almost 30% during 2007-2013, and unemployment soared to about 27% in 2013, particularly among the young. Steps have been taken to strengthen the public finances – the Achilles' heel of the Greek economy – and put in place comprehensive structural reforms to restore growth and competitiveness over the longer term. These efforts are beginning to bear fruit, and the worst of the crisis is likely to be behind us.

But more needs to be done to build on previous achievements and lay the groundwork for more robust, inclusive growth in the years to come. Reducing the regulatory burden on businesses is a central pillar of a broader strategy to strengthen the private sector in support of the recovery. If businesses can spend less on administration processes, they can spend more on creating value for society. A better business environment will also help encourage new investors, create jobs and promote new start-ups.

In support of Greece's ongoing reform efforts, the OECD has engaged with the Greek Ministry of Administrative Reform and e-Government in a project to measure and identify options for reducing administrative burdens in 13 areas, ranging from Company Law to Public Procurement, Tax Law, and Agriculture and Fisheries. To this end, the OECD worked closely with business associations, companies and other stakeholders to identify burdensome regulations and policy priorities for simplification. Practitioners from OECD member countries provided their experience and good practice in burden reduction.

Based on internationally recognised methods, the cost to businesses of administrative burdens in these 13 areas was estimated at about EUR 3.28 billion, showing that there is ample opportunity to streamline and simplify regulations in Greece. This finding should encourage the Greek administration, and in particular the civil servants who have participated in this project, to continue improving regulatory quality. The Greek authorities are also encouraged to build on the efforts that had been made to reduce administrative burdens before this project began; for example, to move much of the administration of VAT on-line and to reform public procurement.

The concrete recommendations identified in this report are part and parcel of a broader co-operation between the OECD and Greece. It includes tailored analysis and advice to strengthen competition, reform public administration and foster entrepreneurship, among others, so that Greece can emerge from the crisis better equipped to fulfil the country's potential and deliver better policies for better lives for all Greeks.



Angel Gurría
Secretary-General, OECD

Acknowledgements

This report is the result of a joint effort, formally launched in Athens in December 2012 and completed in 2014 under the auspices of Kyriakos Mitsotakis, Minister of Administrative Reform and e-Government, and Vice-minister, Evi Christofilopoulou.

The project was co-financed by Greece and the European Social Fund, and organised with the technical assistance of the European Union Task Force for Greece. We thank the Task Force for providing support in the establishment and co-ordination of this major project.

We would like to thank HE Kyriakos Mitsotakis, Minister for Administrative Reform and e-Government, and Mrs Evi Christofilopoulou, Vice-Minister, for their support which was essential to sustain the momentum of the project. We also thank the previous Ministers, Mr Antonis Manitakis and Mr Pavlos Apostolides, and the previous Vice-Ministers, Mr Manousos Vouloudakis and Mr Pantelis Tzortzakis, for their involvement in the preparatory and early stages of the project. We acknowledge also the important role played by the minister advisers and offices in developing and pursuing the project.

We would also like to thank the public servants of Greece involved in the project – the examination of 13 priority areas –, in particular those selected by the Greek government to act, in addition to their normal duties, as chairs of working groups, as well as the working groups participants. In addition, we would like to thank the officials nominated by secretary-generals at a later stage to provide additional expert input, as well as other public servants from ministries and agencies who met OECD officials to discuss the project, and, in many cases, the secretary-generals themselves. During the project we had meetings and other contact with officials from the following ministries and public bodies: Ministry of Rural Development and Food, Ministry of Development and Competitiveness, Ministry of Environment, Energy and Climate Change, Ministry of Infrastructure, Transport and Networks, Ministry of Finance, Ministry of Tourism, Ministry of Labour, Social Security and Welfare, Ministry of Health, Hellenic Statistical Service (EL.STAT), Regulatory Authority for Energy (RAE),

National Telecommunications and Post Commission (EETT), Greek National Tourism Organisation (EOT), Single Public Procurement Authority (SPPA), National Organisation for Medicines (EOF), Labour Inspectorate (SEPE), Hellenic Food Authority (EFET), Hellenic Capital Market Commission.

We would like to thank the members of the High Level Committee, chaired by the Secretary General of the Ministry of Administrative Reform and e-Government, who met to discuss progress on the project. The High Level Committee appointed by the Greek government included representatives from key ministries and authorities affected by the work of the project, notably: the Ministry of Administrative Reform and e-Government, Ministry of Finance, Ministry for Development and Competitiveness, Ministry of Infrastructure, Transport and Networks, Ministry of Environment, Energy and Climate Change, Ministry of Health, Ministry of Labour, Social Security and Welfare, Ministry of Rural Development and Food, Ministry of Tourism, and Hellenic Statistical Authority (EL.STAT).

We would like to thank the members of the Advisory Council for the project, chaired by the Ministry of Development and Competitiveness, who met to give their perspectives on the project and progress. They were representatives of the Hellenic Federation of Enterprises (SEV), the Labour Institute of the General Confederation of Greek Workers (INE GSEE), the Small Business Institute of the Hellenic Confederation of Professionals, Craftsmen and Merchants (IME GSEVEE), the National Confederation of Hellenic Commerce (ESEE), and the Association of Greek Tourism Enterprises (SETE).

We are very grateful to the Supreme Council of Civil Service Personnel Selection (ASEP) which provided us with office space during the project.

We would also like to thank the Hellenic Federation of Enterprises (SEV), and particularly its Observatory of the Business Environment, its member companies and affiliated sectoral associations for their assistance and collaboration during the project by providing relevant reports and information and ensuring that we were aware of relevant developments. We would like to thank all the business organisations and representatives that responded to requests for comments, or provided input at meetings with the OECD team or Greek public servants: Pan-Hellenic Confederation of Unions of Agricultural Co-operatives (PASEGES), Federation of Hellenic Food Industries (SEVT), Hellenic Association of Independent Power Producers (HAIPP), Hellenic Petroleum Marketing Companies Association (SEEPE), Hellenic Association of Photovoltaic Companies (HELAPCO), Hellenic Wind Energy Association (ELETAEN), Helex SA, Pan-Hellenic

Federation of Freelance Tax Consultants (POFEE), Union of Listed Companies (ENEISET), Hellenic Association of Environmental Protection (PASEPPE), Aluminium Association of Greece (EEA), Hellenic Association of Chemical Industries (HACI), Greek Mining Enterprises Association (SME), National Shipowners Association Middle Fisheries (PEPMA), Association of Greek Aquaculture (S.E.TH), Central Markets and Fishery Organisation (OKAA SA), HELLENIC UNION OF COASTAL PROFESSIONAL FISHERMEN, Pan-Hellenic Association of Frozen Food Companies (PASEKT), Institute of Retail Consumer Goods (IELKA), Pan-Hellenic Federation of Restaurants and Related Professions (POESE), Pan-Hellenic Federation of Pharmaceutical Industry (PEF), Association of Pharmaceutical Companies of Greece (SFEE), Pan-Hellenic Association of Contractors of Public Works (PESEDE), Pan-Hellenic Association of Engineers Contractors of Public Works (PEDMEDE), Association of Greek Contracting Companies (SATE), Association of Technical Companies of the Highest Classes (STEAT), Federation of Hellenic Information Technology and Communications Enterprises (SEPE), Greek Mobile Operators Association (EEKT) and its members, OTE SA, Wind Hellas Telecommunications SA, Cyta Hellas Communications SA, Hellas Online SA, Hellenic Association of Travel and Tourist Agencies (HATTA), Hellenic Association of Professional Congress Organizers (HAPCO), Greek Marinas Association, Hellenic Hotels Federation (HHF), Confederation of Private Room and Apartment Rentals (SEEDDE), Association of Car Rental Companies (STEEA), Greek Federation of Tourism Enterprises (GEPOET), Pan-hellenic Association of Camping Owners.

We thank in particular our main working level partners: Deloitte Business Solutions SA Greece, who undertook the measurement research and advised on possibilities to reduce administrative burdens, and also Capgemini Consulting Netherlands, who managed and co-ordinated the measurement stage and also provided advice on the development of reduction measures.

We are also extremely grateful to the following law firms and offices in Athens which advised us and provided valuable specialist legal input at different stages of the project, often working to extremely short deadlines: Zepos & Yannopoulos Law Firm, Cocalis & Psarras Law Firm, M & P Bernitsas Law Offices, Kourkoumelis & Partners Law Firm, Christos Rovlias Law Office.

The opinions expressed in the reports do not necessarily reflect the views of the organisations mentioned above.

8 – ACKNOWLEDGEMENTS

The project team worked as part of the Regulatory Policy Division of the Public Governance and Territorial Development Directorate of the OECD, and the reports were prepared by project team members working in Athens and Paris. The team also received invaluable help from the assistants at the Regulatory Policy Division in Paris.

Table of contents

Preface by HE Kyriakos Mitsotakis	11
Preface by Horst Reichenbach	13
Acronyms and abbreviations	15
Executive summary	17
<i>Chapter 1. Measuring administrative burdens in Greece</i>	21
<i>Chapter 2. Administrative burdens in 13 key Greek sectors:</i>	
Results and recommendations	31
Sector 1. Tax law (VAT)	33
Sector 2. Company law and annual accounts	36
Sector 3. Public procurement	39
Sector 4. Agriculture	42
Sector 5. Working environment and employment relations	45
Sector 6. Environment	48
Sector 7. Food safety	52
Sector 8. Energy	55
Sector 9. Fisheries	59
Sector 10. Telecommunications	62
Sector 11. Statistics	65
Sector 12. Pharmaceuticals	68
Sector 13. Tourism	70
<i>Chapter 3. Reducing administrative burdens in Greece:</i>	
Assessment and recommendations	73
<i>Annex A. Evaluation of administrative burden reduction programmes</i> <i> and their impacts</i>	89
<i>Annex B. Hourly rate per employee type</i>	113
Bibliography	115

Figures

0.1	Overall product market regulation.....	23
2.1	Total administrative burdens identified by priority area	31

Preface

by

HE Kyriakos Mitsotakis,
Minister for Administrative Reform and e-Government

Over the past four years, the Greek people have shown an enormous degree of determination and perseverance as they have had to weather the consequences of an unprecedented financial crisis. Fiscal stabilization has involved considerable sacrifice especially by those most vulnerable economically in society. Thankfully, these sacrifices were not made in vein. Greece has made incredible progress lately, reflected not only in OECD and World Bank indicators, but also in the fact that a primary surplus for the 2013 budget is a reality for the first time since 1948.

The dramatic reduction of the public sector and its wage bill has been a key attribute to this achievement. Nonetheless, the pursuit of systemic and structural administrative reform is of the highest importance today for MAREG and the Greek government, in order for the Greece to embark on a sustainable path of economic growth and market confidence. A culture of over-regulation that dominated Greek public life in decades past, not only led the functioning of the public sector to an impasse, but also stifled entrepreneurship and the private economy. Thus, the commitment to achieve a public administration with lean structures, simple processes and an efficient HR strategy is a vital precondition for pursuing successful structural reforms concerning regulatory policy.

Greece is absolutely committed to pursuing substantive and lasting reforms throughout the spectrum of public and private activity. These reforms, however, in order to be successful, require that the government have the capacity to manage the stock and flow of regulations, improve regulatory frameworks and implement effective reforms to improve the quality of regulatory policies. Growth, productivity and innovation are today hampered explicitly by obsolete regulations that restrict market entry and limit market expansion, as well as by an array of implicit barriers (regulatory grey zones, red-tape and corruption). Given the limited range of policy alternatives that fiscal consolidation mandates, the Greek government

fully embraces the fact that an improved regulatory environment is directly linked not only with broader reform efforts, but also with sufficiently stimulating economic activity, raising productivity and above all, creating new jobs and lowering unemployment.

This is precisely why in March 2013 MAREG and the OECD Public Governance and Territorial Directorate launched their partnership in order to succinctly quantify the administrative burdens that laws and regulations place on 13 key areas of economic activity. Using standard international methodology, this Report published today identifies the range of shortcomings in the regulatory environment. Early findings of this Report have already produced legislative action and immediate results. Comprehensive legislation encompassing the entirety of the Report's recommendations will aim to reduce administrative burdens in Greece by 25%.

The level of co-operation between MAREG and the OECD over the past months in completing this Report has been exemplary. The quality and objectiveness of the work produced provides the necessary quantitative tools for Greece to explicitly address the shortcomings of its regulatory environment and thus enhance market function and spur long-term growth.



HE Kyriakos Mitsotakis
Minister of Administrative Reform and e-Government,
Hellenic Republic

Preface

by

Horst Reichenbach,
Head of EU Task Force for Greece

For the last years, Greek society has been undergoing a painful transition process, driven by the need to restore public finances and tackle other macroeconomic imbalances. Lasting stability and a return to prosperity also require deep structural reforms in the economy.

Structural reforms are critical to restoring Greece to a path of sustained economic growth, competitiveness and employment. They facilitate economic adjustment by creating the necessary dynamism to ensure the required reallocation of resources, create conditions for investment and regain competitiveness vis-à-vis trading partners. Greece has to continue to improve the regulatory environment for business in order to successfully stimulate economic activity, create jobs and raise productivity. In this way, it is possible to contribute to sustained growth and better living conditions for the people of Greece. Exactly here lies the importance and value of this report.

Much seemingly innocent legislation hinders the transition to a healthier economy. This report identifies a large number of shortcomings and unnecessary administrative burdens for business in the regulatory environment that hinder the functioning of markets, damaging long-term growth and limiting benefits to corporate and household consumers.

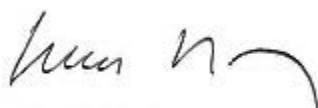
The OECD report identified total administrative burdens of EUR 3.28 billion, and administrative costs EUR 4.08 billion in 13 key sectors of the Greek economy, using the Greek modification of the internationally-recognised Standard Cost Model. For the first time in Greece, a price/cost is put on burdens that businesses have to bear when dealing with the public administration, in particular when filling in paperwork to comply with information obligations imposed by legislation.

As illustrated by the data, over three-quarters of the administrative burdens measured are in three of the priority areas: Value Added Tax, Company Law and Annual Accounts, and Public Procurement. This implies that efforts in these policy areas will yield the biggest overall reductions in administrative burdens, and therefore should be prioritised.

The OECD has formulated recommendations for redesigning/abolishing laws and regulations to reduce administrative burdens for businesses in all 13 sectors. These recommendations appear to have the potential to make meaningful reductions to administrative burdens or irritation factors, and also appear to be compatible with the overall policy goals of the obligations. The Greek Government is aware of the importance of this and is acting on it.

By proposing concrete policy options for reducing administrative burdens, the Project contributes to the Greek Government's structural reform agenda. Implementation of the Project's recommendations can do much to enhance the competitiveness of the Greek economy, stimulate productivity and promote sustainable economic growth and job creation in the years to come.

The EU Task Force for Greece accompanied this project from its inception, and witnessed the co-operative working processes between the OECD and the Greek administration, drawn from the Ministry for Administrative Reform and other line ministries. The EU Task Force for Greece will continue to support the Greek authorities in implementing this important work.



Horst Reichenbach,
Head of EU Task Force for Greece

Acronyms and abbreviations

AB	administrative burden
AC	administrative cost
BAU	“business-as usual”
BRU	Better Regulation Unit
CCD	Common Commencement Dates
CSTDC	Civil Service Training and Development Centre
DCCA	Danish Commerce and Companies Agency
EIA	Environmental Impact Assessment
EL.STAT	Hellenic Statistical Service
EPO	Environmental Impact Assessment
MAREG	Ministry of Administrative Reform and e-Government
NAO	National Audit Office
NKR	Normenkontrolrat
OECD	Organisation for Economic Co-operation and Development
Pas	priority areas
QoS	quality of service
RCM	regulatory cost model
RES	renewable energy sources
RIA	Regulatory Impact Assessment
SCM	Standard Cost Model
USA	Office for Administrative Simplification
USQR	Unit for Simplification and Regulatory Quality (Unità per la Semplificazione e la Qualità della Regolazione)

Executive summary

Improving the regulatory environment is a precondition for Greece to successfully stimulate economic activity, create jobs and raise productivity. As the OECD and World Bank indicators show, the Greek government has been paying a lot of attention to the issue of the quality of regulatory environment and corrected a number of important gaps in the functioning of regulation since the onset of the crisis. However, much remains to be done to improve the business climate in Greece and to converge the Greek regulatory policy with the OECD best practice.

The joint project of the OECD and the Greek government used the internationally recognised Standard Cost Model to measure administrative burdens on businesses stemming from laws and regulations in the following 13 priority areas:

1. Agriculture and agricultural subsidies
2. Annual accounts/company Law
3. Energy
4. Environment
5. Fisheries
6. Food safety
7. Pharmaceutical legislation
8. Public procurement
9. Statistics
10. Tax law (VAT)
11. Telecommunications
12. Tourism
13. Working environment/employment relations

Administrative burdens stemming from 20% of laws and regulations in these sectors that were identified as the most burdensome and/or irritating were quantified. The *total administrative burdens identified were EUR 3.28 billion*, and administrative costs EUR 4.08 billion annually. Over three-quarters of the administrative burdens measured accrue in three of the priority areas: Tax (VAT), Company Law and Annual Accounts, and Public Procurement.

This report makes *87 specific recommendations* to reduce unnecessary administrative burdens and/or irritation factors for businesses in Greece. They were identified as appropriate from the views of businesses expressed during the measurement stage, stakeholder views, experience of other administrative burden reduction exercises, and the views of the teams of Greek public servants involved in the project.

These recommendations, if implemented, would bring significant savings for all businesses in Greece. They are aiming at eliminating unnecessary paperwork while not undermining the policy objectives of regulations. Many of these recommendations include elimination of obligations to submit several copies of the same document (or the same dossier) to various public authorities. In many cases they suggest introducing one-stop shops and electronic portals where a business could deal with all administrative tasks at one place. Data and information should be better shared across administration instead of forcing businesses to deal with many public institutions separately.

Savings in administrative burdens are calculated for each of the recommendations. It is not possible to calculate overall savings stemming from implementing all recommendations by simply summing up the individual amounts as all of the recommendations are not mutually exclusive. However, we can estimate that hundreds of millions of Euros would be saved annually. Businesses in Greece can invest these resources elsewhere, in their production or provision of services. New businesses would start operating in the market as starting up a business would be made easier. This would then be reflected in better performance of the Greek economy.

In addition to economic effects, implementation of these recommendations should also lead to better efficiency of public administration in Greece, reduced opportunities for corruption and maladministration in public service and therefore increased trust in state institutions and the government.

Besides the concrete recommendations to reduce administrative burdens, this report also provides some more general recommendations that aim at improving the administrative burden reduction efforts in Greece. These

recommendations also stress the need to focus on broader regulatory reforms which includes setting up a proper institutional framework to support regulatory quality and better implementation of the 2012 Law on Better Regulation.

These general recommendations include:

- Broadening and widening administrative burden reduction projects on other costs than just the administrative ones and on citizens and public authorities.
- To continue quantifying administrative burdens; however cautiously, with efficiency in mind. Qualitative methods should complement the quantitative ones, to better target the efforts.
- Strengthening the institutional structures supporting burden reduction, moving to a more bottom-up approach, providing sufficient political support and improving co-ordination through the establishment of a High-Level Committee.
- Developing guidance on the most effective and efficient means of reducing regulatory burdens including licence/permit arrangements, minimising reporting and record-keeping requirements, monitoring/testing requirements and enforcement and inspections procedures.
- Developing an evaluation strategy for burden reduction focusing also on other outcomes and effects for society than only pure administrative burden reduction.
- Moving from Administrative Burden Reduction to broader other approaches to reforming regulation including programmed reviews of existing regulations.

Methodological considerations and criteria for assessing administrative burden reduction programmes and evaluating their economic impact are summarised in Annex A.

