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Special Report

## More attention to results needed to improve the delivery of technical assistance to Greece



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**Special Report**

## **More attention to results needed to improve the delivery of technical assistance to Greece**

(pursuant to Article 287(4), second subparagraph, TFEU)

# Audit team

02

The European Court of Auditors (ECA) special reports set out the results of its performance and compliance audits of specific budgetary areas or management topics. The ECA selects and designs these audit tasks to be of maximum impact by considering the risks to performance or compliance, the level of income or spending involved, forthcoming developments and political and public interest.

This performance audit was produced by Audit Chamber IV — headed by ECA Member Milan Martin Cvíkl — which specialises in auditing revenue, research and internal policies, financial and economic governance and European Union's institutions and bodies. The audit was led by ECA Member Baudilio Tomé Muguruza, supported by the head of his private office, Daniel Costa de Magalhães and Ignacio García de Parada, attaché; Zacharias Koliás, director; Kamila Lepkowska, team leader; Giuseppe Diana, Mirko Gottmann, Efstathios Efstathiou, Theodoros Karantanos, auditors.



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# Acronyms and abbreviations

**AROP:** 'Administrative reform' operational programme

**DG Economic and Financial Affairs:** European Commission Directorate-General for Economic and Financial Affairs

**DG Employment, Social Affairs and Inclusion:** European Commission Directorate-General for Employment, Social Affairs and Inclusion

**DG Regional and Urban Policy:** European Commission Directorate-General for Regional and Urban Policy

**ERDF:** European Regional Development Fund

**ESF:** European Social Fund

**Fiscalis programme:** EU cooperation programme for national tax administrations

**GLF:** Greek loan facility

**GSCO:** General Secretariat for Coordination of the Hellenic Republic

**IMF:** International Monetary Fund

**IRS:** Internal Revenue Service (United States government agency responsible for tax collection and tax law enforcement)

**MoU:** Memorandum of Understanding

**OECD:** Organisation of Economic Cooperation and Development

**TAIEX:** Technical Assistance and Information Exchange Instrument

**TFGR:** Task Force for Greece

# Executive summary

07

I  
In spring 2010, facing severe financial crisis, Greece requested financial assistance from the international community. The response by the euro-area Member States and the IMF was to put in place two successive economic adjustment programmes. In summer 2011 the Commission launched a programme of technical assistance (TA) to be coordinated by a body known as the Task Force for Greece (TFGR), to help implement the reforms agreed by the Commission and the Greek authorities.

II  
The TFGR focused on supporting implementation of the reforms required by the economic adjustment programmes and accelerating the absorption of EU funds. TA was delivered by TFGR staff and experts from the civil service in other Member States, from international organisations and from the private sector. It took a variety of forms: from ongoing support to the Greek authorities by resident experts, through studies, reports and dedicated workshops.

III  
The aim of our audit was to analyse how the TFGR had fulfilled its goals. Specifically, we examined the TFGR's organisational and financing arrangements, how TA was actually delivered and monitored, and its contribution to the progress of reforms. We audited 13 TA projects in detail and obtained other evidence through visits to the Commission, service providers, Greek government departments and other stakeholders.

## Good action but ...

IV

The TFGR provided the Commission with a flexible mechanism for coordinating a broad programme of technical assistance. TA was effectively delivered to the Greek authorities but it did not always influence the progress of reforms. However, this assessment has to be seen in the context of the volatile political situation in Greece and the urgency imposed by the required reforms.

## An incomplete entity

V

The urgency of responding to the crisis in Greece meant that the TFGR was set up very rapidly, without a full analysis of other options and without a dedicated budget. It had no single comprehensive strategic document for the delivery of TA or for deciding between competing priorities, despite the TFGR's mandate to identify and coordinate the TA. In the absence of such a document, the TFGR worked with the Greek authorities 'on demand' and based on the programmes' conditionality.

## Relevant TA

VI

Notwithstanding the shortcomings affecting the setting-up of the TFGR, we found that, in all the areas we audited, the delivery of TA was relevant and broadly in line with the programme requirements. By November 2014, the TFGR had coordinated 118 TA projects in 12 policy fields. In doing so, and though always pressed for time, the TFGR had developed a flexible and diversified system for the delivery of TA.