The thirteen sectoral reports containing more detailed data on the results of the measurement and on the recommendations are published electronically on the OECD website: www.oecd.org/regreform/regulatory-policy/.

Chapter 1

Measuring administrative burdens in Greece

Introduction

A myriad of factors – economic, social, cultural and political – have led to the current economic crisis in Greece. As the OECD has stressed before, a range of responses must be employed if Greece is to successfully revitalise its economy and chart a sustainable path to restore market confidence and economic growth. Addressing public finance issues must be complemented by structural reforms in various areas such as the area of regulatory policy.

There are many obstacles to better functioning of markets in Greece. Some are explicit resulting from obsolete regulations that restrict the entry of new competitors. Other regulations limit the expansion of existing firms in certain markets or geographic settings. Moreover, new and foreign firms are often discouraged by the strong implicit barriers inherent in an extremely complex bureaucracy, opaque regulations and corruption (WEF, 2011). Reducing these unnecessary burdens on business activity will be key steps in unlocking fundamental improvements to growth, productivity and innovation.

The authorities have corrected a number of important gaps in the functioning of regulation since the onset of the crisis. For instance, OECD indicators point to the sharpest reduction in the rigidity of product market regulation between end-2007 and end-2012 among OECD countries. These trends are echoed by World Bank data that shows the business regulatory environment improved more in 2012 than during the six preceding years, (Figure 1). Despite this progress, regulation governing a range of business activity was still one of – if not the – most restrictive in OECD countries, according to OECD and World Bank at end-2012. As outlined in the latest OECD survey (OECD, 2013), much remains to be done to improve the business climate in Greece.

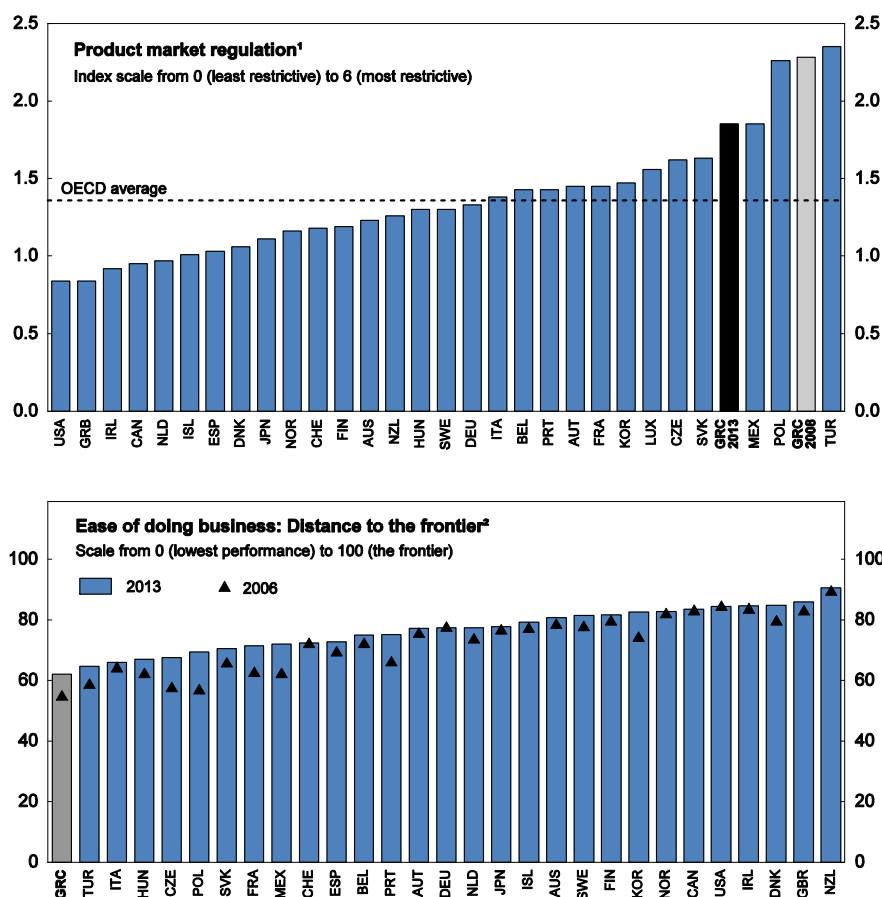
Improving the regulatory environment is a precondition for Greece to successfully stimulate economic activity, create jobs and raise productivity. This is dependent on the government's ability to manage the stock and flow of regulations, improve regulatory frameworks and effectively implement reforms to improve regulatory quality. The related tools, systems and structures that Greece needs to develop and embed across the public service in order to improve the regulatory framework provides the bedrock for all other reforms. It will also underpin the success or otherwise of Greece's ability to react effectively to the global economic crisis, to improve competitiveness, ensure sustainable growth and meet the ambitious targets set out in the austerity programme.

The challenge for Greece moving forward is to ensure that an improved regulatory environment is not seen as separate from elements of broader reform and change efforts. They are intrinsically linked to improving competitiveness and stimulating sustainable economic growth. Most importantly today, regulatory reform offers critical policy opportunities to stimulate recovery from the current crisis, particularly when other policy alternatives are limited by fiscal constraints. The ability to use these opportunities depends on the government's ability to manage the stock and flow of regulations, improve regulatory frameworks and effectively implement reforms to improve regulatory quality.

Greece has to continue to improve the regulatory environment for business in order to successfully stimulate economic activity, create jobs and raise productivity. Despite many improvements and on-going efforts to relieve Greek and international businesses here from regulatory burdens, they are still stifled by multiple layers of administrative requirements and a complex web of regulatory and administrative restrictions in different areas of business and professional activity. The Greek government is aware of this problem and is acting on it.

In March 2013, the OECD Public Governance and Territorial Development Directorate and the Greek Ministry of Administrative Reform and e-Government launched a joint project called "Administrative Burden Measurement of Laws and Regulations in Greece in certain sectors of the Greek economy". This project has identified a range of shortcomings and unnecessary administrative burdens for businesses in the regulatory environment using the internationally recognised Standard Cost Model. The aim of the project is to reduce administrative burdens in Greece by 25% in 13 selected areas.

Figure 0.1. Overall product market regulation



1. The reference year is 2008 for all countries. The PMR indicator for Greece for 2013 is preliminary.

2. This measure shows the distance of each economy to the “frontier” which represents the highest performance. An increase in the scale indicates that the economy is improving.

Source: OECD (2013), *OECD Economic Surveys: Greece 2013*, OECD Publishing, doi: [10.1787/eco_surveys-grc-2013-en](https://doi.org/10.1787/eco_surveys-grc-2013-en).

Project description

The Ministry of Administrative Reform and e-Government of the Hellenic Republic (“the Ministry”) and the Organisation for Economic Co-operation and Development (“the OECD”) have carried out this project to measure and reduce administrative burdens in 13 key sectors of the Greek economy.

The project is expected to provide independent assessment, using the Greek modification of the internationally-recognised Standard Cost Model (“SCM”), to help to identify shortcomings and unnecessary administrative burdens for business in the regulatory environment that hinder the functioning of markets, damaging long-term growth and limiting benefits to corporate and household consumers. The SCM is a method for determining the administrative costs for business imposed by regulation. The SCM breaks down regulation into a range of manageable components that can be measured. The SCM neither addresses nor questions the policy objectives of each piece of regulation. As such, the measurement and analysis focus only on the administrative activities that must be undertaken in order to comply with regulation, not on the benefits that accrue from the legislation.

Economic recovery in any country is partly hampered by the quality of the regulatory framework. In 2006, the European Commission estimated that administrative costs amounted to approximately 6.8% of Greek GDP, and that a reduction of 25% in administrative costs in Greece might yield benefits of an increase of up to 2.4% of GDP by 2025.

Project approach

The project covers information obligation (IOs) stemming from different Laws and regulations grouped into 13 Sectors or priority areas (PAs):

1. Agriculture and agricultural subsidies
2. Annual accounts/company Law
3. Energy
4. Environment
5. Fisheries
6. Food safety
7. Pharmaceutical legislation
8. Public procurement
9. Statistics

10. Tax Law (VAT)
11. Telecommunications
12. Tourism
13. Working environment/employment relations

The project uses the Greek Standard Cost Model (SCM) methodology as its basis and is structured in the following five phases.

1. Screening and collection of sector relevant Laws and regulations
2. Qualitative scan of mapped regulations
3. Quantitative measurement of administrative burdens selected
4. Formulation of recommendations for redesigning/abolishing (parts of) Laws and regulations
5. Publication and exploitation

The first phase of the project concerned the screening and selection of relevant Laws and regulations by means of desk research. The result of this step was an overview of all regulations potentially causing administrative burdens in the 13 different Priority Areas.

Based on this overview, a qualitative scan of the mapped regulations was performed in order to identify the most likely burdensome and/or irritating areas. This scan, accompanied with additional meetings with key stakeholders, resulted in a selection of obligations for in-depth assessment.

The final reports cover in depth stages 3 and 4: the results from the work undertaken under the quantitative measurement of administrative burdens stemming from selected Laws and regulations and the formulation of recommendations to reduce administrative.

Methodology

The methodology used during this project is based on the ‘Manual for the implementation of the Standard Cost Model in Greece’ A short introduction to the main characteristics of the measurement approach is presented below.

The Standard Cost Model Manual (SCM) is a widely recognised method to calculate administrative burdens, which has been applied in many international projects from 2002 onwards. The model breaks down administrative costs imposed by legal acts into components that can be assessed with reasonable accuracy. The tool is characterised by the economic approach to Law-making and regulation. Its aim is to identify all

obligations arising from specific legislation, which render the Law and procedures particularly aggravating to the functioning of the market and the economy.

The methodology neither addresses nor questions the fundamental objectives of legislation. Instead, the measurement focuses only on the administrative activities that must be undertaken in order to comply with legislation. The scope of this measurement lies within measuring the administrative costs for business to be compliant.

The SCM method during this project focuses solely on the administrative costs for businesses. Thus, administrative costs are defined as the costs incurred by businesses in meeting IOs. An IO is defined as: “An obligation contained in legal, regulatory or other explanatory text of the public administration and which require from the company to provide data to public authorities or third parties, or to maintain data which can be made available to public authorities or others if requested. Moreover, obligation which imposes the above but has been adopted by the daily administrative practice in public services.”

Every IO has attributes that describe:

- Content of the data required or “data requirement” (what must be provided);
- Target group (the population that must provide it);
- The frequency of the obligation (when it must be provided).

IOs can stem from either EU legislation or from nationally implemented Laws and regulations. This project focuses on both IOs stemming directly from EU legislation and on those stemming from the national implementation of EU legislation.

During Stage 2 of the project particular attention was paid to screening and identifying “over-implementation” (or “gold-plating”) of an EU legal act at national level, in terms of additional IOs or procedural requirements, amended frequency, or population (i.e. coverage) as this could lead to an increase in administrative costs linked to the provisions of EU legislation, as well as national measures.

The SCM method distinguishes between information that would be collected and processed by business even in the absence of the legislation and information that is solely gathered for the purpose of the legal obligation. The former are called “business-as usual” (BAU) costs, the latter administrative burdens. Together, the administrative burdens and business-as-usual costs constitute the administrative costs on businesses.

Altogether, the total administrative costs for business are assessed on the basis of the average cost of the required administrative activity (Price) multiplied by the total number of occurrences of the obligation performed per year (Quantity). The cost is estimated by multiplying a standard tariff attributed to a specific employee type (base on average labour cost per hour including *pro rata* overheads) with the time per action (the internal costs). Where appropriate, other types of cost such as outsourcing/consulting costs, equipment or costs of supplies that can reasonably be attributed to an information obligation are taken into account (the external costs). Furthermore, for this measurement, “additional costs” (costs posted on businesses which do not stem from Laws and regulations but which are faced as part of a specific IO) are separately taken into account. The quantity is calculated as the frequency of the required activities multiplied by the number of entities concerned. This results in the following core equation of the SCM method:

$$\sum P \times Q$$

Where

P (Price) = Tariff \times Time

Q (Quantity) = number of entities \times frequency.

In Stage 3 of the project, interviews and expert assessments were conducted to estimate the time and other costs for businesses to comply with IOs. All results were standardised with the objective of providing a single estimate of what would be required for a normally efficient business to complete each of the administrative activities in order to comply with the IO. Information on the quantity was gathered by public servants from government sources and desk research. If no Q was available or further work seemed necessary, an informed estimate was made by Capgemini Consulting Netherlands and Deloitte Business Solutions SA Greece.

It should be emphasised that the goal of the standardisation is not to average the cost data obtained through the interviews and/or expert assessments but to derive a plausible result for a normally efficient business for each IO. The SCM method defines a normally efficient business as a business within the target group that performs administrative activities required by the IO neither better nor worse than may be reasonably expected.

For the purpose of the measurement, it was necessary to set the standardised tariffs that were consistently used in the measurement part of the project having in mind that under the Memorandum of Understanding, the baseline year used for assessing Greek administrative burden is 2008 and that if the reduction of wages between 2008 and 2013 was fully reflected in

the tariffs, this would mean an increase in the proportion of burden reduction achieved through the "automatic" effect of labour cost reduction (i.e. a business pays less to employ people spending time on administrative burden tasks, therefore the level of administrative burden is lower without any changes in regulation). The tariffs used throughout the project were established based on consultations with the co-operating consultancy companies as well as with the project team members involved in the Statistics and Working Environment and Employment Relations sectors. For the purpose of the measurement of administrative costs, the hourly rates used as part of the administrative burdens measurement project conducted by the European Commission in 2009¹ were used as a basis. To capture the developments of salaries over time, these tariffs were adjusted by the change of salaries between the data provided by Eurostat in 2006² and 2010.³ The Structure of the Earnings Survey, however, does not take account of employer's social security and other labour costs, but these are also relevant wage costs for the Standard Cost Model. Most recent relevant data on the level of employer's social security and other labour costs in Greece was taken from the Eurostat Structure of labour costs⁴, which gives the % of labour costs accounted for by employer social security and other labour costs across the business economy as 23.9% and the % accounted for by wages and salaries as 76.1%. Labour costs also do not include additional overhead costs which are relevant for the Standard Cost Model, for example, accommodation and use of office materials, depreciation of equipment, facilities for ancillary departments etc. The rate of 25 % was chosen based on the available data and on experience of our consultants with similar projects conducted in other countries and at the EU level (see the Annex B for the standardised hourly rates per employee type).

During Stage 4 of the project, potential simplification and reduction options were identified as appropriate from the views of businesses expressed during the measurement stage, stakeholder views, experience of other administrative burden reduction exercises, and the views of the teams of Greek public servants involved in the project.

Potential simplification and reduction options were developed by Greek public servants on the basis of a structured questionnaire developed by the OECD using the "IO Burden Reduction Pyramid" which was developed by the Capgemini, Deloitte and Ramboll consortium as part of the EU project on baseline measurement and reduction of administrative costs in 2009-10. The questionnaire asked public servants to respond to the following prompts, in order, about each IO measured:

1. What is the policy goal of the IO?
2. Option A: Remove completely this IO in order to reduce administrative burdens (arguments in favour, arguments against, conclusion).
3. Option B: Redesign public administration processes in this IO to reduce administrative burdens (identify opportunities for public administration to act in a less burdensome way, and conclude which appear most suitable).
4. Option C: Target the IO more precisely to the policy goal (identify less burdensome ways to meet the policy goal identified, and conclude which appear most suitable).
5. Option D: Make the IO as flexible as possible for business (identify ways to make complying with the IO more flexible for business, and conclude which appear most suitable).
6. Option E: Reduce the variables in the SCM equation: Population, frequency, time and tariff (identify possible changes to each of the four variables, and conclude which appear most suitable).

This provided a structured way to consider larger reforms ahead of smaller reforms, and ensured that attention was not only on small changes to the variables of the SCM equation.

Certain measures from the potential simplification and reduction measures were examined further in order to develop a compatible set of recommendations for the project which could form a coherent action plan for administrative burden reduction for the project. The potential measures which have been developed into recommendations are those which appear to have the potential to make meaningful reductions to administrative burdens or irritation factors, and which appear to be compatible with the overall policy goals of the obligations.

Notes

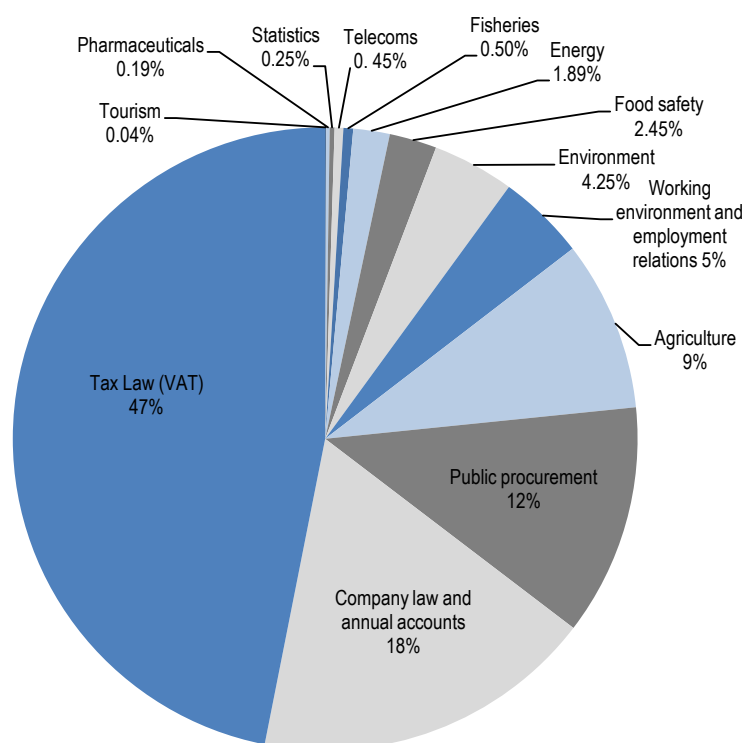
1. European Commission (2009), Measurement data and analysis as specified in the specific contracts 5&6 on Modules 3&4 under the Framework Contract n° ENTR/06/61 Report on the Agriculture and Agricultural Subsidies Priority Area, p.48.
2. Eurostat Structure of Earnings Survey 2006, Mean hourly earnings by sex, age and occupation, NACE Rev 1.1 C-O excluding L, by ISCO88 code (earn_ses06_14).
3. Eurostat Structure of Earnings Survey 2010, Mean hourly earnings by sex, age and occupation - NACE Rev 2 B-S excluding O, by ISCO08 code (earn_ses10_14).
4. NACE Rev. 2 (lc_an_struc_r2) [latest available data for Greece is 2009].

Chapter 2

Administrative burdens in 13 key Greek sectors: Results and recommendations

The total administrative burdens identified were EUR 3.28 billion, and administrative costs EUR 4.08 billion.

Figure 2.1. Total administrative burdens identified by priority area



Source: OECD (2014), data collected from the project on measuring administrative burdens in Greece.

As is illustrated by the data, over three-quarters of the administrative burdens measured accrue in three of the priority areas: Tax (VAT), Company Law and Annual Accounts, and Public Procurement. This implies that efforts in these policy areas will yield the biggest reductions in administrative burdens in total, and therefore should be prioritised. This is not to imply that important regulatory savings which will be keenly felt by individual businesses cannot be generated in the other 10 priority areas, given that they still account for just under a quarter of the administrative burdens measured.

Sector 1. Tax law (VAT)

The information obligations selected for tax law (VAT) form the largest proportion of administrative costs and burdens in this project. They represent a *total administrative cost of EUR 1.81 billion to businesses in Greece*. Of this, *EUR 1.54 billion (85%) has been classified as administrative burdens*. The remainder is business-as-usual cost which businesses would be likely to continue to incur if the obligations did not exist.

Recommendations

The following recommendations are made as an action plan to reduce administrative costs and burdens in the selected VAT obligations:

The recommendation to *establish a clear VAT registration threshold at EUR 10 000* would allow businesses (including sole traders/freelancers) with annual turnover under this amount – including existing businesses – to choose not to register for VAT, regardless of legal form. They would then not keep records for VAT purposes, charge VAT on their sales or deduct VAT on their inputs. They would not be required to file VAT returns or meet other VAT obligations. Businesses with annual turnover under EUR 10 000 could voluntarily register for VAT.

The recommendation to *remove inactive VAT taxable persons from the VAT register* would remove from these businesses (including sole traders/freelancers) the obligation to keep VAT records ready to present for inspection and to complete periodic and annual VAT returns, even though they have no turnover.

The recommendation to *abolish the annual VAT return* would remove the requirement on businesses (including sole traders/freelancers) registered for VAT to submit this annual return to the tax authorities.

The recommendation to *simplify the periodic VAT return* is designed to reduce the information which is reported on the return, and therefore reduce the amount of time and effort which businesses (including sole traders/freelancers) have to invest in preparing and completing the periodic

VAT return either quarterly or monthly. The recommendation is designed to simplify in a way compatible with existing EU law and the European Commission's proposal for a standard periodic VAT return.

The recommendation to *remove the requirement for businesses to make a separate application for a refund of VAT* is designed to reduce the time and effort required by Greek businesses (including sole traders/freelancers) to obtain any VAT which is owed to them by the tax authorities. It does this by incorporating the refund process into the periodic VAT return and removing the requirement to routinely submit supporting documentation.

The *implementation of recommendations* in the tax law (VAT) area should be given high priority because of the broad effect on so many businesses in Greece as well as the levels of total reduction possible. If the first two recommendations relating to the VAT register are implemented before the other recommendations relating to VAT return filing and refunds, then fewer businesses will need to adapt to revised arrangements.

The measurement covered the following selected obligations in the priority area tax law (VAT):

- Obligation to register for VAT and notify change of circumstances.
- Obligation to keep records and fiscal documents in sufficient detail for VAT purposes.
- Obligation to submit a periodic and annual VAT return.
- Obligation to make application to receive repayment (refund) of VAT owed.
- Obligation to make an additional registration and provide additional reporting if engaged in intra-Community trade.

Recommendation	Calculated reduction in administrative costs	Calculated reduction in administrative burdens
Establish a clear VAT registration threshold at EUR 10 000	EUR 135 658 790	EUR 114 117 544
Remove inactive VAT taxable persons from the VAT register	EUR 226 105 800	EUR 190 201 608
Abolish the annual VAT return*	EUR 60 096 867	EUR 60 096 867
Simplification of periodic VAT return*	EUR 50 026 995	EUR 50 026 995
Remove requirement to make a separate application for VAT refunds*	EUR 14 429 251	EUR 14 429 251

Note: In line with standard practice, the reduction calculations have been made individually for each recommendation. It is therefore not possible to add together these calculated reductions to obtain an overall total reduction because different recommendations affect the same obligations. The overall reduction obtained depends on the sequencing of recommendations.

The impact of the recommendations marked * would be reduced by the other recommendations being implemented, and the impact of recommendations which are not marked would be affected similarly by prior implementation of the recommendations marked *.

Sector 2. Company law and annual accounts

The information obligations selected for Company Law and Annual Accounts form the second largest proportion of administrative costs and burdens in this project. They represent a *total administrative cost of EUR 702.81 million for businesses in Greece*. Of this, *EUR 580.46 million (82%) has been classified as administrative burdens*. The remainder is business-as-usual cost which businesses would be likely to continue to incur if the obligations did not exist.

Recommendations

The following recommendations are made as an action plan to reduce administrative costs and burdens in the selected Company Law and Annual Accounts obligations:

The recommendation to *abolish publication of annual financial statements and company changes in the Government Gazette* would remove double publicity of information and relieve businesses of publication fees.

The recommendation to *remove the requirement to publish annual financial statements and company notices on the company website or a national newspaper* would remove fully an additional requirement to publish and (in the case of the website) notify the administration that publication has happened.

The recommendations to *allow full electronic submission of all notifications to GEMH and allow payments without visiting an office* would help companies avoid waiting time and travel time.

The recommendations to *simplify financial statements of small and micro companies and reduce the number of companies required to have their financial statements audited* would reduce the cost of complying with the legal requirements, and make use of EU simplification designed to reduce burdens on small businesses.

The *implementation of recommendations* in the Company Law and Annual Accounts area should be given high priority because it affects the experience of new investors as well as existing companies, and can be seen as an indicator of the level of business-friendliness.

The measurement covered the following selected obligations in the priority area Company Law and Annual Accounts:

- Obligation to draw up and disclose/submit annual accounts (different forms and categories, including publicity arrangements where applicable).
- Obligation to have annual accounts audited (different forms and categories).
- Obligation to disclose/submit/register and publicise decisions of the company and changes (different forms and categories).
- Obligation to make additional disclosures/notifications/registrations and publicity requirements (branches of foreign companies in Greece).

Recommendation	Calculated reduction in administrative costs	Calculated reduction in administrative burdens
Abolish requirement to publish annual financial statements and company changes in Government Gazette, and use GEMH as the national gazette for this purpose*	EUR 60 252 894	EUR 47 484 394
Remove legal requirement to publicise annual financial statements and related notification on registered company website or in a newspaper	EUR 33 976 000	EUR 27 117 950
Allow full electronic submission of all notifications to Registry (company changes and annual financial statements)	EUR 13 940 502	EUR 11 583 685
Streamline payment process for all GEMH notifications to allow payments without visiting an office*	EUR 13 940 502	EUR 11 583 685
Use flexibility in EU legislation to simplify financial statements of small and micro companies	EUR 39 031 148	EUR 31 216 708
Reduce the number of companies required to have their financial statements externally audited	EUR 26 750 844	EUR 26 750 844

Note: In line with standard practice, the reduction calculations have been made individually for each recommendation. It is therefore not possible to add together these calculated reductions to obtain an overall total reduction because different recommendations affect the same obligations. The overall reduction obtained depends on the sequencing of recommendations.

The impact of the recommendations marked * would be reduced by the other recommendations being implemented, and the impact of recommendations which are not marked would be affected similarly by prior implementation of the recommendations marked *.

Sector 3. Public procurement

The information obligations selected for public procurement form the third largest proportion of administrative costs and burdens in this project. They represent a *total administrative cost of EUR 393.13 million to businesses in Greece*. This has all been classified as administrative burden, because there are no business as usual costs which businesses would be likely to continue to incur if the obligations did not exist.

The recommendations include some measures which result from the implementation of public procurement reform included in the Memorandum of Understanding. Some have already been implemented during this project, and others will be implemented. These recommendations have been quantified to provide an indication of administrative burden reductions.

Recommendations

The following recommendations are made as an action plan to reduce administrative costs and burdens in the selected public procurement obligations:

The recommendation to *codify and simplify public procurement law and regulations, and maintain stability* would reduce the time that businesses currently spend understanding the law which applies to particular procurement exercises, as well as changes to it.

The recommendations to *increase the use of framework agreements and consolidate demand* would reduce the overall number of procurement exercises, which would reduce the burdens on participating businesses. Contracts agreed under framework agreements would not involve a burdensome procurement process.

The recommendations to *improve the single publication points for procurement notices and make all tender documents available free-of-charge and online* would provide businesses with a single online source of information which would allow them to identify and participate in procurement exercises.

The recommendations to *reduce and standardise supporting information and require it only from successful bidders* would remove administrative burdens from many bidders, and require less effort at a later stage in the procedure.

The recommendation to *allow electronic submission of bid documents, even when the e-procurement platform is not used* would make it simpler to participate in procurement, and respond to a clear wish of businesses.

The recommendation to *streamline the registration and renewal arrangements for the MEEP* would remove some irritating and costly duplication and administrative procedures.

The *implementation of recommendations* in the public procurement area should be given high priority because all administrative costs in this area are administrative burdens, and because there is an opportunity now to use the planned new public procurement law to create public procurement processes and systems with many fewer burdens for business.

The measurement covered the following selected obligations in the priority area public procurement:

- Obligation to provide documents related to selection for the award of a contract (public supply, public services, public works).
- Obligation to provide documents/information if the successful bidder for a contract (public supply, public services, public works).
- Obligations related to the application for registration in the registry of businesses that undertake public works (MEEP) (public works).

Recommendation	Calculated reduction in administrative costs	Calculated reduction in administrative burdens
Codify and simplify public procurement law and regulations, maintain their stability and provide guidance to businesses	EUR 11 892 156	EUR 11 892 156
Increase use of framework agreements (based on a 10% reduction in number of procurement tenders)*	EUR 38 161 847	EUR 38 161 847
Consolidate demand within and between public bodies (based on a 10% reduction in number of procurement tenders)*	EUR 38 161 847	EUR 38 161 847
Publicise, enforce and improve the single publication point for all public contract advertisements/notices*	EUR 3 964 052	EUR 3 964 052
Electronic and free-of-charge tender documents*	EUR 38 533 361	EUR 38 533 361
Supporting information: require only a self-declaration at the bid stage*	EUR 31 662 378	EUR 31 662 378
Supporting information supplied: Minimised, pre-defined and from a standardised menu*	EUR 9 366 392	EUR 9 366 392
Supporting information and bid document electronically: Allow electronic submission of bid and related documents (even outside end-to-end e-Procurement)*	EUR 8 435 768	EUR 8 435 768
Supporting information submitted by the bidder: Reduce re-submission of supporting evidence to the same contracting authority*	EUR 3 799 485	EUR 3 799 485
Further standardise tender documents*	EUR 3 964 052	EUR 3 964 052
Streamline the registration and renewal requirements for registry of businesses that undertake public works (MEEP)	EUR 3 113 585	EUR 3 113 585

Note: In line with standard practice, the reduction calculations have been made individually for each recommendation. It is therefore not possible to add together these calculated reductions to obtain an overall total reduction because different recommendations affect the same obligations. The overall reduction obtained depends on the sequencing of recommendations.

The impact of the recommendations marked * would be reduced by the other recommendations being implemented, and the impact of recommendations which are not marked would be affected similarly by prior implementation of the recommendations marked *.

Sector 4. Agriculture

The information obligations selected for Agriculture form the fifth largest proportion of administrative costs and fourth largest proportion of administrative burdens in this project. They represent a *total administrative cost of EUR 315.85 million to operators in Greece*. Of this, *EUR 289.35 million (92%) has been classified as administrative burdens*. The remainder is business-as-usual cost which businesses would be likely to continue to incur if the obligations did not exist.

Recommendations

The following recommendations are made as an action plan to reduce administrative costs and burdens in the selected Agriculture obligations:

The recommendation to *increase the efficiency of intermediaries who help farmers with their SPS applications* would mainly involve mandating a proper system of appointments to avoid waiting, ensuring intermediaries do not demand documents which are not actually required, and increasing the time window for SPS applications. It would mean farmers spend less time waiting at offices, and do not spend so much time gathering information.

The recommendation to *reduce the supporting documents required for SPS and Rural Development Programme applications* would involve scanned documents accumulating in OPEKE's system over time, as well as connections being established to other ministries and government bodies, and systematic review of the need for documents. Farmers would need to submit fewer documents, and information would be re-used

The recommendation to *improve guidance and user experience of the SPS system, and allow application progress tracking and electronic transfer of rights* would involve system improvements that would encourage more applicants to make their own SPS application without intermediaries, reduce the time that farmers spend asking about the progress of their application, and remove a paper process.

The recommendation to *use standard costs as much as possible in the Rural Development Programme* would reduce significantly the time which applicants spend gathering documents to justify the planned expenditure in their proposals.

The recommendation to *improve Rural Development Programme forms and templates* would involve applying form design techniques to help applicants understand how to complete more of the form without expert help, which reduces consultancy costs.

The recommendation to *encourage clusters of applicants for food quality measures under the Rural Development programme* would involve promoting the benefits of this approach, both in terms of business results and reduced costs. It would result in less administrative cost for applicants because costs would be shared, and it would also promote entrepreneurship in the sector.

The recommendation to *proceed with the electronic submission of wine production and grape harvest data* would involve rolling out a pilot scheme which operated in 2013 for the grape harvest and including wine producers. This would remove from wine producers the cost of checking and taking responsibility for data about their suppliers.

The *implementation of recommendations* in the Agriculture area should be given significant priority because the SPS affects nearly all farmers in Greece and is significantly burdensome. The timing of implementation needs to match up with key deadlines for payments and applications in the farming year.

The measurement covered the following selected obligations in the priority area Agriculture:

- Obligations relating to registration for the Single Payment Scheme (including updates).
- Obligations relating to application for support under the Rural Development Programme for the modernisation of agricultural holdings (Measure 121).
- Obligations relating to application for support under the Rural Development Programme for setting up of young farmers (Measure 112).
- Obligations relating to application for support under the Rural Development Programme for participation of farmers in food quality (Measure 132).

- Obligations to apply for permit to construct a small-scale livestock installation/shelter.
- Obligations to declare data on wine production.

Recommendation	Calculated reduction in administrative costs	Calculated reduction in administrative burdens
Improve guidance and user experience of the online system for SPS registration*	EUR 12 032 560	EUR 12 032 560
Reduce the time spent by farmers at intermediaries by increasing efficiency*	EUR 94 251 086	EUR 94 251 086
Application progress tracking in the SPS electronic system	EUR 5 920 867	EUR 5 920 867
Eliminate in-person paper submission of the application for SPS transfer of rights	EUR 284 067	EUR 284 067
Greater use of standard costs to simplify Rural Development Programme applications*	EUR 1 756 613	EUR 1 756 613
Improve user-friendliness and guided support of Rural Development Programme application forms and templates*	EUR 6 275 271	EUR 6 275 271
Encourage clustering in applications for Rural Development Programme support for food quality	EUR 2 757 297	EUR 2 757 297
Reduce required supporting documentation for applications by sharing data within the public administration*	EUR 68 393 813	EUR 68 393 813
Electronic submission of wine production declaration, and harvest declarations gathered electronically from growers	EUR 207 646	EUR 207 646

Note: In line with standard practice, the reduction calculations have been made individually for each recommendation. It is therefore not possible to add together these calculated reductions to obtain an overall total reduction because different recommendations affect the same obligations. The overall reduction obtained depends on the sequencing of recommendations.

The impact of the recommendations marked * would be reduced by the other recommendations being implemented, and the impact of recommendations which are not marked would be affected similarly by prior implementation of the recommendations marked *.

Sector 5. Working environment and employment relations

The information obligations selected for Working Environment and Employment Relations form the fifth largest proportion of administrative burdens in this project. They represent a *total administrative cost of EUR 384.55 million to businesses in Greece*. Of this, *EUR 148.73 million (39%) has been classified as administrative burdens*. The remainder is business-as-usual cost which businesses would be likely to continue to incur if the obligations did not exist.

Recommendations

The following recommendations are made as an action plan to reduce administrative costs and burdens in the selected Working Environment and Employment Relations obligations:

The recommendation to *simplify annual leave records* would reduce the amount of information which employers have to record by law about the annual leave taken by employees, and remove the requirement for them to obtain employee signatures on the records.

The recommendations to *simplify payslips* would remove the requirement to include information about comparative pay rates (the amount the employee would have been entitled to under a collective agreement) and would remove any doubt that employers do not need by law to obtain signatures of employees to acknowledge receipt of payslips.

The recommendation to *base ERGANI access on different usernames and passwords from IKA systems* would allow companies with many sites or potential users to avoid passing information between sites or users under time pressure to ensure employee details are reported.

The recommendation to *provide templates, guidelines and examples of plans for health and safety on construction sites* would help companies produce high quality plans and identify measures better in a simpler way based on the experience of others.

The recommendation to *streamline start-up notifications to the Labour Inspectorate for construction sites* would reduce the cost caused by travelling to an office to obtain a stamp on documents which have to be kept at the construction site.

The *implementation of recommendations* in the Working Environment and Employment Relations area should be given medium priority because the proportion of business as usual costs is high, so the reduction opportunities are not as high as the total administrative costs suggest.

The measurement covered the following selected obligations in the priority area Working Environment and Employment Relations:

- Obligation to report information about individual employees joining and leaving an employer.
- Obligation to report and update the annual personnel list to the Labour Inspectorate, retention.
- Obligation to maintain and retain records of employee annual leave.
- Obligation to produce payslips including minimum wage information and retain payslip records.
- Obligation to report within 24 hours accidents at work.

Recommendation	Calculated reduction in administrative costs	Calculated reduction in administrative burdens
Annual Leave Records: Simplify information recorded and do not require employee signatures	EUR 24 057 835	EUR 24 057 835
Payslips: Remove requirement to include information about comparative pay entitlement	EUR 3 332 742	EUR 3 332 742
Payslips: Clarify in law that employee signatures on receipt are not required	EUR 7 762 217	EUR 7 762 217
Employee notifications: Increase flexibility for employers by providing ERGANI-specific usernames and passwords	EUR 1 262 664	EUR 1 262 664
Employee Notification: Incremental improvements to the ERGANI system and reporting requirements, and the interconnection with other relevant public systems to reduce duplication	-	-
Health and Safety on Construction Sites: Publish e-templates, revised guidelines and example plans and files	EUR 1 818 280	EUR 1 818 280
Health and Safety on Construction Sites: Streamline Labour Inspectorate processes before work starts	EUR 765 254	EUR 765 254

Note: In line with standard practice, the reduction calculations have been made individually for each recommendation. It is therefore not possible to add together these calculated reductions to obtain an overall total reduction because different recommendations affect the same obligations. The overall reduction obtained depends on the sequencing of recommendations.

The impact of the recommendations marked * would be reduced by the other recommendations being implemented, and the impact of recommendations which are not marked would be affected similarly by prior implementation of the recommendations marked *.

Sector 6. Environment

The information obligations selected for Environment form the sixth largest proportion of administrative costs and burdens in this project. They represent a *total administrative cost of EUR 249.35 million to businesses in Greece*. Of this, *EUR 138.76 million (55.64%) has been classified as administrative burdens*. The remainder is business-as-usual cost which businesses would be likely to continue to incur if the obligations did not exist.

Recommendations

The following recommendations are made as an action plan to reduce administrative costs and burdens in the selected environment obligations:

The recommendation to *digitalise the submission, tracking and evaluation process for the Environmental Permitting (AEPO)* would enable applicants to submit their application of the AEPO online including submission of all documents. It would also enable them to track the status of the application. Standardised electronic forms and questionnaires will be used, wherever possible.

The recommendation to *simplify the AEPO modifications and renewals* would lead to a clarification of the criteria for the decision whether there is a need for modification of the licence in case of minor changes to the project. It would also reduce the number of modifications where another Environmental Impact Study is necessary.

The recommendation to *introduce private external EIS reviewers* would enable creation of a registry of certified EIS and AEPO assessors who would check the quality of the projects and the environmental impact studies and prepare detailed documentation for the decision of the competent authorities. This would make more resources available for making the EIA assessment process less time-consuming and more efficient and free up resources in the public sector to focus more on the most significant projects as well as on audits and inspections.

The recommendation to *digitalise the AEPO reporting process* would enable the measurements and information requirements to be standardised in format and content and submitted through an online system. This would reduce time and costs spent on keeping records by environmental licence holders

The recommendation to *rationalise the hierarchy levels and provide training to public employees involved in the approval process* would lead to better delegation of competences for decision-making and therefore reduce delays in the approval of environmental licences. It would also improve the quality of public service in environmental licensing through substantive and continuous training.

The recommendation to *complete spatial planning* would resolve the land property rights and disputes. The issuance of forest maps would eliminate the need for the lengthy forest characterisation acts. This proposal would also ease the location selection process for investments and dramatically reduce the time-consuming interactions with the competent authorities.

The recommendation to *streamline the licence for solid waste collection, transportation and management* will lead to abolishing the licensing process for solid waste management and its integration to the AEPO licence and further simplification, especially through electronic submission of documents. This recommendation has been mostly met at the time of finalising this paper.