## Executive summary

### Weak procedures in some projects

#### VII

Overall, the TFGR's coordination of the complex TA delivery process was functional and even innovative, but at project level the system did not always prove effective. Procedures to select service providers were not always based on a thorough analysis of the available alternatives. Some long-term assistance projects had design flaws, in that the contracts signed with service providers did not clearly state what they were expected to deliver.

### Monitoring could be improved

#### VIII

The TFGR's system for monitoring the progress of TA was effective, but the breadth of checks carried out with respect to the work of external providers was highly variable. Moreover, it did not systematically monitor either the way the Greek authorities followed up recommendations or the broader impacts of TA, although it would be useful for TA planning.

### Looking beyond technical assistance

#### IX

The impact of TA on the overall progress of reforms was mixed. Progress in the area of structural spending was good, but TA was often only partially effective in public administration and taxation reform. However, the implementation of reforms was outside the TFGR's control and subject to a number of external factors.

### Our recommendations

- (a) The establishment of any entity for delivering TA should be based on a strategy with well-defined objectives.
- (b) The Commission should create a pool of external experts who could be deployed on an ad hoc basis on TA projects in Member States.
- (c) In view of ensuring the coherence of TA and reducing the coordination effort, in specific policy fields the Commission should aim at streamlining the number of partners.
- (d) TA should be prioritised and focused and operate through the most appropriate and effective implementation mode in accordance with the existing legislative and regulatory framework.
- (e) The Commission should select service providers based on a comparative analysis and clearly define the scope of deliverables in TA contracts.
- (f) The Commission should ensure that the implementation of TA is systematically monitored and evaluated in the light of objectives set, and lessons learned fed back into the process.
- (g) TA should focus on strengthening the capacity of national administrations with a view to business continuity and the sustainability of reforms.

## The Greek crisis and the economic adjustment programmes

### 01

In spring 2010, facing severe crisis in its public finances, Greece requested financial assistance from the international community. Support was provided by the euro-area Member States in the form of a ‘Greek loan facility’ (GLF) under a first economic adjustment programme (signed in May 2010). This was followed by a loan from the European Financial Stability Facility (EFSF) under a second adjustment programme (agreed in March 2012). The initial amount committed to the GLF by euro-area countries was 80 billion euro, with a further 30 billion euro to come from the IMF. Total commitments from the euro area and the IMF under both programmes currently add up to 245.7 billion euro.

## Technical assistance to support implementation of the programmes

### 03

To support implementation of the reforms required by the MoU and to accelerate the absorption of EU funds, in summer 2011 the Commission created the Task Force for Greece (TFGR). The TFGR’s mandate is shown in **Box 1**. The Commission’s plan of devising a ‘comprehensive programme of technical assistance for Greece’ was endorsed by the Council at its meeting on 23-24 June 2011.

### 02

The financial support package was accompanied by a comprehensive programme of reforms agreed by the Troika (the Commission, the IMF and the European Central Bank (ECB)) and the Greek authorities and laid down in a memorandum of understanding (MoU). This sets out the specific terms of financial support and was subject to regular review (the first programme was reviewed five times, the second four times — most recently in April 2014). The logic of intervention was based on three objectives:

- restoring financial market confidence and fiscal sustainability,
- promoting economic growth and restoring competitiveness,
- safeguarding financial sector stability.

Box 1

### TFGR mandate

The task force was charged with the following.

- (1) Identifying and coordinating, in close cooperation with Greece and benefiting from input from other Member States, the technical assistance that Greece needs to deliver the EU/IMF adjustment programme.
- (2) Assisting the relevant Greek authorities in defining the details of the kind of technical assistance to be provided.
- (3) Recommending legislative, regulatory, administrative and if necessary (re)programming measures for an accelerated take-up of EU funds (...).
- (4) Preparing clear terms of reference for all technical assistance assignments which specify the nature and scope of the technical assistance (...) the budgetary and human resources, and the expected results, with milestones and delivery deadlines.
- (5) Providing quarterly progress reports to the Commission and the Greek authorities as well as, on a need basis, more frequent alert reports.