The recommendation to *determine the seashore for the whole country's coastline by the state* would reduce delays created by interaction with various authorities involved in seashore determination.

The *implementation of recommendations* in the Environment area should be given medium priority because of medium total level of administrative burdens and the number of businesses it affects. It would significantly simplify the process of environmental licensing and reduce high irritation stemming from the length of the process and its lack of clarity. Last but not least, it would lead to better enforcement of environmental policy and therefore better environment protection. Administrative simplification in the Environment area would also lead to more investments.

Different and *additional options and suggestions* were made by stakeholders about obligations in the priority area Environment. These are included to provide additional material for the Greek government to consider further measures to simplify and reduce administrative burdens and irritation.

The measurement covered the following selected obligations in the priority area Environment:

- Obligation to apply for Approval of Environmental Impact Assessment AEPO (Category A1 with or without Preliminary Environmental Estimation and Assessment, A2 with or without Preliminary Environmental Estimation and Assessment / Periodically reporting / Inspections on permit.
- Obligations to make a declaration on inclusion in standardised environmental terms for Category B projects.
- Obligation to apply for Environmental Impact Assessment for strategic investment projects.
- Licence to operate waste landfill including the relevant environmental permit (AEPO).
- Licence for solid waste collection and transportation.
- Obligation to apply for a permit for re-use of waste water / Obligation for Keeping Records / Obligation for Labelling.
- Seashore: Obligation to apply for determination (including pre-submitting of information request to see whether it has been designated for development) /redetermination.

Recommendation	Calculated reduction in administrative costs	Calculated reduction in administrative burdens
Digitisation of the submission, tracking and evaluation process for the Environmental Permitting (AEPO)*	EUR 2 741 805	EUR 2 741 805
Simplification of the AEPO modifications & renewals*	EUR 4 669 792	EUR 2 101 407
Introduction of private external EIS reviewers	EUR 1 493 644	EUR 1 493 644
Digitisation of the AEPO reporting process*	EUR 20 569 575	EUR 20 569 575
Rationalisation of the hierarchy levels and training of public employees involved in the approval process	EUR 497 881	EUR 497 881
Completion of Spatial Planning	EUR 10 000 650	EUR 10 000 650
Streamlining of the licence for solid waste collection, transportation and management*	EUR 117 700	EUR 117 700
Determination of the seashore for the whole country's coastline by the state	EUR 1 716 719	EUR 1 716 719

Note: In line with standard practice, the reduction calculations have been made individually for each recommendation. It is therefore not possible to add together these calculated reductions to obtain an overall total reduction because different recommendations affect the same obligations. The overall reduction obtained depends on the sequencing of recommendations.

The impact of the recommendations marked * would be reduced by the other recommendations being implemented, and the impact of recommendations which are not marked would be affected similarly by prior implementation of the recommendations marked *.

Sector 7. Food safety

The information obligations selected for this area form the seventh largest proportion of administrative costs and burdens in this project. They represent a *total administrative cost of EUR 92.58 million to businesses in Greece*. Of this, *EUR 80.24 million (87%) has been classified as administrative burdens*. The remainder is business-as-usual cost which businesses would be likely to continue to incur if the obligations did not exist.

Food safety is regulated to a large extent at the EU level, often by directly applicable Regulations with limited national variation. This makes it challenging for a national administrative burden measurement exercise. Many businesses understand the value of working within food safety requirements. It is also difficult to separate food safety measures, narrowly defined, from wider measures affecting the food industry and businesses handling food which are sometimes seen by business or consumers as being justified for reasons of food safety. In terms of regulatory policy, the purpose of a measure is not always immediately obvious as food quality, food safety or general regulation of economic activity. For this reason, the obligations measured are not narrowly defined food safety measures, but wider regulatory measures affecting the food industry which interact with food safety requirements.

The government made a significant reduction in administrative burdens in December 2013 by changing the rules for Health Regulated Establishments (food and drink retailers). We calculate this will reduce administrative burdens by EUR 6 255 020 based on the measurement. Designated KEPs will also act as one-stop shops for these businesses, and the recommendation below on one-stop shops has also been partly implemented for HREs, with scope for a greater value-adding role for the KEPs in this areas. We also acknowledge that the government is clarifying food safety inspection roles with new legislation.

Recommendations

The following recommendations are made as an action plan to reduce administrative costs and burdens in the selected obligations:

The recommendation to *catalogue or codify the law about food business licensing, including health regulations, ensure its stability and provide guidance to businesses* would help food businesses understand the full range of regulation which applies to them, and could also help the administration by highlighting how different areas interact.

The recommendation to *establish one-stop shops for food businesses, including Health Regulated Establishments selling food and drink* involves creating a single point of contact and advice for these businesses for their interactions with different public authorities, including those dealing directly with food safety and those more concerned with business licensing. This would not only make it easier for businesses to contact the different authorities, it also removes possibilities for bribery, which was identified as an issue during the measurement of the obligations for food business licensing.

The recommendation to *allow electronic submission of documents to food business one-stop shops* would make it easier for businesses to communicate information to different public authorities via one-stop shops, and would allow businesses to receive information about progress of different administrative processes from the one-stop shops.

The recommendation to *implement a single integrated registration for food industrial/manufacturing plants* would move from a two stage establishment licence and operating licence process to a registration process based on declarations which ensures the businesses are known to and registered with the authorities. It would remove an element of approval of economic activity by the authorities. The requirements of EU law on prior approval and inspection of food operating businesses handling products of animal origin would be maintained.

The recommendation to *allow slaughterhouses to report data to only one authority* would remove some duplication in the current arrangements and make better use of the existing online system for reporting run by ELGO-DIMITRA.

The *implementation of recommendations* in this area should be given medium priority because they affect a specific sector of the economy, but one which is active in domestic production and services and is seen as a potential area of growth. The recommendations about one-stop shops and reforms to business licensing will help new businesses in this sector.

The measurement covered the following selected obligations in the priority area:

- Obligation to obtain operating licence for a food business including relevant inspections and sanitary opinion (handling products of animal origin / products of non-animal origin).
- Obligation to obtain an establishment licence for a food business, including relevant inspections and establishment number, where appropriate (handling products of animal origin / products of non-animal origin).
- Obligation to keep records about suppliers and customers when trading in additives for use in animal nutrition.
- Obligation to keep records, submit meat balances and related inspections (meat trade).
- Obligation to keep records, submit milk balances (dairy farmers and producers).

Recommendation	Calculated reduction in administrative costs	Calculated reduction in administrative burdens
Codify or catalogue laws and regulations about food business licensing, including health regulations, maintain their stability and provide guidance to businesses*	EUR 2 355 434	EUR 2 355 434
One-stop shops for food businesses*	EUR 31 893 507	EUR 31 893 507
Electronic submission of documents to one-stop shop*	EUR 1 427 689	EUR 1 427 689
Single integrated process to replace establishment and operating licences for food industrial/manufacturing plants, incorporating establishment inspection and approval only if handling animal origin products*	EUR 340 985	EUR 340 985
Single reporting of information by slaughter houses	EUR 803 384	EUR 803 384

Note: In line with standard practice, the reduction calculations have been made individually for each recommendation. It is therefore not possible to add together these calculated reductions to obtain an overall total reduction because different recommendations affect the same obligations. The overall reduction obtained depends on the sequencing of recommendations.

The impact of the recommendations marked * would be reduced by the other recommendations being implemented, and the impact of recommendations which are not marked would be affected similarly by prior implementation of the recommendations marked *.

Sector 8. Energy

The information obligations selected for Energy form the eighth largest proportion of administrative costs and burdens in this project. They represent a *total administrative cost of EUR 79.13 million to businesses in Greece. Of this, EUR 61.82 million (78%) has been classified as administrative burdens.* The remainder is business-as-usual cost which businesses would be likely to continue to incur if the obligations did not exist.

Recommendations

The following recommendations are made as an action plan to reduce administrative costs and burdens in the selected Energy obligations:

The recommendation to digitalise and standardise submission, tracking and evaluation process would permit the establishment of a single gateway for applications, identifying an authority which will be able to have overall responsibility for the process. By digitising the process and setting up proper milestones, the responsible authority will be able to have visibility on the progress of each step and assign responsibilities. It would therefore reduce the time spent preparing and delivering the physical copies and facilitate the traceability of the documents through proper electronic workflows.

The recommendation to abolish the requirement to publicise applications or licences in newspapers would reduce out of pocket cost for the publication itself and the time for the preparation and submission of the publication to the newspapers as well as the irritation for businesses.

The recommendation to reduce required information already made available to public authorities through the previous stages of the process suggests a review of information and documentation required and elimination of duplicate and obsolete information requests. This recommendation would lead to significant reduction in time for the businesses, would improve the efficiency of the authorities, as they would be provided with key documents on time, while it would also reduce frustration associated with submitting similar documents for different authorities or different stages.

The recommendation to abolish the need for applying for temporary terms suggests that the production licence owner does not have to submit this application and dossier. Instead, after the production licence is issued, the system administrator could make the temporary connection offer based on the site and design of the plant that has been approved by RAE. This will lead to a significant administrative cost reduction as well as a reduction in waiting time.

The recommendation to introduce private external EIS reviewers would free up public employees' time to focus on the most significant projects as well as on audits and inspections of the environmental terms in practice and reduce the time spent on following up with the relevant authorities for A2 projects.

The recommendation to rationalise the hierarchy levels and training of public employees involved in the approval process should lead to improvements in the quality of services provided to business and therefore reduction of both administrative and irritation costs for businesses applying for environmental licences.

The recommendation to abolish the need for issuing the installation licence would result to a reduction of time delays for environmental projects, attributed to the reduced requirements for gathering and submitting the needed information, as well as for following up the process.

The recommendation to enable electronic payments of fees and the provision of proof to the licensing authority would enable the payment of fees to be performed electronically, while the respective proofs of transactions may be provided electronically. This would reduce the time businesses need to spend on payment of various fees.

The recommendation to abolish the need for issuing the operating licence would reduce the time needed for application and/or renewal of this licence which is an umbrella licence, the objective of which is to verify that the construction of the plant has been performed according to the installation licence, and that the testing phase has been completed successfully.

The recommendation to abolish the need to apply for renewal / update of the trade licence (retailers) will replace this licence by a notification containing a minimum of necessary information, while the authorities will have the responsibility to audit *ex post* the required documentation and compliance of the gas station. This would reduce the time, out-of-pocket costs and consulting costs as well as abolish the need to stop operations of gas stations while waiting for the renewal of the licence.

The *implementation of recommendations* in the Energy area should be given medium priority because it depends on the political decisions on the future of renewable energy stations in Greece. Reduction of the administrative burdens in this sector should lead to further development of this sector and therefore indirectly contribute to environmental protection.

Different and *additional options and suggestions* were made by stakeholders about obligations in the priority area Energy. These are included to provide additional material for the Greek government to consider further measures to simplify and reduce administrative burdens and irritation.

The measurement covered the following selected obligations in the priority area Energy:

- Obligation to apply for, renew and update production licences for renewable energy sources (RES).
- Obligation for owners of RES production licence to apply for grid connection offer.
- Obligation for owners of RES production licence to apply for approval of the Environmental Impact Assessment (EPO).
- Obligation to apply for, renew and update installation licences for RES.
- Obligation to apply for, renew and update operating licences for RES.
- Obligation to apply for standardised environmental terms for small scale RES.
- Obligation to apply for, renew and update trade licence (petroleum wholesalers, retailers).

Recommendation	Calculated reduction in administrative costs	Calculated reduction in administrative burdens
Digitisation and standardisation of the submission, tracking and evaluation process*	EUR 6 070 369	EUR 6 070 369
Abolish requirement to publicise licences in newspapers	EUR 148 049	EUR 148 049
Reduce required information already made available to public authorities through the previous stages of the process*	EUR 2 676 015	EUR 2 676 015
Abolish the need to apply for temporary terms	EUR 873 974	EUR 873 974
Introduction of private external EIS reviewers	EUR 1 646 573	EUR 1 646 573
Rationalisation of the hierarchy levels and training of public employees involved in the approval process	EUR 2 107 946	EUR 2 107 946
Abolish the need for issuing the installation licence*	EUR 617 170	EUR 617 170
Enable electronic payments of fees and the provision of proof to the licensing authority*	EUR 47 337	EUR 47 337
Abolish the need for issuing the operating licence*	EUR 306 184	EUR 306 184
Abolish the need to apply for renewal / modification of the trade licence (retailers)	EUR 3 206 603	EUR 3 206 603

Note: In line with standard practice, the reduction calculations have been made individually for each recommendation. It is therefore not possible to add together these calculated reductions to obtain an overall total reduction because different recommendations affect the same obligations. The overall reduction obtained depends on the sequencing of recommendations.

The impact of the recommendations marked * would be reduced by the other recommendations being implemented, and the impact of recommendations which are not marked would be affected similarly by prior implementation of the recommendations marked *.

Sector 9. Fisheries

The information obligations selected for Fisheries form the tenth largest proportion of administrative costs and burdens in this project. They represent a *total administrative cost of EUR 17.99 million. Of this, EUR 16.52 million (92%) has been classified as administrative burdens.* The remainder is business-as-usual cost which businesses would be likely to continue to incur if the obligations did not exist.

Recommendations

The following recommendations are made as an action plan to reduce administrative costs and burdens in the selected fisheries obligations:

The recommendation to simplify the application for an establishment licence and lease and introduction of a one-stop shop suggests that businesses have to deal with only one single authority during the licensing process. This authority would also gather all the information needed for the licence that is already available to the public administration. This would significantly reduce the time spent on gathering documents in support of each application and dealing with multiple authorities which would also decrease irritation.

The recommendation to integrate the licence to use water resources into the environment permit would merge two licensing processes where almost identical sets of documents are requested. This would reduce the costs stemming from duplicated requirements for documentation.

The recommendation to clarify legislation in scope and development of guidelines for aquaculture businesses would lead to a thorough review of legislation in this area, its codification, standardisation of documents and administrative procedures and a development of guidelines for aquaculture businesses on the respective regulation in this sector. It would reduce the time needed to familiarise with the existing legislation and resources spent on external experts.

The recommendation to streamline the modification/renewal process for aquaculture licences would lead to a development of criteria based on which a business will need to modify its licence in case of a change of the project. It would reduce the number of cases where modification is necessary and the number of documents requested in case of the modification.

The recommendation to enable electronic submission of application and to digitalise the entire licensing process suggests developing an electronic platform for the licensing process. Documents would be submitted in the electronic form which would reduce the number of copies needed for the application.

The recommendation to increase the validity for the producer-seller licence would extend the validity period of this licence to two years and therefore reduce time fishermen and fish-farmers need to spend on renewing the licence twice a year.

The recommendation to reduce the number documents required for a producer-seller licence would abolish the requirement for applicants to submit documents that are already available to public authorities and can be obtained through internal communication. This would reduce time spent on gathering these documents and other related costs.

The implementation of recommendations in the Fisheries area should be given medium priority despite a relatively small number of concerned businesses because fisheries is a very important sector in Greece and some significant savings may be achieved for businesses (including individual entrepreneurs) and potential investors.

Different and additional options and suggestions were made by stakeholders about obligations in the priority area Fisheries. These are included to provide additional material for the Greek government to consider further measures to simplify and reduce administrative burdens and irritation.

The measurement covered the following selected obligations in the priority area Fisheries:

- Obligation to apply for an establishment licence and lease (aquaculture businesses).
- Obligation to apply for a licence to use water resources (aquaculture businesses).
- Obligation to apply for and renew a producer-seller licence (fishermen, fish farmers).
- Obligation to obtain and renew commercial fishing vessel licence.

Recommendation	Calculated reduction in administrative costs	Calculated reduction in administrative burdens
Simplification of the application for an establishment licence and lease and introduction of a one-stop shop*	EUR 577 971	EUR 577 971
Integration of the licence to use water resources into the environment permit*	EUR 7 257 672	EUR 6 617 396
Clarification of the legislation in scope and development of guidelines for aquaculture businesses*	EUR 3 000 673	EUR 3 000 673
Streamlining the modification / renewal process for aquaculture licences*	EUR 3 095 904	EUR 3 095 904
Electronic submission of application and digitisation of the entire licensing process*	EUR 1 105 471	EUR 1 105 471
Increase of the validity for the producer-seller licence*	EUR 2 554 038	EUR 2 554 038
Reduction of documents required for a producer-seller licence*	EUR 1 468 350	EUR 1 468 350

Note: In line with standard practice, the reduction calculations have been made individually for each recommendation. It is therefore not possible to add together these calculated reductions to obtain an overall total reduction because different recommendations affect the same obligations. The overall reduction obtained depends on the sequencing of recommendations.

The impact of the recommendations marked * would be reduced by the other recommendations being implemented, and the impact of recommendations which are not marked would be affected similarly by prior implementation of the recommendations marked *.

Sector 10. Telecommunications

The information obligations selected for telecommunications form the ninth largest proportion of administrative costs and burdens in this project. They represent a *total administrative cost of EUR 20.77 million to businesses in Greece*. Of this, *EUR 14.76 million (71%) has been classified as administrative burdens*. The remainder is business-as-usual cost which businesses would be likely to continue to incur if the obligations did not exist.

Recommendations

The following recommendations are made as an action plan to reduce administrative costs and burdens in the selected telecommunications obligations:

The recommendation to “*centralise*” the application process for mobile base stations and fixed network permissions would reduce the number of authorities involved in the process of applications for new base stations or modifications of existing base stations as well as applications for right of way for fixed network expansion projects. One central competent authority would be identified which would accept applications through its one-stop shop and be responsible for distributing the documents among other authorities involved. This would reduce the time needed for preparing documentation as well as consultancy costs. It would also reduce discrepancies among local authorities in applying legislation.

The recommendation to *connect all competent authorities to the electronic application system (SILYA)* would involve all authorities participating in the application process in the existing electronic application system. This would enable electronic circulation of all documents leading to time savings both for businesses and for public administration. In addition, it would also help to make the process more effective by its standardisation and the identification of bottlenecks.

The recommendation to *reduce the need for modification of base station permits and certifications of completeness* would reduce the number of cases where an application for modification of the permit or certificate of completeness of a base station is required through identification of modifications with potentially low impact where simple notification would suffice. This would reduce the number of applications as well as the time needed for the preparation of dossiers for telecommunications companies.

The recommendation to *establish an “electronic one-stop shop” for the right of way application process* would lead to a single point of contact where all applications would be submitted in an electronic form. This would reduce the number of authorities businesses have to deal with and save time as well as the out-of-pocket costs spent on multiple copies of the documentation. In addition, it would allow standardising of the application process, increasing consistency in the application of the law.

The recommendation to *set Accepted Technical Standards in order to reduce required documentation for fixed telephony network expansion projects* would lead to developing a set of generally accepted technical standards that could be used for this type of project. Applicants would only declare that they will adhere to these standards instead of submitting voluminous documentation.

The recommendation to *identify “low-impact projects” requiring simpler approval process or no approval for right of way* would lead to a definition of fixed network expansion projects with potentially low impacts. The application process for these projects could be simplified requiring fewer pre-approvals and documentation, thus limiting cases where a full application process is required.

The *implementation of recommendations* in the telecommunications area should be given medium priority because, despite a relatively limited number of businesses involved in this sector, there are some considerable opportunities for administrative burden reduction and therefore increasing investments in developing telecommunication infrastructure and therefore faster progress in the development of the Telecommunication sector.

Different and *additional options and suggestions* were made by stakeholders about obligations in the priority area Telecommunications. These are included to provide additional material for the Greek government to consider further measures to simplify and reduce administrative burdens and irritation.

The measurement covered the following selected obligations in the priority area Telecommunications:

- Obligation to apply for a permit to install or modify a mobile communications antenna (base station) – new.
- Obligation to apply for a permit to install or modify a mobile communications antenna (base station) – modifications.
- Obligation to apply to authorities for permission to obtain right of way to run a fixed network through public and communal property.

Recommendation	Calculated reduction in administrative costs	Calculated reduction in administrative burdens
“Centralisation” of the application process for mobile base stations and fixed network permissions*	EUR 2 079 277	EUR 2 079 277
Connection of all competent authorities to the electronic application system (SILYA)*	EUR 606 563	EUR 606 563
Reduction of the need for modification of base station permits and certifications of completeness	EUR 1 826 305	EUR 1 826 305
Establishment of an “electronic one-stop shop” for right of way application process*	EUR 2 085 703	EUR 2 085 703
Setting of Accepted Technical Standards in order to reduce required documentation for fixed telephony network expansion projects	EUR 2 498 877	EUR 2 498 877
Identification of “low-impact projects” requiring simpler approval process or no approval for right of way	EUR 4 600 113	EUR 4 600 113

Note: In line with standard practice, the reduction calculations have been made individually for each recommendation. It is therefore not possible to add together these calculated reductions to obtain an overall total reduction because different recommendations affect the same obligations. The overall reduction obtained depends on the sequencing of recommendations.

The impact of the recommendations marked * would be reduced by the other recommendations being implemented, and the impact of recommendations which are not marked would be affected similarly by prior implementation of the recommendations marked *.

Sector 11. Statistics

The information obligations selected for Statistics form the eleventh largest proportion of administrative costs and burdens in this project. They represent a *total administrative cost of EUR 8.16 million to businesses in Greece* which has all been classified as administrative burden because there is no business-as-usual cost which businesses would be likely to continue to incur if the obligations did not exist.

Recommendations

The following recommendations are made as an action plan to reduce administrative costs and burdens in the selected statistics obligations:

EL.STAT, in common with other EU statistical authorities, upholds the European Statistics Code of Practice which emphasises its professional independence and commitment to quality in statistics, as well as a clear commitment to reduce the reporting burden on business over time. The following recommendations are in accordance with the Code of Practice.

The recommendation to *expand the portal for online submission of survey data using electronic questionnaires* would allow businesses to submit their responses to EL.STAT surveys more cheaply and conveniently. It is already used for the submission of INTRASTAT and waste data.

The recommendation to *reduce duplication and overlapping between questionnaires* is aimed at reducing the amount of information which businesses submit to EL.STAT in the structural business survey and job vacancy and labour cost survey as a result of EL.STAT departments exploiting further the opportunity to share information provided on different survey questionnaires, where this is possible. There could also be opportunities to reduce the amount of administrative information requested by ministries and other public services if they involve EL.STAT in reviewing the information they currently request and understand better where published statistical information.

The recommendation to *use accounting data and data from administrative sources* would reduce the amount of specific information requested from businesses by requiring submission of financial data in a standardised format which could be used by EL.STAT for different purposes. It would also reduce the amount of specific information requested from businesses by making greater use of data collected by other public authorities. These authorities would be required by EL.STAT to provide the information for statistical purposes, following an assessment by the statistical authority that the data met relevant quality criteria.

The *implementation of recommendations* in the Statistics area should be given lower priority compared to other sectors examined in the project because the changes have lower impact overall than changes in most other sectors, and because they must be made while supporting the provision of quality statistics which are important both nationally and at a European level.

The measurement covered the following selected obligations in the priority area Statistics:

- Obligation to provide data in response to EL.STAT surveys on the structure of businesses.
- Obligation to provide data in response to the EL.STAT survey on production and sales of manufactured goods.
- Obligation to provide data in response to the EL.STAT survey on the trading of goods between Greece and other EU Member States (Intrastat).
- Obligation to provide data in response to the EL.STAT survey on job vacancies and labour costs (different questionnaires).

Recommendation	Calculated reduction in administrative costs	Calculated reduction in administrative burdens
Expand portal for electronic submission of survey data using electronic questionnaires*	EUR 665 558	EUR 665 558
Reduce duplication and overlapping between questionnaires*	EUR 482 210	EUR 482 210
Use of accounting data and data from administrative sources*	EUR 2 085 665	EUR 2 085 665

Note: In line with standard practice, the reduction calculations have been made individually for each recommendation. It is therefore not possible to add together these calculated reductions to obtain an overall total reduction because different recommendations affect the same obligations. The overall reduction obtained depends on the sequencing of recommendations.

The impact of the recommendations marked * would be reduced by the other recommendations being implemented, and the impact of recommendations which are not marked would be affected similarly by prior implementation of the recommendations marked *.

Sector 12. Pharmaceuticals

The information obligations selected for Pharmaceuticals form the twelfth largest proportion of administrative costs and burdens in this project. They represent a *total administrative cost of EUR 6.24 million to businesses in Greece*. Of this, *EUR 6.16 million (98.6%) has been classified as administrative burdens*. The remainder is business-as-usual cost which businesses would be likely to continue to incur if the obligations did not exist.

Due to its size and the importance of other public policy priorities within the sector, the pharmaceuticals priority area offers only limited opportunities for administrative burden reduction within the project.

A move to agree between the regulatory authorities and the pharmaceutical industry the price reference sources and algorithms for the determination of pharmaceutical prices does not appear possible in practical terms at present. If it became possible, this would reduce administrative burdens of price determination and re-determination by *EUR 1.4 million*.

Recommendations

The following recommendations are made as an action plan to reduce administrative costs and burdens in the selected Pharmaceuticals obligations:

The recommendation to *adhere to the regulatory deadlines for pharmaceutical price determination and provide transparency in the price determination process* would reduce the amount of time and effort pharmaceutical companies spend re-submitting information and chasing up their applications with the regulator.

The recommendation to *direct pharmacy store licence applications to a single point of contact at each Prefecture* would remove the role of a bailiff in the application for an establishment licence, make a single point in the Prefecture responsible for making progress with the application, and includes the benefits of the recent law change allowing the use of a solemn statement from an engineer about the conformity of the pharmacy to certain regulations.

The *implementation of recommendations* in the Pharmaceuticals area should be given lower priority because of the limited opportunities for reduction and the other regulatory priorities within the sector. We have put the administrative burden reduction in context in section 3.2.1.

The measurement covered the following selected obligations in the priority area Pharmaceuticals:

- Obligation to apply for determination of prices (pharmaceutical companies).
- Obligation to apply for a permit to conduct parallel imports.
- Obligation to register to establish a pharmacy store.

Recommendation	Calculated reduction in administrative costs	Calculated reduction in administrative burdens
Price determination: adherence to regulatory deadlines and transparency about progress in price determination	EUR 123 975	EUR 123 975
Pharmacy store licensing: direct applications for licences to a single point of contact at the Prefecture	EUR 69 415	EUR 69 415

Sector 13. Tourism

The information obligations selected for Tourism form the smallest proportion of administrative costs and burdens in this project, because the priority area includes tourism-specific regulation. Tourism businesses are also subject to other forms of regulation which are measured in other priority areas, including tax law (VAT), company law and annual accounts, environment regulation, working environment and employment relations regulation. The costs measured in the tourism priority areas represent a *total administrative cost of EUR 2.05 million to businesses in Greece*. Of this, *EUR 1.45 million (71%) has been classified as administrative burdens*. The remainder is business-as-usual cost which businesses would be likely to continue to incur if the obligations did not exist.

Recommendations

The following recommendations are made as an action plan to reduce administrative costs and burdens in the selected tourism obligations:

The recommendations to *remove the economic and feasibility study for special tourism developments and align the environmental information requirements with the AEPO* would remove requirements on investors to submit a form of business plan to the authorities, given that they are not applying for a state grant, and would also continue the streamlining already begin to make the EOT opinion on such developments an integral part of the environmental approval of the proposal.

The recommendations to *turn the EOT accommodation approval process into a true notification, simplify accommodation classification standards and allow electronic submission of details to EOT* would reduce the amount of time and effort hotels and other tourist accommodation businesses spend seeking approval to operate and classification of their accommodation (stars or keys), without placing at risk public safety or statutory quality standards. They involve completing a move which has already been begun by the Ministry of Tourism from a process of *ex ante* approval and inspection before operations begin to a process of compliance with public safety measures followed by the start of operations and then targeted inspection on quality standards.

The recommendations to *reduce the amount of information required from marina operators* would abolish a requirement on operators to submit to the Ministry of Tourism their third party contracts, for example with shops on the marina, and change to a notification the current process of seeking active approval for traffic arrangements on the marina.

The measurement covered the following selected obligations in the priority area Tourism:

- Obligation to obtain feasibility approval from EOT (early stage of analysis approval of business plan which is required for several categories of tourism development).
- Obligation to obtain a Special Operating Licence/Sign/Certificate form EOT for accommodation (hotel, apartments, rooms for rent, private villas).
- Obligations relating to notifications and permissions for the ongoing operation of marinas: price notification / third party commercial activity / road traffic circulation permission.

Recommendation	Calculated reduction in administrative costs	Calculated reduction in administrative burdens
Removal of the economic and financial feasibility study for tourism developments	EUR 126 978	EUR 126 978
Align with touristic land suitability approval and environmental requirements the information on feasibility which must be submitted for tourism developments to obtain the opinion of EOT under the AEPO	EUR 130 058	EUR 130 058
Special operating licence for accommodation: notification rather than application*	EUR 34 036	EUR 34 036
Accommodation classification: Simplification and periodic review of standards*	EUR 35 537	EUR 35 537
Special operating sign for accommodation: Electronic submission of documents*	EUR 78 169	EUR 78 169
Marina operations: Remove requirement to submit third party commercial contracts to the Ministry of Tourism	EUR 1 550	EUR 1 550
Marina operations: Notification of road traffic circulation	EUR 36 322	EUR 36 322

Note: In line with standard practice, the reduction calculations have been made individually for each recommendation. It is therefore not possible to add together these calculated reductions to obtain an overall total reduction because different recommendations affect the same obligations. The overall reduction obtained depends on the sequencing of recommendations.

The impact of the recommendations marked * would be reduced by the other recommendations being implemented, and the impact of recommendations which are not marked would be affected similarly by prior implementation of the recommendations marked *.

Chapter 3

Reducing administrative burdens in Greece: Assessment and recommendations

Regulations and formalities are important tools used by governments to provide services and to carry out public policies in many areas. Administrative burdens have tended to grow in number and complexity, as governments need more information to implement their policies and target their regulations and instruments on more specific issues and populations. The growing use of formalities has become a major problem, known as “red tape” or administrative burdens. Formalities increase costs and multiply barriers for businesses through the time and money needed for compliance. This can, in addition, reduce regulatory certainty, a key parameter for businesses.

Efforts to reduce administrative burdens (AB) in OECD member countries have primarily been driven by ambitions to improve the cost-efficiency of administrative regulations. Direct administrative compliance costs include time and money spent on formalities and paperwork to comply with regulations. Indirect or dynamic costs arise when regulations reduce the productivity and competitiveness of enterprises.

The focus on AB has been attractive to OECD governments probably because they represent a part of regulatory costs that can be relatively easily identified and measured. Furthermore, reductions in this type of burden do not require an evaluation of the regulations’ policy objectives. The “paperwork” is also usually identified by regulated subjects as the most annoying and as a negative symbol of bureaucracy.

Reducing administrative burdens has long been a prominent topic in the regulatory reform debate. This reflects an early recognition of the fact that it is not simply the policy areas that governments choose to regulate and the specific regulatory standards that we impose that determine the size of the regulatory burden. Rather, the nuts and bolts questions of “how we regulate” are also important. Policies that support the reduction of AB have been

adopted in pursuit of the belief that these costs can often be reduced substantially without compromising the achievement of the underlying objectives of the regulations in question. Thus, they seek to remove inefficiencies in the way that regulatory requirements are implemented and administered.

By comparison with much of the regulatory reform agenda, AB reduction initiatives across the OECD can be considered to be relatively modest in scope and scale. OECD 2002 highlighted that these programs usually constitute reform on a modest scale, have lesser risks attached to their implementation and can deliver tangible results within short timelines that suit the political cycle. OECD 2003 has further argued that AB reduction policies had generally become more systematic over time and that the most effective administrative simplification policies had been those that were adopted as part of broader reform initiatives

The potential benefits of administrative burden reduction programs have long been recognized and these programs have, consequently, long been part of the regulatory reform agenda. At the same time, it has frequently been argued that focusing on administrative burden reduction constitutes aiming for an easy or convenient target in regulatory reform terms. OECD 2002 further notes that these programmes can be seen as first step to broader regulatory reform, in that they have less potential to fundamentally disturb vested interests than do other regulatory reforms.

OECD 2002 has also noted simplification programs differ from other regulatory reform in not being primarily reliant on political will and support. Moreover, this would suggest that they might be particularly appropriate in moving reform forward during periods where political support is limited. The situation of limited political support for regulatory reform is clearly the case in Greece at present. This is perhaps most starkly reflected in given the weak implementation of the 2012 Law on Better Regulation. It may therefore be appropriate for the Greek administration to focus on the implantation of burden reduction projects over the short run. Over the medium term, however, the Greek administration needs to guard against the risk of the diversion of regulatory reform resources (both in terms of capacities and political will) toward exclusive programmes that focus on AB reduction.

The current project has developed a consistent methodology for measuring administrative burdens in 13 sectors of the Greek economy. It has made judgments as to the size of existing burdens and suggested recommendation for their reductions. It also has the potential to provide appropriate incentives for ministries and agencies to act to reduce the administrative burdens that their regulations impose.

However, the current project is not, and cannot be a substitute for a more sophisticated policy development in the area of administrative burden reduction and regulatory reform. MAREG, given that it has been entrusted with responsibility for administrative burden reduction policy, must therefore work to promote the implementation of these policies but also promote a wider regulatory reform agenda across the Greek administration.

The OECD believes that there are a number of steps that can be taken to improve the administrative burden reduction efforts in Greece as well the need to focus on broader regulatory reforms.

1. Broaden and widen administrative burden reduction projects

The focus of administrative burden reduction should be broadened. Greece should consider concentrating burden reduction not solely on businesses but include also the costs of regulation on citizens and the public sector.

There are synergies that should be explored by adapting the techniques developed and implemented in the current project to measure other costs as well as to focus on other subjects than businesses. When trying to reduce regulatory costs on citizens and public sector, Greece should target their efforts and not try to make a full baseline measurement. Quantitative methods should be complemented by the qualitative ones as outlined below.

Box 3.1. The Handbook on the Regulatory Cost Model

The regulatory cost model (RCM) developed by the Bertelsmann Stiftung is based on the principles of the standard cost model (SCM) and develops it further. It provides a systematic methodology for an integrated measurement of the costs arising from duties requiring action.

Overall, the RCM differentiates between six types of duties requiring action: Information, payment, co-operative, supervisory, training duties as well as target fulfillment and other requirement fulfillment duties.

The costs incurred by duties requiring action can first be classified, in terms of resource-orientation, as personnel, material and financial costs. Personnel costs are determined by multiplying the time taken by the associated hourly wage rate, whereby specific standard processes for each type of duty requiring action are used for ascertaining the time required. Material costs include costs for materials, incoming goods, third party services, financing and infrastructure costs as well as depreciation and amortisation. Financial costs include taxes and other levies such as fees.

Personnel and material costs represent business-as-usual costs, either partly or in their entirety, if applicable. Business-as-usual costs are costs which would be incurred by the regulation addressee even if there were no statutory duty.

Box 3.1. The Handbook on the Regulatory Cost Model (cont.)

Additional costs, in contrast, are costs incurred solely by the statutory duty. Financial costs in principle only represent additional costs as the norm addressee would typically not pay taxes to the State without the statutory duty to do so. If business-as-usual costs are subtracted from the sum of the personnel, material and financial costs (= Regulatory Costs I), this results in the additional costs (= Regulatory Costs II).

Finally, opportunity costs are calculated on the basis of these additional costs. Opportunity costs are defined as profits foregone by the norm addressee due to the fact that statutory duties had to be fulfilled and resources could therefore not be optimally implemented. For the sake of simplicity, the RCM determines opportunity costs by calculating interest gains foregone in one year. If the additional costs are added to the opportunity costs, the result is the total regulatory cost caused solely by law (= Regulatory Costs III).

Besides the individual types of costs, the RCM also offers the possibility of recording the subjective burdening of the norm addressee. The subjective burden can be seen as an “irritation” in the sense of annoyance with the statutory duty. Overall, the RCM differentiates between three causes for irritations: Lack of understanding, lack of fulfillment (feasibility) and lack of acceptance of the statutory duty.

The handbook is intended to be used as a set of instruments (toolkit), *i.e.* according to the epistemic interest, complexity of the measurement object, temporal and financial resources as well as the requirements of the validity and reliability of results. The toolkit can be used as a suitable instrument in the required intensity for determining regulatory costs.

Source: Handbook for Measuring Regulatory Costs, Version 1.0 (April 2009), Bertelsmann Stiftung.

2. Quantify, but cautiously

Greece should continue to quantify administrative burdens and set quantitative targets for their reduction. This could include the quantification of burdens in other sectors of the economy than the 13 covered in this report. In addition, given the high proportion of measured administrative costs in the VAT, Company Law, Public Procurement and Agriculture sector, another round of burden reduction could be warranted.

However, quantification should be used cautiously and with efficiency in mind. Qualitative methods, especially those assessing the irritation costs, should complement the quantitative ones, to better target the efforts.

Although it may not be advisable to fully disregard measurement, it is highly recommended to target the reduction efforts for the sake of efficiency, i.e., to try to set priorities by identifying those areas of regulations or those individual regulations that have the potential to be the most burdensome and focus on them.

Box 3.2. Good international practices on focusing simplification efforts using quantitative and qualitative techniques

In 2007, the Danish government initiated the Burden Hunters Project. This was the first step in the development of a more systematic approach towards the reduction of irritation burdens. Staff from the Danish Commerce and Companies Agency (DCCA) and representatives of line ministries visited businesses to get concrete and specific knowledge about how they experience interactions with government authorities and services provided. The Danish government presented an action plan containing 105 measures to reduce administrative burdens on public sector service providers expected to free up some three million working hours annually for service provision.

Mexico has recently adopted the SCM, which has brought a renewed impetus across the federal government to reduce administrative burdens generated by formalities. Mexico invested reasonable resources in producing a baseline measurement of administrative burdens by embarking in the collection of data from around 500 interviews, and using a combination of statistical and mathematical techniques and internal assessments to extrapolate the data to estimate burdens. Following international practices, Mexico set the objective of reducing 25% of administrative burdens as part of the regulatory improvement programmes for the years 2011-12 submitted by line ministries and agencies of the federal government.

In the Netherlands, the perception of businesses towards regulatory burdens reduction is measured yearly as part of an initiative called Business Sentiment Monitor. It does not only focus on the reduction of administrative burdens, but also includes costs to comply with regulations, requirements of supervisory bodies, and the constantly changing rules. The Netherlands aims at increasing by 25% the number of businesses that say that they have very little irritation from unnecessary information obligations.

Source: OECD (2014), *Regulatory Policy in Mexico: Towards a Whole-of-Government Perspective to Regulatory Improvement*, OECD Publishing, doi: [10.1787/9789264203389-en](https://doi.org/10.1787/9789264203389-en); OECD (2010a), *Better Regulation in Europe: Denmark 2010*, OECD Publishing, doi: [10.1787/9789264084551-en](https://doi.org/10.1787/9789264084551-en); OECD (2010b), *Why is Administrative Simplification so Complicated?* OECD Publishing, doi: [10.1787/9789264089754-en](https://doi.org/10.1787/9789264089754-en).

Qualitative techniques, while less precise, may help to identify potentially burdensome regulations and thus more efficiently target the resources spent on quantitative measurement. Qualitative methods also help to identify those areas of regulations that are perceived by stakeholders as the most irritating. Quantitative methods, however, help not only to identify the most burdensome information obligations, but also to disaggregate regulations into individual information obligations and make it easier to spot opportunities for reduction.