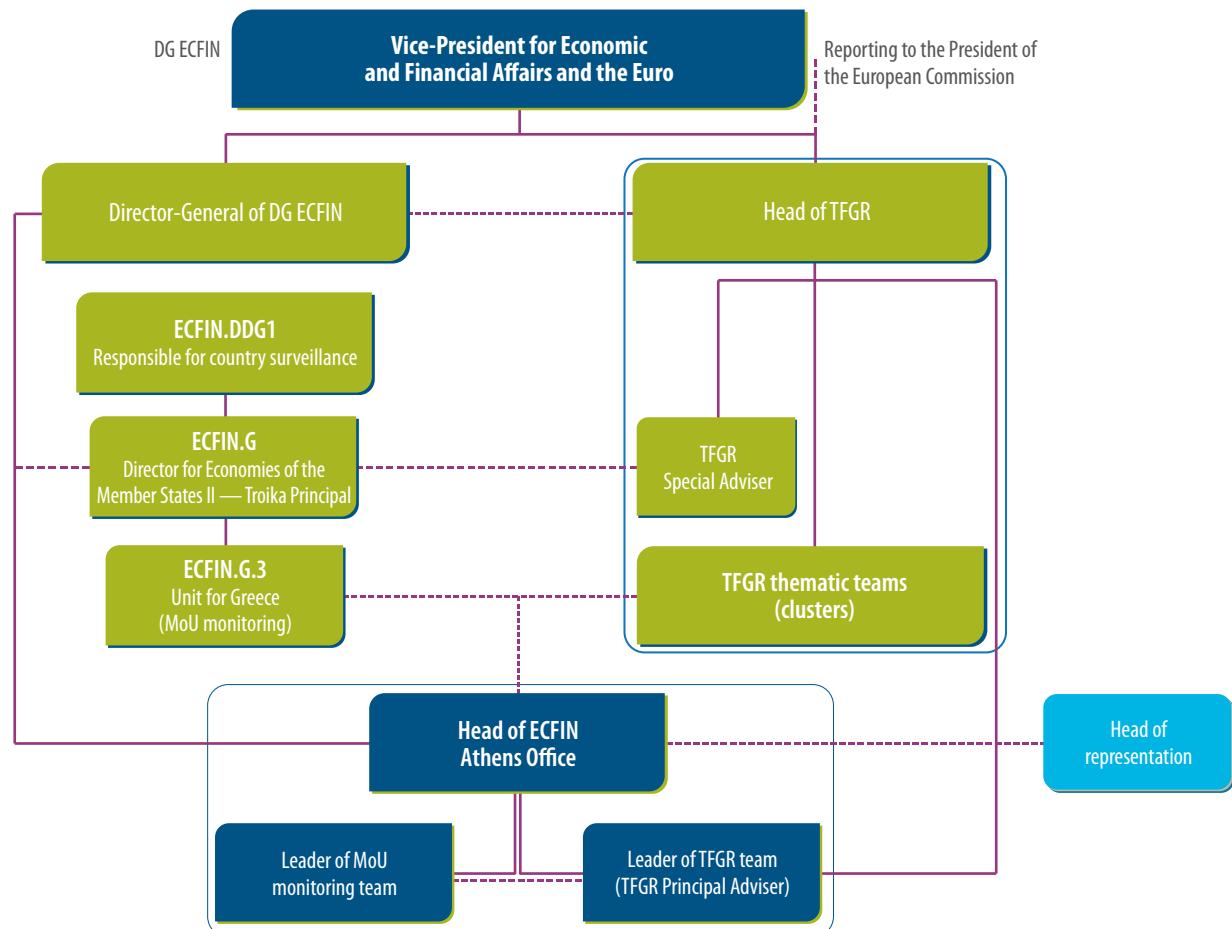
### 04

The TFGR was established as an organisational entity attached to the Commission's Director-General of Human Resources and Security. The head of the task force was given director-general status and reported directly to the Commission president under the guidance of the Commissioner for Economic and Monetary Affairs. Under a Commission decision of 18 April 2012, the TFGR was placed within DG Economic and Financial Affairs on 1 May 2012 in order to 'ensure the highest possible levels of synergies, coordination and coherence of the Commission's work to support the adjustment programme of Greece'. The TFGR operated from offices in Brussels and Athens and, as of February 2015, employed 65 staff. Its organisational structure is shown in **Chart 1**.

## Introduction

**Chart 1**

### Organisational structure of the TFGR



Source: ECA, based on Commission data.