3. Strengthen the institutional structures supporting burden reduction

Efficient institutional structures for implementing, co-ordination and monitoring of administrative burden reduction projects should be strengthened.

An important step in this regard is to move to a more bottom-up approach and hand responsibility for identifying AB reductions to ministries and agencies. This is a sound approach, in that ministries and agencies are at the sharp end of implementing regulatory frameworks. Given their proximity to regulated subjects, ministries and agencies are best positioned to make informed choices as to which burdens can be reduced. They also have incentives to achieve reductions in administrative burdens in ways that minimize any compromise of regulatory objectives, while also minimizing any additional costs to government.

It is important that MAREG, given its mandate of a co-ordinating body for administrative simplification across the Greek administration, has enough political support and sufficient tools to put pressure on ministries and agencies. A range of tools should be developed in this regard. Setting individual targets is one possibility. Naming and shaming, for example through regular reports to the government and/or parliament is another. MAREG will need additional capacity, resources and political support to support this work.

The establishment of the High Level Committee provided important oversight for this project. It also had an important network effect, raising the consciousness of senior officials about administrative burden reduction and the better regulation agenda more generally. It should continue to meet at Secretary-General level annually in order to discuss and promote better regulation initiatives.

Box 3.3. Examples of administrative bodies in charge of overseeing Better Regulation

Ireland. The Better Regulation Unit (BRU) has its origins in earlier units to drive forward the regulatory reform agenda in the late 1990s (an earlier version was the Central Regulatory Reform Resource Unit).

It plays an especially key role in Regulatory Impact Assessment (RIA). It operates a RIA helpdesk and delivers RIA Training in partnership with the Civil Service Training and Development Centre (CSTDC). It chairs the RIA Network which includes representatives from all departments and has worked closely with the Central Evaluation and Expenditure Division of the Department of Finance in revising the methodological elements of the RIA Guidelines. The BRU does not have a statutory gatekeeper role with regard to RIA (it has no formal authority to turn poor RIAs back), nor does it have a formal mandate to assess the quality of RIAs or to report on the outcomes of its monitoring work on RIA.

The BRU also supports the Office of the Attorney General in relation to the Statute Law Revision project and the Law Reform Commission in relation to the Restatement project.

The BRU supports other activities related to Better Regulation. For example, it facilitated the independent review of the economic regulatory environment and co-ordinated work on the 2009 government Statement on Economic Regulation. The unit is responsible for organising meetings of the Annual Regulatory Forum which the government has committed to in their Statement on Economic Regulation. The first Forum was held in February 2010.

The BRU represents Ireland at Better Regulation meetings of the EU and the OECD.

The BRU does not directly oversee the work on administrative burden reduction. This work is the responsibility of the Business Regulation Unit in the Department of Trade, Enterprise and Innovation, created in 2007.

Italy. Between 2008 and 2011, a Minister for Normative Simplification was responsible for co-ordinating legislative (such as the *taglia-leggi* process) and administrative simplification initiatives. From November 2011, the structures devoted to simplification (Office for administrative simplification and Unit for the simplification and the quality of regulation) have been regrouped under the responsibility of the Ministry for Public Administration and Simplification, leading de facto to a consolidation of the institutional framework.

The Ministry for Public Administration and Simplification is supported by:

- The Unit for Simplification and Regulatory Quality (Unità per la Semplificazione e la Qualità della Regolazione, USQR) consists of high-level experts and functions as an advisory board and a transmission belt between the political arena and the technical dimension of the reform agenda. It follows on earlier attempts to establish a Nucleo and an Observatory for simplification, as part of the first wave of regulatory reforms which took place in the 1990s.
- The Office for Administrative Simplification (USA) co-ordinates the administrative simplification activities and the implementation of the measurement and reduction of administrative burden. USA is supported by a “task force MOA” and the Statistical Office (ISTAT).

Box 3.3. Examples of administrative bodies in charge of overseeing Better Regulation (*cont.*)

- The Minister for Public Administration and Simplification collaborates with the Department for Digitalization of Public Administration and Technology Innovation (the former Department for Innovation and Technologies) for the definition and implementation of measures related to technological innovation in public administration.

United Kingdom. The BRE is the central authority for advocacy and co-ordination of Better Regulation policy across government.

Specifically, it has the following functions:

- *Monitoring and challenge.* It monitors the Better Regulation policies and progress of departments and key national agencies, through a network of account managers on a day-to-day basis, and through the Executive Chair briefing the prime minister on progress around government. It scrutinises new policy/regulatory proposals and advises whether they should be examined by the Panel for Regulatory Accountability. It is not however a formal gatekeeper: it does not have any powers to block proposals for regulation.
- *Advocacy and communication.* It encourages the development of Better Regulation principles across government, and manages external communication of the government's policy on Better Regulation.
- *Institutional co-ordination and culture change.* It has developed – and continues to develop – a broad range of relationships within central government as well as outside, including with the National Audit Office (with which it has shared a recent evaluation of regulators), consumer representatives (the National Consumer Council is a policy adviser to the BRE), parliamentary committees, local authorities, and EU colleagues.
- *Support and guidance.* The BRE is a facilitator – its staff offer departments guidance in the development of impact assessment and simplification plans, among other issues. It has produced a wide range of guidance material and training tools.
- *Policy and project development and management.* It has been the main driver for all the recent Better Regulation initiatives, taking forward projects such as the establishment of the Local Better Regulation Office and regulatory budgets.

Source: OECD (2010c), *Better Regulation in Europe: Ireland*, OECD Publishing, doi: [10.1787/9789264095090-en](https://doi.org/10.1787/9789264095090-en); OECD (2010d), *Better Regulation in Europe: Italy*, OECD Publishing, doi: [10.1787/9789264204454-en](https://doi.org/10.1787/9789264204454-en); OECD (2010e), *Better Regulation in Europe: United Kingdom*, OECD Publishing, doi: [10.1787/9789264084490-en](https://doi.org/10.1787/9789264084490-en).

4. Develop guidance on the most effective and efficient means of reducing regulatory burdens

MAREG should supplement potential future work on reducing administrative burdens, by providing guidance to ministries and agencies as to how this might be achieved. Ministries and agencies cross the Greek administration currently have little or no guidance as to how to have maximum impacts in reducing administrative burdens while having minimum effect in reducing the effectiveness of the affected regulations. Providing them with a means of identifying the areas in which there are *a priori* likely to be undue burdens which might be addressed would be a useful first step.

Some specific areas in which useful guidance can be provided include the following:

1. Guidance on when the use of licence/permit arrangements is and is not likely to be effective and, in the latter case, what alternatives exist;
2. Identifying best practices for designing and implementing licensing/permitting systems (e.g. duration of licence, use of electronic submission, etc.);
3. Guidance on minimising reporting and record-keeping requirements (through assessing the appropriate nature and extent of information to be included, looking at data sharing possibilities, reviewing required retention periods, etc.);
4. Guidance on monitoring/testing requirements. This could include discussion of how to determine appropriate testing frequencies, record keeping requirements and reporting procedures;
5. Guidance on enforcement and inspections procedures.

This obviously constitutes only a partial list of issues in respect of which guidance could be provided. However, it is illustrative of the range of technical issues on which ministries and agencies need to be well informed if they are systematically to adopt best practice approaches to administrative burden reduction. At present, no such systematic guidance is being provided to them.

5. Develop an evaluation strategy for burden reduction

An evaluation strategy should be developed before launching any new reduction projects. It should not only focus on the quantification of administrative burdens reduced as a result of the project but also on other outcomes and effects for society. Administrative burden reduction efforts should be evaluated against a range of possible criteria as developed in Annex A to this report.

The overall impact analysis of burden reduction projects should be systematically conducted, preferably before they are adopted and implemented. This will prevent adoption of such proposals where reduction of costs does not justify elimination of benefits by these proposals.

6. Move from administrative burden reduction to broader other approaches to reforming regulation

It is important for Greece to maintain a clear sense of perspective about the relative role and importance of administrative burden reduction within the broader regulatory reform context. Administrative burdens represent only one small element of the costs imposed by regulation. It should not displace other regulatory reform tools and policies. It can be used as a “foot in the door” to create momentum and help to gain support from stakeholders for wider reforms.

OECD countries have used a range of approaches to reform the stock of regulation. These approaches vary both in their depth (the nature of the burdens and benefits they consider) and breadth (the number of regulations and industries covered).

Management approaches address unnecessary administrative costs in a routine or incremental way. They include:

- “One-in one-out” rules, where the introduction of a new legislative instrument is to be offset by the removal of an existing instrument of equal value of regulatory cost.
- Cumulative effect assessments, where an assessment is made of the overall regulatory burden in a given sector or programme area.
- Red tape reduction targets.

Programmed reviews are undertaken on a planned basis to ensure that regulation is needed and is working as intended. They include:

- Sunsetting, where regulation lapses after a specified period if not remade.
- Reviews directly embedded in legislation.
- Post implementation reviews, where regulation is reviewed when initial regulation impact analysis requirements or other procedural requirements were not followed. (These are often employed in times of crisis or emergency when legislation needs to be quickly enacted.)

More significant reviews are often undertaken on an *ad hoc* basis. They include:

- Public stocktake reviews, which identify regulation that is imposing unnecessary burdens. Stocktakes tend to be broad, but the issues covered can be limited by their ‘complaints-based’ nature.
- Principles-based reviews, which apply a common principle as a screening mechanism to identify the need to review a regulation. The most generally applied principle has related to restrictions on competition. (This was the underlying approach in the recent OECD Competition Assessment Review of Greece.)
- Benchmarking, which compares regulation, regulatory processes, and/or regulatory outcomes across countries.
- In-depth reviews, to achieve a full understanding of the regulatory issues and developing options for reform, typically focusing on a particular industry, category of regulation, or problem area.

The use of any of these instruments in Greece needs to be carefully assessed by the government and is beyond the scope of this project.

Mechanisms for official monitoring and reporting of administrative burdens

Greece should establish a mechanism to regularly measure administrative burdens and monitor their reduction. Detailed requirements for reporting an *ex ante* and an *ex post* standard cost analysis respectively should be established and specified by the co-ordinating unit in a standard reporting template.

In line with the International Standard Cost Model, it is recommended that a monitoring group is established consisting of representatives from the relevant department, from business organisations and businesses, and the central co-ordinating unit. The monitoring group has to follow and continuously validate the results of the measurement.

This monitoring group could have a form of an independent advisory body, such as the ACTAL in the Netherlands, the National Regulatory Control Council (*Normenkontrollrat*) in Germany or the Regulatory Policy Committee in the UK. Creation of such advisory bodies in OECD countries has the advantage of strengthening the role of independent watchdogs in the process of *ex ante* assessment of prepared regulations as well as *ex post* simplification. Since they usually gather representatives of administration together with representatives of stakeholders, a user-centric approach is also strengthened. The Greek Business Environment Observatory could serve as a basis for establishing such an independent watchdog.

Box 3.4. ACTAL – the Netherlands

Actal, the Dutch Advisory Board on Regulatory Burden, is an independent and external advisory body that advises government and parliament on how to minimize regulatory burdens for firms, citizens, and professional workers in healthcare, education, safety and welfare. Actal was established by decree in 2000. Its remit was to advise government and Parliament on the administrative burden for businesses of proposed primary and secondary legislation. With this decree, Actal's role in the *ex ante* scrutiny of legislation was established. In 2011, Actal's competencies were changed. Actal was given the competency to scrutinise proposed legislation *ex ante* on all forms of regulatory costs.

Actal's board has three members. They are private citizens chosen for their proven knowledge in the field of tackling regulatory costs. They are drawn from the political, the academic and the business community. The board has a mix of entrepreneurial and political experience. The board is supported by a staff of thirteen. This staff consists of civil servants with backgrounds in government and the private sector.

The *ex ante* assessment is focused on policy proposals that have considerable consequences on regulatory burden in the Netherlands for businesses, citizens or professionals. Ministries are responsible for clearly outlining the consequences that their legislation will have on regulatory costs. Actal selects the proposals it wishes to advise on. Besides the tasks on the flow of new regulation (*ex ante* assessment) and on the stock of existing regulation (*ex post* evaluation), the decree of June 2011 has entrusted Actal with a new task: advising the government and Parliament on the system of assessing the impact of proposed legislation on regulatory burden experienced by the business community, by citizens, and by professionals in the healthcare, education, security and social security sectors.

Source: ACTAL's website, www.actal.nl/english/about-actal/.

Too much emphasis on administrative costs may, again, weaken the focus on other important costs as well as the benefits of regulations. The advisory body should therefore preferably oversee the quality of new or existing regulations as such and not only from the point of view of administrative costs, and the representativeness of various stakeholders should be well balanced.

Ministries would have to measure administrative costs and burdens caused by newly introduced regulations as part of the Regulatory Impact Analysis (RIA) process using the Standard Cost Model and report results of these measurements to the independent advisory body using a standardised form. This body would oversee the quality of these measurements with the right to request amendments if needed. This body would also gather and analyse the data on the overall level of administrative burdens in Greece and its changes and publish them for example through an annual report.

Box 3.5. Normenkontrolrat (NKR) - Germany

In April 2006, the German Federal Government presented a consistent overall concept through its programme for “Bureaucracy Reduction and Better Regulation”. With this it set itself in particular the goal of measurably and verifiably reducing costs associated with existing information obligations. In September 2006, the NKR was appointed as an independent body to provide assistance, in the role of critical and constructive adviser and supporter, to the Federal Government in implementing the programme. A minister of state was appointed at the Federal Chancellery as the Federal Government’s Representative for Bureaucracy Reduction.

The experience gained in the first few years has shown that bureaucracy costs ensuing from information obligations account for only a small part of the follow-up costs incurred by Federal regulations. Since 2011, these follow-up costs of Federal regulations have also been made transparent with the compliance costs. The “Bureaucracy Reduction and Better Regulation” programme has thus been significantly expanded, as has been the mandate of the NKR. Thanks to the now consistently practiced disclosure of all follow-up costs, decision makers in government and parliament today know, prior to the issuance of regulations, what cost burdens will ensue from their decisions for those concerned.

The *ex ante* procedure is designed to prevent unnecessary bureaucracy or follow-up costs. Before the Cabinet adopts regulations, the NKR reviews the ministries’ estimates of consequential costs for citizens, businesses and public authorities. The annual and one-off costs that are to be expected are critically assessed.

The NKR also examines:

- information concerning the aim and necessity of any regulation for its comprehensibility,
- considerations relating to other possible solutions/”alternatives”,
- considerations regarding the effective date of a regulation, time limits and evaluation,
- information concerning simplifications of legal and administrative procedures,
- information concerning the one-to-one transposition of EU law.

Draft regulations are required to be submitted to the NKR no later than the start of the co-ordination process within the Federal Government. In practice, the ministries often involve the NKR at an earlier date. The NKR prepares a draft resolution for each regulatory initiative. These are presented to the NKR plenum for adoption. The NKR sends its comments to the lead ministry. The draft law or regulation is then submitted, together with the NKR’s comments and,

Box 3.5. Normenkontrollrat (NKR) – Germany (cont.)

as applicable, with a counterstatement by the Federal Government, to the Federal Cabinet for deliberation. The Bundestag and Bundesrat always receive the government drafts together with the NKR's comments. The NKR reviews draft regulations from the Bundesrat when the Bundesrat refers these to the NKR. It comments on draft legislation from the floor of the Bundestag only at the request of the parliamentary group or members introducing the bill.

Another task of the NKR is the further development of the methodology on measuring regulatory costs.

Source: Website of the NKR, www.normenkontrollrat.bund.de/Webs/NKR/EN/Homepage/homepage_node.html;jsessionid=CE19583F9DCA8D6FFD3D240A778B7546.s2t1.

In case of continuation of administrative burden reduction efforts, this body would monitor the quality and performance of these efforts and provide its strategic advice to the government, e.g. on the areas which these efforts should focus on. In addition, it could gather inputs from stakeholders on the most burdensome regulations and provide the government with concrete simplification proposals.

Box 3.6. The Swedish Better Regulation Council

The Swedish Better Regulation Council is an independent government-appointed committee of inquiry. The Council has advisory standing in relation to the regulator's regular preparation and decision-making organisation.

The Council examines the formulation of proposals for new and amended regulations that may have effects on the working conditions of enterprises, their competitiveness or other conditions affecting them. The Council also has to consider whether the Government and administrative agencies under the Government have carried out the statutory impact assessments and assess whether new and amended regulations have been formulated so as to achieve their purpose in a simple way and at a relatively low administrative cost for enterprises.

The Council also has to assess the quality of the impact assessments and follow development in the area of better regulation, as well as provide information and advice that can promote cost-conscious and effective regulation.

The Swedish Better Regulation Council consists of a Chair, a Deputy Chair, two members and four alternate members. There is a quorum of the Council when the Chair or Deputy Chair and two other members are present.

Source: The Swedish Better Regulation Council's website.

The importance of measuring benefits and RIA

Improving the evidence base for regulation through an *ex ante* (prospective) impact assessment of new regulations is one of the most important regulatory tools available to the Greek government. The aim of Regulatory Impact Analysis (RIA) is to improve the design of regulations by assisting policy makers to identify and consider the most efficient and effective regulatory approaches, including the non-regulatory alternatives, before they make a decision.

With the adoption of the Law on Better Regulation, there is now a legal requirement in Greece to produce a RIA. While there is some evidence that RIAs are increasingly prepared and submitted with draft laws there is little data available on the quality and completeness of these RIAs. For Greece, as with many OECD countries, RIA continues to be seen as an additional element in the development of regulations, rather than an intrinsic element of the broader policy development process.

Greece has the opportunity in tackling the current economic climate to use RIA as a lever by which to implement far reaching changes that will result in better quality, effective regulations. Effective use of policy-making tools like RIA as part of the entire policy development cycle will help to produce a more efficient regulatory system, creating a suitable environment for competitiveness and sustained economic growth.

Annex A

Evaluation of administrative burden reduction programmes and their impacts

Methodological considerations and criteria for assessing AB programmes and evaluating their economic impact

In this Annex, we look more specifically at the problems that may be faced by governments wishing to launch an *ex post* evaluation of an ABs reduction programme. At first blush, the success of these types of initiatives seems rather easy to evaluate: as the goal of the reduction programme is expressed in quantitative terms (*e.g.* a 25% reduction of overall ABs), it might be sufficient to check that the target has been reached and then consider that the programme has been successful.

Testing for common mistakes

The *ex post* evaluation exercise needs to look beyond the achievement of the target set by the policy makers, and analyse the real outcome of the programme in terms of social welfare and industry competitiveness. Here, several complications may emerge. As regards the methodological features of the ABs measurement, potential challenges include the following:

- *The achieved reduction may not correspond to actual relief due to the types of burdens that have been reduced.* For example, if the burden reduction has fallen on administrative activities such as the keeping of records for a certain number of years, the elimination of these rules would not immediately be perceived by businesses, whereas the elimination of actual information processing and reporting obligations may be perceived as a relief.
- *Some costs may have erroneously been considered as burdens, while they correspond to business practices.* This can happen in particular whenever the observed conduct exhibits a significant “business as usual” or “BAU” factor. If these costs have been

classified as ABs during the baseline measurement, their reduction provides a misleading indication of the burdens reduction achieved, as well as of the corresponding relief for businesses.

- *Some administrative burdens may have been overestimated since the Standard Cost Model assumes 100% compliance with the information obligation.* This is perhaps the weakest feature of the Standard Cost Model. Assuming that the whole population of affected businesses complies with the legislation can lead to overestimating the level of ABs generated by that specific obligation, and accordingly overestimating the burdens reduction achieved by eliminating or simplifying that provision.
- *In other cases, referring to a “normally efficient business” can lead to an overestimation of the “learning by doing” economies achieved by firms in complying with certain information obligations.* In the Standard Cost Model, the concept of a normally efficient business is used as a reference – which means that inefficient behaviour by firms is not taken into account when calculating burdens. Especially when direct assessment is used (*i.e.* no telephone or face-to-face interviews or other empirical methods), the concept of normally efficient business may underestimate the businesses’ capacity to adapt overtime to existing legal provisions and reduce compliance costs overtime.

Assessing effectiveness

In addition to the soundness of the methodological choices adopted during the measurement, an *ex post* evaluation should ensure that the reduction measures adopted: *i)* do not create additional sources of cost for businesses, while reducing ABs; *ii)* do not increase costs for other agents, such as consumers or public authorities; *iii)* do not eliminate even greater benefits generated by the information obligation that has been eliminated/simplified.

In more detail:

- A reduction proposal may lead to lower administrative burdens, but at the same time increase other compliance costs for the same targeted businesses. ABs constitute only a subset of costs imposed on businesses by legislative acts. For example, the implementation of an e-government or any other IT-enabled solution can reduce the amount of time related to compliance with the information obligation. At the same time, however, it may require a degree of investment in upgraded IT equipment and training of employees,

which would not be considered as ABs, but fall generally in the category of compliance costs. Similarly, a proposal that reduces ABs may increase public expenditure in monitoring and enforcement (see below): these costs may be recovered by the government through higher tax burdens, thus increasing direct financial costs of legislation. Finally, a proposal may reduce burdens by requiring structural changes in the production process, which would guarantee a certain level of product safety without any need for burdensome certifications: in this case too, burdens are reduced, but costs may increase.

- A reduction proposal may reduce administrative burdens, but at the same time increase administrative burdens of a different origin. In the context of multi-level governance, the reduction of ABs achieved by eliminating some information obligations at a certain level of government – say, at the national level – may require the introduction of new information obligations at the lower level – say, at the regional or municipality level. The same can be said for the regional v. national levels: for example, if the obligation to label pharmaceutical products by indicating their basic content and warning on potential consequences of improper use was removed in EU legislation, member states would have to solve the problem themselves by adding a specific information obligation in national legislation. This would mean less “A” burdens, but more “B” or “C” burdens in the jargon of the Standard Cost Model.
- A reduction proposal may reduce administrative burdens, but at the same time increase costs for other private actors (businesses and/or citizens). For example, reducing labelling obligations for products may increase information costs borne by consumers, who would need to collect their information from other sources in order to make an informed choice of what products are most likely to fit their preferences.
- A reduction proposal may lead to lower administrative burdens, but at the same time increase monitoring and enforcement costs for public authorities. This is often the case whenever the information obligations eliminated involve the keeping and reporting of information available to businesses, but not to public authorities. For example, the provision of information on the respect of hygiene standards or the reporting of large exposure by banks are typical instances of very burdensome activities for businesses that comply with these requirements. These information obligations are vital for public authorities, as they ensure that more informed businesses

provide information that would otherwise not be readily available to public authorities. Absent the provision of this information, public authorities would have to deploy more resources to obtain the information, which is likely to lead to more inspections and enforcement costs – in our two examples, more hygiene inspections and more investigations into the riskiness of banks' exposure *vis-à-vis* certain clients.

- A baseline measurement of administrative burdens can enable a more efficient, responsive and risk-based organisation of monitoring and enforcement by public institutions. For example, the baseline measurement may lead to the identification of overlapping information obligations, leading to a more efficient use of reporting and inspections by public authorities. In this case, a reduction in ABs is coupled with a reduction in monitoring and enforcement costs, which leads to a more desirable “win-win” situation for public authorities and businesses. Such situations should be highlighted during the *ex post* evaluation as a potential “multiplier” effect of the administrative simplification sought by the reduction proposal. One case in point is in Finland, where it is reportedly observed that “the measures to reduce AB of businesses (*e.g.* by developing e-government solutions) also increase the productivity of the public sector”.
- A reduction proposal may reduce administrative burdens, but at the same time reduce the benefits associated with the legal provision at hand. When redundant and irritating burdens are reduced, normally no undesirable shortcoming follows. However, in most cases legal provisions are in place for a specific purpose – after all, regulation is primarily grounded in expected benefits. Take the example of product labelling for consumer (what is normally defined as a “third-party information obligation” in the jargon of ABs reduction programmes): removing labels that contain product information may well lower ABs, but this information can be essential for consumers in taking an informed decision on which products to purchase, and how to use them.

Using surveys to assess the perceived impact on businesses

To date, the most common way of assessing the effectiveness of ABs reduction programmes in achieving their targets and goals has been the use of business surveys. This, of course, makes sense since, if the direct beneficiaries are the businesses, one of the most straightforward ways of assessing the extent of the relief they have perceived is to ask them. This

method has been used by the Dutch Court of Audit and the UK National Audit Office (NAO) in the *ex post* evaluation of the ABs reduction programmes.

Potential problems that may emerge in carrying out extensive surveys of affected businesses include the following:

- *Businesses may have an incentive to downplay the actual relief* brought about by certain reduction measures, in order to ask for more simplification and further reduction proposals in the future.
- *The time elapsed between reduction proposals and the business survey must not be too short*, as it should allow for adaptation to the new rules by businesses (often, when measuring ABs, businesses still report compliance with old rules as opposed to recently adopted ones).
- *The sample of IOs and businesses chosen and authorities surveyed must be adequately representative*: in the United Kingdom, the NAO has interviewed in February 2008 more than 2 000 businesses to find out about their experience in complying with regulation. In assessing the behaviour of departments involved in the measurement, the NAO chose only the four departments that together account for approximately 75% of overall burdens according to the UK baseline measurement. The Dutch Court of Audit analysed 24 government measures, which included 20 measures that were taken in 2003-04 to reduce the AB and four new regulations that resulted in increased ABs. For the latter, the Cabinet had to take compensating measures. The Court also studied the effects that the reduction policy has had so far on the business community and the methodology applied to measure ABs, and concluded that the Cabinet had correctly applied the methodology set out in the SCM. Finally, the Court of Audit found that businesses had not fully perceived the announced 25% reduction. The reason for this is that the rules scrutinised were often less onerous in practice than the government presumed, and businesses performed certain administrative tasks also for other purposes, or would still have to provide the information concerned to other parties, apart from central government.
- The indicators chosen must combine direct measures of success and indirect findings of improvements in the regulator environment. Given that the measurement of ABs through the SCM does not have the ambition to provide statistically reliable information, it is important to avoid testing only the reliability of the estimated

savings. What is more important is to ask businesses and public authorities if they have experienced improvements in certain policy domains, and why.

Testing for effectiveness: have the stated goals of the measurement exercise been achieved?

When it comes to effectiveness, the principal virtue of an *ex post* evaluation exercise is its link with the scope and the stated goals of the policy or programme to be evaluated. In the case at hand, it must be recalled that the scope of the ABs reduction exercise has been expanded over time: while the first measurements (in the Netherlands, but also in the Czech Republic, Denmark, the United Kingdom) focused mostly on the mere calculation of red tape based on the collection of data on the time spent in performing administrative activities and its money equivalent, more recently the exercise has been expanded to encompass several categories of regulatory addressees. For example, in the Netherlands the burdens reduction exercise has been extended first to citizens, then to certain public administrations; and the scope has been enlarged to cover substantive compliance costs, which would not fall into the narrower category of ABs.

Accordingly, an *ex post* evaluation should first of all look at the stated goals of the reduction exercise, to measure the effectiveness of the programme in achieving its objectives. In turn, the goals also affect the scope of the measurement and reduction exercise. Originally, as already mentioned, the underlying rationale has been merely business-oriented: the ultimate goal was enhancing the competitiveness of domestic businesses and the key assumption was that reducing AB on businesses would in principle free resources to be re-invested in other, more productive activities. Against this background, the key effectiveness indicators of the first reduction programmes would include the following:

- the number and type of procedures that have been simplified or repealed;
- the estimated amount and type of resources that business has actually freed up further to the reduction of AB;
- the estimated percentage of these resources that was reallocated to more efficient and productive activities;
- the increased entry of new firms due to a more business-friendly environment;
- increased production and/or lower prices due to higher productivity and enhanced market competition.

For example, Gelauff and Lejour (2006) estimated the impact of a 25% reduction of ABs in the EU25 on labour productivity and ultimately on GDP. Using country specific labour income shares, they translate this reduction into a 1.3% increase in labour efficiency by 2025, which raises the volume of GDP in Europe by about 0.8%. In the long run the capital stock adjusts to the higher level of labour productivity, leading to a long-term change in GDP volume of up to 1.3%. In addition, the two economists assume that the rise in GDP would induce more spending on R&D, and that consequent R&D spill-overs would magnify the outcome of the AB reduction, leading to an additional GDP increase of about 0.2%. Finally, there would be a trade impact induced by a fall in prices due to excess supply and the need to conquer foreign markets, which ultimately leads to an aggregate increase in GDP of 1.4% in the EU25. Following this approach, useful indicators of the effectiveness of a burdens reduction exercise would be indicators of labour productivity, R&D spending, and terms-of-trade indicators. All these indicators may be useful in testing whether the virtuous cycle described by Gelauff and Lejour (2006).

Although most countries have used the SCM for similar purposes, rooted mostly in the need to cut red tape to increase competitiveness, the burdens reduction exercise has become more complex over time. Especially for those countries that have devised expanded, more sophisticated assessment methodologies, simply testing for the impact on labour productivity and R&D spill-overs would not suffice. More in detail:

- When the stated goal of the programme is to go beyond red tape to encompass *all regulatory costs in the measurement*, including *inter alia* compliance costs, evaluators may wish to use additional indicators together with the ones already mentioned for testing the effectiveness of programmes focused on ABs. In particular, surveys and other empirical methods may be needed to capture the perceived reduction of regulatory costs experienced by the targeted businesses.
- When the simplification programme includes *citizens*, surveys are essential to capture the perceived reduction in ABs: in some cases, other indicators may be used – *e.g.* quality of service (QoS) indicators such as delays, delivery times, reaction time for emergency requests, waiting time in call centres, etc., which have to be identified on a case-by-case basis.
- When the measurement programme includes *public administrations*, specific indicators should be used in *ex post* evaluation. These include indicators on resources allocated for each activity targeted by the reduction programme, but also other indicators such as the number of inspections, or the time needed to monitor specific activities.

Accordingly, the evaluation of ABs reduction programmes must be approached as a flexible exercise, where the choice of appropriate indicators reflects the scope and the stated goals of the programme. Depending on these variables, evaluation programmes may also consider other dimensions that are broader and might also imply longer time horizons, but which are as relevant and strategically important as the measurement of labour productivity, R&D spill-overs and terms-of-trade.

Such evaluations should for instance look at wider changes brought about by the AB programmes, such as:

- Speedier, simpler decision making.
- Enhanced transparency of regulatory and administrative activity.
- Smoother implementation of legislation.
- More durable legislation.
- More in general, whether legislation has become more client- and/or goal oriented or is still procedure-based.

The indicators should also consider business internal impacts, such as whether simpler administrative requirements have brought about streamlined and more effective internal decisional procedure and human resources management. An example of the wider dimension of evaluating AB reduction programmes is the initiative to establish Common Commencement Dates (CCD). The CCD is an example of an initiative originated in the framework of AB programme, but not directly targeting cost reduction. Some countries are considering extending the scope of the evaluation in this direction, but the process still need to be better structured and more systematic.

**Box A.1. Towards a comprehensive evaluation approach:
The UK NAO analysis**

While still focusing mainly on the underlying “value for money” rationale, the evaluation by the UK National Audit Office (NAO) includes policy considerations that reveal the necessity and importance to assess, for instance, “wider benefits for business”; the monitoring and guidance functions within government; as well as the extent to which good practices are shared and learning occurs amongst departments (NAO, 2008). The NAO nonetheless notes that still insufficient efforts are made to grasp the contribution of the reduction programme to the overall regulatory reform agenda. It therefore states again its recommendation to the departments to “supplement their estimates on ABs with a broader suite of indicators to evaluate non-quantifiable improvements in the regulatory environment.” (NAO, 2008, p 28).

The challenge in this exercise is to establish the direct causal mechanisms, especially if regulatory reform in the country has not been designed and implemented simultaneously and co-ordinated. A reduction of the length of administrative procedures might for instance be the result of efforts made in the framework of AB reduction programmes, or of independent, perhaps long established e-government initiatives. It may prove difficult to determine which of those policy interventions have been instrumental to achieve the actual reduction.

Similar challenges may arise in relation to assessing the costs of running the programmes. As the UK NAO report indicates, for instance, UK departments have had difficulties in making the distinction between the cost of the resources directly invested in the AB reduction programme, and those related to wider, inter-connected better regulation initiatives. This has led to a lack of recording and reporting (NAO, 2008, p. 4).

Proportionality: assessing the measurement programme's design and implementation

Another important dimension that must be taken into account in assessing the overall outcome of an ABs reduction programme is the *opportunity cost* of running that programme, and the inherent quality of its design and implementation. We refer, in particular, to: *i*) the budget and human resources spent on the programme; *ii*) the use of empirical techniques; *iii*) the availability of data and the expected degree of precision of the measurements; and *iv*) the consistency of the measurement exercise across IOs and ministries.

First, the evaluation must look at the budget and human resources that are allocated to the implementation of the measurement and reduction process, especially when these resources could have been allocated to competing uses – for example, to strengthen *ex ante* IA or *ex post* evaluation of existing policies. The cost associated with some national or regional measurements can be significant, and varied substantially across countries (estimated – excluding internal costs – at GBP 11 million in the United Kingdom, EUR 20 million at EU level, EUR 3 million in the Netherlands, EUR 2 million in Denmark, etc.). This difference is explained, more than by the depth of the measurement, by the size of the country, the extent to which external consultants were involved, and also by the latter's terms of reference. As regards the internal human resources used, countries seem to have differed noticeably so far: for example, during the first Dutch programme approximately 3-5 dedicated staff members per ministry have been involved in the measurement, whereas in Denmark only one half-time civil servant per ministry took part, together with the equivalent of 6-7

fulltime staff in the co-ordinating unit. Also in the United Kingdom, 3-5 staff members per ministry were involved in the measurement.

Another way of assessing the value for money of the overall measurement programme is the analysis of the proportionate use of empirical techniques. An oft-quoted feature of ABs is that they tend to distribute themselves along a “Pareto” distribution, *i.e.* the 20% most burdensome information obligations (IOs) account for at least 80% of the total burdens generated by business- relevant legislation on firms. This means that the really burdensome IOs are a small subset of the total: only for these ones the use of sophisticated empirical methods may be advisable. More precisely, some empirical techniques (*e.g.* face-to-face interviews, expert workshops, external studies, business test panels, Delphi methods and stopwatch methods) are often too expensive, whereas cheaper methods include telephone interviews and direct expert assessment. In the United Kingdom the choice has fallen on the use of a direct assessment by the consultants in 55.7% of the cases, which accounted for only 7.4% of total burdens. In all other cases, more expensive (and sometimes not necessarily more precise) techniques have been used. In Denmark, approximately 80% of IOs have been measured through face-to-face interviews (3-5 interviews per business segment).

In addition to the choices made by the experts that carried out the baseline measurement, it is important to assess the availability of data and the consequent precision of the measurements performed. For example, the Danish Commerce and Companies Agency evaluated the work performed by the European Commission in 2007, one year after the official integration of the SCM into the Commission IA guidelines, in March 2006. In that occasion, the Danish body observed that “in those cases where a quantification of ABs was undertaken, the outcome was poor. This was not due to the methodology of the Standard Cost Model itself, rather due to difficulties in the underlying assumptions and data availability”.

Efficiency: Are we cutting also benefits?

After evaluating the inherent quality of the measurement exercise and the potential effectiveness of the burdens reduction programme, the *ex post* evaluation should move to the consideration of the social impact of reduction proposals. In this respect, it is worth recalling that:

- *Administrative burden reduction projects can affect allocative efficiency and productivity* whenever they free up resources that can be allocated to more productive uses, without imposing costs on other entities (for example, no increase in enforcement costs of public administrations). The rhetoric behind the first wave of ABs

measurements in Europe has relied heavily on estimates by the Dutch CPB that a reduction of 25% in ABs would lead to a (one-off) increase of 1.5% in GDP (Gelauff and Lejour, 2006). For example, in their investigation about the Dutch Standard Cost Model, Löfstedt *et al.* (2008) come to the conclusion that “the [SCM] ignores how businesses will re-invest after the easing of the administrative burden”, and thus that “the benefits of the elimination of administrative burdens cannot be measured”. Likewise, a NAO report raised doubts about the United Kingdom reduction of ABs and stated that “it has not been possible to find evidence of the impact on the productivity of the economy”; and that “the wider impact of the Programme [on economic growth] is unproven”. Accordingly, a careful case-by-case assessment of individual reduction measures should be carried out before a justifiable conclusion can actually be drawn.

- *Administrative burden reduction projects can affect competition by removing barriers to entry (e.g. due to redundant registration procedures, or excessive information requirements on micro enterprises, etc.); and by enabling a smoother interplay of market forces, e.g. by eliminating frictions in the market (e.g. obstacles to the diversification of a firm’s operations due to excessive licensing obligations). Enhanced market competition can reduce the deadweight loss associated with imperfectly competitive markets.*
- *Administrative burden reduction projects can affect enforcement costs in several ways: i) the reduction of ABs generated by specific information obligations (such as regular reporting of risk or other confidential information) can be associated with an increase in enforcement costs borne by public authorities (as the information now must be collected directly by them instead of being reported by the businesses); ii) at the same time, AB measurements can lead to the identification of overlapping information obligations, leading to a more efficient use of reporting and inspections by public authorities.*
- *Administrative burden reduction projects can create environmental and social impacts that are not registered by the Standard Cost Model itself. For example, removing notification procedures for compliance with environmental standards, or reducing inspections to check compliance with standards for health and safety at work can harm citizens or employees. The private benefit reaped by the business could be more-than-compensated by the social loss borne by other categories.*

A further challenge refers to the potentially negative incentives triggered by AB reduction programmes. Depending on the definition of “ABs”, efforts by regulators to achieve the set targets by minimising new costs may compromise the effectiveness of newly introduced regulations. Such danger is particularly topical as the goal of the AB programmes widens to encompass substantial compliance costs. Specifically, if monitoring requirements and tests of compliance with regulatory standards, for instance, are defined as ABs, what are the implications on the stringency of the proposed testing protocols and the frequency of the test?

This sheds a light on the necessity to integrate AB reduction efforts into the overall rationale of maximising the overall benefits from the regulatory intervention. *Ex post* evaluations should take this into account, and consider AB programmes holistically. In this context, this means broadening the analysis to encompass also the benefits that the *presence* of ABs generate, and proceed to a cost-benefit analysis of the reduction programme. In other words, AB reduction programme evaluations should not only assess the extent to which burdens have been reduced (the reduction targets have been achieved), but also the costs generated by the eliminations of determinate administrative requirements.

Against this background, carrying out detailed impact assessments of the proposed reduction measures is highly recommended: given the broader scope and greater depth of RIA as a tool, the proposed reduction of ABs could be assessed within the broader context of the expected economic, social and environmental impact of the reforms.

While performing IA on reduction proposals is the first best solutions, other solutions may be adopted by *ex post* evaluators in absence of a detailed analysis of reduction measures adopted. For example, the evaluation may rely on the typology of IOs that have been affected by the reduction proposals – a useful feature of most administrative reduction programmes is that they use a fairly standardised list of IOs and administrative activities. In particular, the impact on competition is more likely to be significant whenever the reduction proposals affected applications for licences, authorisations, grants or subsidies. To the contrary, reducing burdens related to the co-operation with authorities during inspections, or the keeping of records overtime is less likely to lead to a competitive impact on the market. On the other hand, the *ex post* evaluation of the impact on monitoring and enforcement costs can be performed starting from the reduction proposals that reportedly affected IOs related to inspections. In the *ex post* evaluation, it would be highly advisable to formulate assumptions as regards the degree of business compliance with the information obligation at hand: only by factoring in the analysis a reasonable compliance rate, the finding of the evaluation could be

considered reliable. A similar approach can be followed starting from the administrative activities affected by the reduction, although these types of activities are often combined in a single IO.