## Introduction

### Scope and methods of technical assistance

#### 05

The concept of TA was not defined in the specific context of the TFGR or the support provided to Greece. According to the definition laid down in the financial regulation ‘Technical assistance shall mean ‘support and capacity-building activities necessary for the implementation of a programme or an action, in particular preparatory, management, monitoring, evaluation, audit and control activities.’ TA is typically delivered by international organisations through expertise and advice to assist states with development programmes.

#### 08

The providers of TA addressed their deliverables — primarily expert studies and ongoing hands-on support — to the appropriate Greek authorities. It was then up to the authorities to implement the recommendations in line with the programme conditions and their own reform agendas. The TA process is shown in ***Chart 2***.

#### 06

For Greece, the TA activities covered a wide range of subjects: 118 single projects in 12 policy fields (see ***Annex I***). The TFGR focused on the reform of public administration, improvements to the tax system and a return to growth through promotion of the business environment.

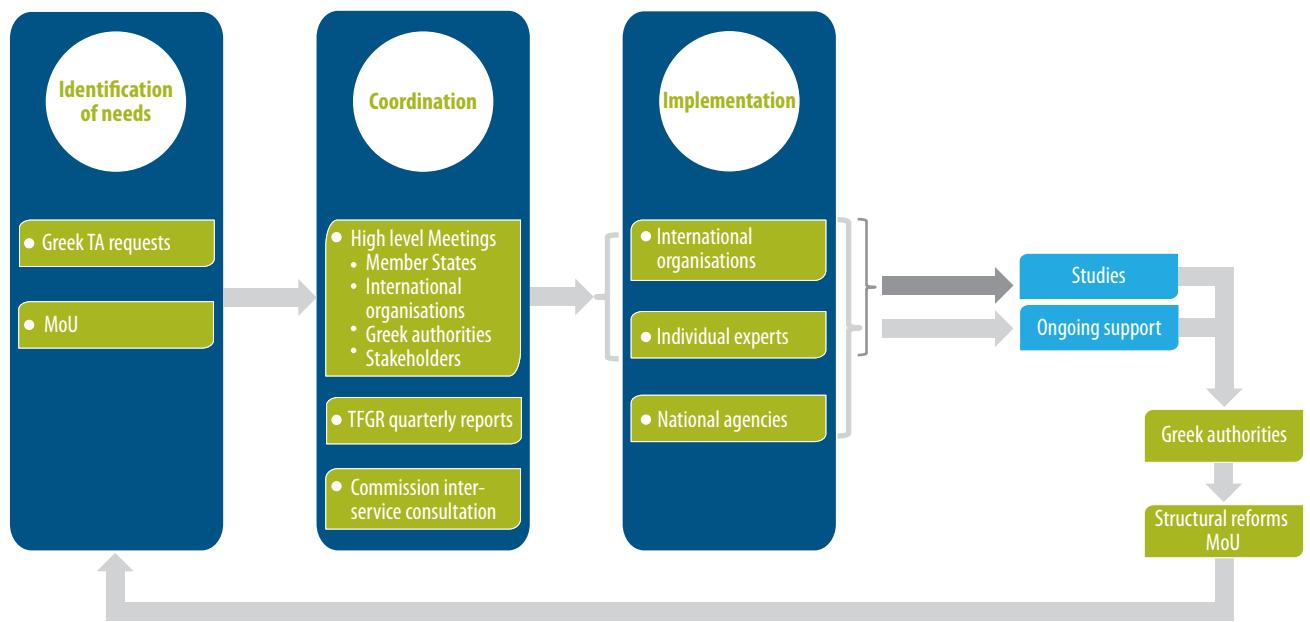
#### 07

In practice the TA process started with the request for support defined by the Greek authorities. The scope of the request reflected the conditional-ity of the programme. The TFGR was responsible for identifying and making available TA resources and coordinating the implementation. Support was then provided by the staff of the TFGR or by external experts, and took the form of short-term missions, low-value contracts and long-term assistance. In some instances, a national government with a strong track record in a policy field assumed responsibility as ‘domain leader’ (or ‘reform partner’).

## Introduction

Chart 2

### The technical assistance process



Source: ECA, based on TFGR data.

# Audit scope, objectives and approach

14

## Audit scope and objectives

09

This audit addresses the EU technical assistance provided to Greece under the coordination of the Task Force for Greece. The main objective was to assess the extent to which this assistance was managed effectively and contributed positively to the process of reforms in Greece.