Towards a policy evaluation for administrative burden reduction programmes

While AB reduction programmes have become increasingly popular and widespread in OECD countries, the set of indicators needed to perform a comprehensive evaluation of these programmes has not been the subject of a lot of discussion or even scholarly research. As observed in the section on assessing effectiveness above, the diversity of scope and goals in different countries also hampers the attempt to define a common set of indicators and methodologies to reach an informed evaluation of the effectiveness, efficiency, usefulness and proportionality of these programmes.

To be sure, this diversity in the national programmes calls for an articulated set of indicators and tests. A useful taxonomy of indicators has been developed for instance in Italy, and includes:

- *Implementation indicators*, which aim at monitoring the progress made in the ABs reduction activities and indicates the percentage of realisation of each measure.
- *Results indicators*, which aim at accounting for the effective realisation of the specific targets of each measure.
- *Impact indicators*, which aim at assessing the benefits for the users of regulation. Below, we adopt a slightly broader perspective and introduce a 4-step test. We discuss first of all the timing of the evaluation exercise, the measurement of effectiveness (explained as achievement of the stated goals); the proportionality of the exercise (including the quality of the measurement and the performance of the programme management); the final outcome perceived by the addressees of the programme; and the efficiency and macroeconomic impact associated with the programme.

Timing and scope of the evaluation

Before discussing what to evaluate and how, it is useful to briefly reflect on when should ideally an *ex post* evaluation take place. In this respect, all depends on the scope of the evaluation exercise. In particular:

- If the evaluation is aimed at assessing whether the design and implementation of the measurement programme has been optimal or at least satisfactory, then the exercise should ideally take place at the end of the measurement. There is no need to wait for the actual outcome of the reduction measures to materialise, as the evaluation falls on the inherent quality of the process. In order to avoid that too much time elapses, we would ideally place the evaluation at the end of the measurement. The results of this evaluation may then be used as inputs for preparing a second round of measurement after the implementation of the reduction measures.
- If the evaluation focuses on the choice of the reduction measures, then the appropriate timing would fall immediately after the reduction measures have been identified, and should focus on the process that has been followed to translate the results of the measurement into concrete reduction proposals. Countries have used different strategies to reach a list of reduction proposals, but today there is no common wisdom on how to move from measurement to reduction. A common feature – which could form the object of an evaluation – is the use of an external advisory body in charge of supervising the project and/or formulating proposals. With some differences, this is the process that was followed in the Netherlands (through Actal), in Germany (through the Normenkontrollrat) and at EU level (with the appointment of the High-Level Group on Administrative Burdens, also called the “Stoiber group”). When such oversight bodies are appointed to make suggestions for reducing red tape, they should not be also empowered with the evaluation of this process, otherwise they may end up overseeing their own activity, which obviously creates a conflict of interest and will not trigger the virtuous incentive mechanism that is associated with oversight and evaluation.
- If the evaluation addresses the impact of the measurement, then it should ideally take place sometime after the reduction measures have been adopted and implemented. It is no mystery that legal measures are not adopted instantaneously by the business sector, by citizens or even by public administrations. In order to capture the effect of the simplification measures, it is necessary to wait some time to enable the regulators and the regulated entities to adapt to the new measures, which may require organisational changes and a reallocation of resources – arguably to more productive uses.

As is immediately observed, the main phases of a measurement and reduction exercise are intimately interdependent. The quality of the measurement, in particular, dramatically affects the quality of reduction proposals – the better the information collected, the more informed and accurate is the decision on when and how to reduce burdens. Likewise, the quality of reduction proposals affects the final outcome of the simplification exercise, as well-targeted reductions are likely to have a greater beneficial impact on businesses, administrations and citizens than ill-conceived ones. This also includes the assessment of all the prospective impacts of reduction measures through impact assessments: when this is done properly, the outcome of the simplification programme is likely to be more beneficial, with little or no negative impacts in terms of higher costs other than ABs, or lower benefits due to the fact that previous legislation has been repealed or amended (see above, section on Efficiency: are we cutting also benefits?).

To sum up, the evaluation exercise should be *i)* timely and *ii)* continuous. Since timeliness depends on the scope of the evaluation, we conclude that the best way to organise an evaluation process is not to focus on a specific point in time, but to establish a *continuous mechanism of monitoring and evaluation*. This can be summarised as follows:

- *After the measurement exercise has been completed*, there should be a first progress report which contains: *i)* an evaluation of the way in which the measurement has been designed and implemented; and *ii)* suggestions for translating the measurement results into concrete reduction proposals, based on an evaluation of the likely accuracy of the measurement.
- *During the “reduction period”*, which lasts up to five years in programmes based on the Standard Cost Model, there should be annual *interim* evaluation reports based on clear indicators, aimed at assessing the effectiveness and efficiency of the reduction proposals. These reports should also contain suggestions on how to improve the drafting and implementation of reduction proposals in the following years, and identify areas in the database of ABs that would warrant the attention of the policy maker as they contain candidates for beneficial red tape reduction.
- *One year after the end of the reduction period*, there should be an *ex post* evaluation of the effectiveness, efficiency, proportionality, actual perceived impact and macroeconomic impact of the reduction programme, based on clearly identified indicators, as discussed in the next section.

Who should evaluate the reduction programme?

Another key issue in setting up the context for evaluation of simplification programmes is deciding who should be in charge of the evaluation. Based on the stages of monitoring and evaluation outlined above, a natural question to be asked is whether the same body should be in charge of all the stages of the evaluation process. In this respect, a common wisdom in OECD countries has not emerged, but the following can be observed:

- *When it comes to assessing the proportionality of the measurement programme*, which includes the assessment of what resources have been spent and how, audit offices/courts appear as the most appropriate bodies. This type of exercise has been performed, for example, by the Court of Audit in the Netherlands and by the National Audit Office in the United Kingdom.
- *For what concerns the effectiveness and efficiency of the reduction proposals*, the most appropriate bodies may be regulatory reform units in charge of quality assurance and oversight of the impact assessment process. Alternatively, *ad hoc* advisory bodies may be entrusted with the scrutiny of the government's activity. These bodies have the skills and competences needed to assess the substance of the reduction proposals, especially when reduction measures undergo a full-fledged impact assessment. These bodies should also be in charge of contributing to the annual interim evaluation, or authoring them directly.
- *As regards the final evaluation*, the body in charge of adopting the final evaluation report should ideally be an *ad hoc* body in charge of scrutinizing the government's activity. At this final stage of the evaluation process, an external expert study could be considered, especially in order to validate the assumptions concerning the macroeconomic impact of the reduction proposals. Finally, in some countries, this final evaluation was carried out independently by Parliamentary committees (*e.g.* in Switzerland). At the same time, an external survey may be commissioned to assess the actual outcome of the simplification programme in the perception of the regulatory addressees.

What is exposed above does not imply that it is desirable to promote an autonomous evaluation culture external to the public administration and the system of State institutions. The richer the contribution of external peer-reviews by research institutes, think tanks, foundations, the private sector and civil society organisations, the more sound and comprehensive is the

evaluation of AB programmes. In particular, the contribution of external reviews by international organisations can prove essential to stimulate demand for better design, implementation and appraisal of simplification programmes. This implies enhancing the awareness and responsibility of all stakeholders concerned of the relevance of shaping up mechanisms for a holistic evaluation function.

A multi-step test

The evaluation of a simplification programme is a multi-purpose, multi-dimensional exercise, which looks at a number of different aspects of the exercise, takes place at different points in time and is ideally performed with the contribution of more than one group of evaluators. Below, we develop a sketched version of a 4-step test which looks at aspects such as the proportionality, effectiveness, efficiency, macroeconomic impact and perceived actual impact of the reduction exercise.

Step 1: Proportionality test

The first step of the evaluation should take place at the end of the measurement exercise, and should look at whether the measurement process has been organised and managed effectively. Important indicators to be considered at this stage include the following:

- Resources allocated (in terms of person/months, and money).
- Profile (background) of the human resources allocated.
- Terms of reference and budget of consultant(s) used (if any).
- Existence of a central management unit.
- Degree of standardisation of measured parameters (*e.g.* salary schemes, lists of IOs and administrative activities, common duration of similar activities, etc.).
- Use of empirical techniques (share of total measurement).
- Performance of regular consistency checks (across areas of legislation).
- Reporting of administrative costs and burdens (*i.e.* costs net of the BAU factor).
- Reporting of irritation burdens (qualitative).
- Coverage of costs other than ABs (quantitative).

- Coverage of costs for public administrations.
- Coverage of costs for citizens.
- Reporting of potential solutions to ease the burden.
- Reporting of potential e-government solutions.
- Development of a publicly accessible database (AB calculator).

Step 2: Effectiveness and efficiency test

The next step of the evaluation exercise looks at whether the stated goals of the simplification programme have actually been achieved. Needless to say, the right questions to ask at this stage depend on the goals originally set by the government in launching the reduction programme.

In line with our analysis in the above section on Assessing effectiveness, we consider the following indicators to be very useful at this stage:

- The number and type of procedures that have been simplified or repealed.
- The correspondence between the results of the measurement and the selection of reduction measures.
- The likely compliance rate of the repealed and amended IOs.
- The estimated amount and type of resources that business has actually freed up further to the reduction of AB.
- Whether there has been a careful impact assessment of reduction proposals, which considered a number of policy alternatives.
- Whether reduction proposals, while likely to reduce ABs, are also likely to increase other compliance costs.
- Whether reduction proposals, while likely to reduce ABs, are also likely to reduce benefits even further.
- Whether reduction proposals, while likely to reduce ABs, are also likely to increase enforcement costs for public authorities.
- Whether similar reductions of administrative burdens could have been achieved also by other means (*e.g.* through a one-stop shop).

Importantly, this step of the evaluation process crucially depends on whether the evaluator has the necessary skills and competences to perform an economic analysis of the reduction proposals, and/or an *ex ante* impact assessment of these proposals.

Step 3: Perceived outcome

The third step of the evaluation process can be considered as part of the “effectiveness” screen, in that it looks at the actual impact that reduction proposals had on the targeted players – be they businesses, NGOs, citizens, or public administrations. The difference between this and the previous step is that Step 2 looks at the potential impact of the reduction proposals, whereas Step 3 collects data from the direct beneficiaries on the actual impact that the reduction proposals exerted on them. A second, related difference refers to the methodology used, which in Step 3 relies on the use of empirical techniques – mostly, surveys. Surveys are also important to find out whether simpler administrative requirements have brought about streamlined and more effective internal procedures and human resources management.

Notable examples of surveys used include:

- the Dutch perception monitoring study, which relies on a standard questionnaire distributed to a sample of businesses;
- the French Business Panel Questionnaire, which is sent to a sample of businesses and related to some specific situations of the life of an enterprise, with the aim of tracking the perception of improvement in cutting red tape over time;
- in New Zealand, the Inland Revenue reviews perceptions of compliance costs through the SME Tax Compliance Costs Survey. A survey was done in 2004 and a follow-up was completed in 2009; and
- the surveys carried out by the National Audit Office in the United Kingdom in 2007, 2008 and 2009. Each survey targeted a sample of 2 000 businesses to track businesses’ perceptions of the burden of regulation.

Using large scale surveys is particularly important since the ultimate perception of businesses and other addressees of the simplification programme is what determines the success and the effectiveness of the initiative. This is even more important for projects that are relying on the Standard Cost Model, especially since this methodology assumes 100% compliance rates with each and every IO: when the actual compliance rate is relatively low for some IOs, eliminating or amending those IOs may have a very limited impact on the affected businesses. In addition, as observed in the above section on Assessing effectiveness:

- When the simplification programme includes *citizens*, surveys are essential to capture the perceived reduction in ABs: in some cases, other indicators may be used – *e.g.* quality of service (QoS) indicators such as delays, delivery times, reaction time for emergency requests, waiting time in call centres, etc.), which have to be identified on a case-by-case basis.
- When the measurement programme includes *public administrations*, specific indicators should be used in *ex post* evaluation. These include indicators on resources allocated for each activity targeted by the reduction programme, but also other indicators such as the number of inspections, or the time needed to monitor specific activities.

Step 4: Macroeconomic impact

This final step of the evaluation process should assess whether the reduction programme has actually led to the enactment of measures which could boost economic growth and productivity in the near future. Accordingly, at this stage the evaluators should gather additional data, including:

- The estimated amount and type of resources that business has actually freed up further to the reduction of AB (from Step 2 above).
- The estimated percentage of these resources that was reallocated to more efficient and productive activities.
- The increased entry of new firms due to a more business-friendly environment.
- Increased production and/or lower prices due to higher productivity and enhanced market competition.
- Data on labour productivity in the areas and administrative activities affected by the reduction proposals.
- Data on R&D spill-overs due to the availability of resources freed up by the reduction programme.
- Data on effects on the terms of trade in the areas affected by the reduction proposals.

These indicators are clearly aimed at assessing the macroeconomic relevance of reduction measures adopted. The overall impact on the business environment can further be captured by using descriptive indicators on procedural aspects, such as:

- Evidence of speedier, simpler decision making (through process re-engineering; the rationalisation of licence and permit delivery (*e.g.* through the “silence-is-consent” rule, etc.).
- Enhanced transparency of regulatory and administrative activity.
- Smoother implementation of legislation.
- More durable legislation.
- More in general, whether legislation has become more client- and/or goal- oriented or is still procedure-based.

Conclusions and recommendations

Over the past years, OECD countries have launched and implemented various versions of such AB reduction programmes, often intervening with both methodological refinements and/or extensions of their scope of application. Today, AB reduction programmes vary from business-focused calculations and reductions of red tape generated by information obligations rooted in legal provisions, to more comprehensive programmes that extend their reach outside the business sector – *e.g.* to citizens and public administrations – and beyond the mere assessment of administrative burdens, to account also for other compliance costs.

The high visibility and popularity of AB reduction programmes contrast with the perception among wide circles of stakeholders that the actual effects of the reduction programmes are not self-evident – despite the considerable resources invested, and the relatively smooth collaboration between the government and businesses. Questions arise as to whether the programmes really constitute “value for money”; and whether there has merely been a shift of burden from the private to the public sector.

It is widely acknowledged that carrying out *ex post* evaluations of AB reduction programmes so far implemented constitutes a key factor to address these and other questions. Yet, programme evaluations remain relatively rare in the OECD countries. Most of the evaluations undertaken tend to focus on the progress towards achieving the given reduction target, and summarise the total saving on AB, which has been removed. Considerations on the efficiency of the programmes, the quality of their management, and the actual welfare impacts on the economy and the society, by contrast, are often not examined in detail.

This section has investigated the broad benefits from AB reduction programmes and advises on the development of a possible methodological framework that could be used for evaluating existing and future programmes.

To this end, the section has reviewed the existing literature on policy evaluation, putting particular emphasis on the specific features of the evaluation of AB reduction programmes. It has identified and discussed the main expected benefits and challenges related to the programmes; and proposed an evaluation framework for assessing the impacts of an AB reduction programme. The framework relies on a multi-criteria analysis approach and should assist national governments in undertaking an *ex post* evaluation of their AB reduction programmes.

Adopting a comprehensive approach to evaluation

The OECD would suggest MAREG not to limit their task to assessing whether the quantitative targets of the AB reduction project have been reached within the set deadlines. The latter is clearly an important element that must be ascertained, and has the merit to be often a straight-forward task. However, such a minimal evaluation would necessarily be of limited impact for the overall understanding of the implications that the AB reduction programme brought about. After all, an *ex post* evaluation exercise should aim at assessing whether the reduction programme has brought benefit to the regulatory addressees and to society as a whole. Embracing a comprehensive approach to evaluation, in this respect, means that evaluation should go beyond the mere scrutiny of strictly cost- reduction measures. More in detail:

- *All possible organisational impacts should be integral part of the analysis, including i) faster and more transparent decision making; ii) better implemented, enforced and durable legislation; and iii) a new administrative culture based on a client-oriented approach.*
- *Economic impacts should be a core component of the evaluation exercise.* Accordingly, evaluators should consider designing and carrying out a holistic, comprehensive evaluation, which integrates a series of equally important tests. Such tests should cover: *i) the proportionality criterion (Step 1); ii) the effectiveness and efficiency criterion (Step 2); iii) an assessment of the “perceived outcome” (Step 3); and iv) an assessment of the macroeconomic impacts (Step 4).*
- *Linking AB reduction measures with ex ante impact assessments where they are available.*

A comprehensive approach to evaluation should also encompass the consideration of the opportunity costs of reducing administrative requirements such as information obligations. The gains in public welfare obtained from inspecting compliance with standards and protocols, for instance, should be taken into account in the overall appraisal of the AB reduction programmes. Accordingly, reduction proposals generated by AB baseline measurements should be scrutinised through a comprehensive impact assessment, which ensures that the new measures do not bring about more prospective costs than the benefits they are likely to generate in terms of cutting red tape. Additional costs may consist of greater compliance costs (other than administrative burdens) for businesses or citizens, greater monitoring, enforcement and inspection costs for public authorities. In addition, reduction proposals might exert a negative impact on society if they eliminate, along with administrative burdens, also beneficial effects that were exerted by the legislation that is being repealed or amended.

Against this backdrop, reduction proposals should undergo a comprehensive, proportionate RIA, which looks beyond administrative burdens and approaches a full-fledged cost-benefit analysis of the new measures against the *status quo*.

Ensuring a continued, multi-actor evaluation effort

Because the rationale and scope of the evaluation may vary, there should be sufficient flexibility in determining when and who should carry out the evaluation. In this respect, the section recommends the following:

- *The evaluation process should start early and continue throughout the duration of the reduction programme.* As occurs for many better regulation tools, a successful *ex post* evaluation should ask the right questions, at the right time and in the right sequence. In the case of AB reduction programmes, this means that the evaluation of the design and implementation of the measurement phase should start immediately at the end of that phase; the evaluation of reduction measures should rely on annual progress reports and ongoing monitoring; and the final evaluation of the economic impact of the reduction programme should ideally take place one year after the end of the reduction period, to allow the beneficiaries of the reduction measures to adapt to the changes introduced.

- *Different methodologies should be used in the different steps of the evaluation process.* Evaluating AB reduction programmes implies the use of a number of different techniques. In particular, cost-effectiveness analysis is appropriate when it comes to assessing proportionality; cost-benefit analysis is required to assess the impact of AB reduction measures; and surveys or dedicated workshops are needed to capture the perceived impact of those measures on the business sector.

Parallel to this, it is desirable if pressure for evaluation emerges also from outside the government and public administration. A mature AB reduction programme is one that enjoys constructive collaboration and scrutiny from the external stakeholders. The success of AB reduction programmes, like any other Better Regulation initiative, strongly depends on the political commitment *and* the awareness that reform is a shared responsibility. The creation of a multiple, continuous “evaluation function” is a vital element for the success of any reform policy.

*Annex B***Hourly rate per employee type**

Employee type	Hourly rates (per employee type)
1: Legislators, senior officials and managers	EUR 34.62
2: Professionals	EUR 24.82
3: Technicians and associate professionals	EUR 19.06
4: Clerks	EUR 16.73
5: Service workers and shop and market sales workers	EUR 13.46
6: Craft and related trades workers	EUR 18.03
7: Plant and machine operators and assemblers	EUR 17.19
8: Manual workers (agricultural and fisheries)	EUR 13.21
9: Elementary occupations	EUR 12.92

To calculate the total AC and AB, employee types are used. For every employee type a standardised hourly wage rate is used. The hourly rates presented above are based on employer costs and include a 25% overhead. They are used to calculate the administrative cost and burden for the different IOs in scope of this measurement.

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