10

We addressed this objective by examining the following:

- the TFGR's organisational arrangements and the financing and planning of TA (paragraphs 15 to 26);
- the delivery of TA based on the TFGR mandate (paragraphs 27 to 54); and
- the contribution made to the progress of reforms (paragraphs 55 to 73).

11

The report did not cover assessment of the design, monitoring or implementation of the economic adjustment programmes.

## Audit approach

12

We analysed horizontal aspects<sup>1</sup> linked to the set-up of the TFGR and the overall management of TA, as well as a sample of 13 projects (see *Annex II* for an overview). The sample covered five policy fields that were of considerable significance to the success of the reform process in Greece (public administration, revenue administration, business environment, access to finance<sup>2</sup> and Structural Funds).

13

Individual TA projects were selected on the basis of the following criteria: relevance of the subject to the reform process, an advanced stage of implementation, coverage of all modes for delivering TA and all financing mechanisms.

14

The main audit work involved visits to the TFGR and other relevant Commission services. Evidence was also gathered through audit and information visits to service providers, Greek authorities and other stakeholders. *Annex III* lists the bodies visited during the audit.

1 Not related to specific policy fields.

2 The policy field 'access to finance' was subject to the audit, but it did not result in relevant findings.

# Part I

## The TFGR had a functional operational structure but lacked a single strategic orientation and dedicated budget

**The TFGR was established late compared to the launch of the programme and without considering alternatives**

### 15

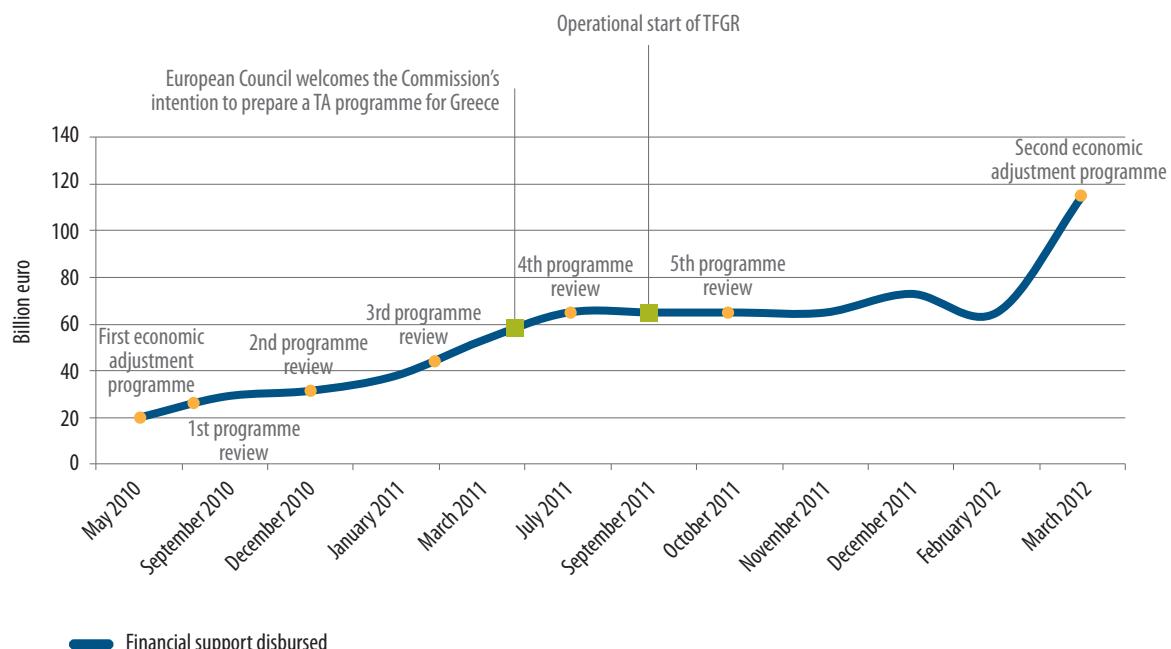
In correspondence between the Greek Prime Minister and the Commission in early summer 2011, the establishment of the TFGR was referred to as a key instrument for successful delivery of the initial economic adjustment programme. Basic arrangements, including the scope of the TFGR's mandate (see **Box 1**), were decided by the Commission on 20 July 2011. According to this decision the first appointments were to take effect on 1 September 2011. Nine staff members assumed their duties on that date (including key senior staff), and they were joined by 30 more during the next 2 months, giving the TFGR 39 staff as at the end of October 2011.

### 16

By that time, the fifth review of the first economic adjustment programme (launched initially in May 2010) was already ongoing and six loan disbursements had been made worth 65 billion euro, out of the total of 73 billion euro that would be disbursed by the GLF and the IMF through the first programme (see **Chart 3**).

**Chart 3**

### Establishment of the TFGR vs financial disbursements



Source: ECA, based on TFGR and MoU data.

## Part I — The TFGR had a functional operational structure but lacked a single strategic orientation and dedicated budget

**17**

The TFGR was expected to remain operational for as long as support was needed for programme implementation. On 1 July 2015 the TFGR was replaced by a new 'structural reform support service' to coordinate growth-enhancing administrative and structural reforms at EU-level. The new entity was designed by the Commission to benefit from the expertise, practical know-how and working methods developed over time by both the TFGR and the support group for Cyprus, and it consists of staff formerly working in those two bodies.

**18**

When establishing the TFGR, the Commission did not analyse alternative options for the delivery of TA. In particular, it did not demonstrate that the institutional set-up and mandate of the TFGR were best suited to address existing capacity weaknesses. Urgency and political uncertainty may explain the lack of critical analysis underlying the establishment of the TFGR. In this respect, the Commission stated that it drew on the experience gained through providing support to Greece within the framework of existing instruments and legal acts<sup>3</sup>. The TFGR's operational procedures have never been subject to review, although an annual review was decided by the Commission on 20 July 2011.

### No single strategic document

**19**

While the TFGR's priorities were to some extent set out in internal documents and presentations, its activities were not underpinned by a single comprehensive strategic document. For example, the TFGR did not draw up a strategic plan setting out, over a medium term perspective, the details of the arrangements for delivering TA, the prioritisation of TA actions and the necessary resources. In practice the strategic orientation of the TFGR was based on the economic adjustment programme and prioritisation of actions was dependent on the requests of the Greek authorities.

**20**

The TA activities coordinated by the TFGR were mainly provided 'on demand'. Following consultation with the TFGR, the Greek authorities submitted detailed requests on two occasions in 2011 and 2012 and then updated them individually for specific policy fields. This reactive 'on demand' approach is at odds with the TFGR's more active mandate to 'identify and coordinate TA in close cooperation with the Greek authorities'.

- 3 The framework for cooperation included, for example, the Permanent Representation of the European Commission in Athens, a technical task force set up at DG Employment, Social Affairs and Inclusion to support implementation of the Structural Funds, and permanent programme monitors from DG Economic and Financial Affairs.

## Part I — The TFGR had a functional operational structure but lacked a single strategic orientation and dedicated budget

**21**

The TFGR did not itself carry out a systematic needs assessment to determine which specific issues or areas should be addressed by TA and in which order of priority. In line with the TFGR's mandate, the priorities were derived from the MoU. However, given its very broad scope, the MoU could not serve the purpose of direct guidance for the delivery of TA in view of the limited resources of the TFGR and the administrative capacity of the Greek authorities. Notwithstanding these constraints, the TFGR occasionally offered TA that went beyond the initial requests of the Greek authorities, mainly under the headings of 'innovation' and 'guaranteed minimum income'.

**The TFGR was not given a dedicated budget**

**23**

The TFGR never had a dedicated budget, but its operations and TA activities were financed from a number of budget lines (notably within the European Social Fund, the European Regional Development Fund and the Commission's administrative budget). In the context of public administration reform, we found that the financing possibilities offered by the Structural Funds were not fully exploited for TA purposes. The budget of an operational programme relevant to the TA (AROP) was significantly reduced and reoriented toward actions not directly linked with reform of the central administration.

**22**

The TFGR did not maintain an overview of TA projects carried out in Greece and financed from sources other than the EU budget managed directly by the Commission (including those supported by the Structural Funds, e.g. ESF, under shared management). Although the TFGR had no responsibility for implementing or monitoring Structural Funds projects, such an overview would have been helpful for the planning and coordination of TA. Given the similar objectives of TA and Structural Funds, consideration of the preparatory works carried out for projects implemented under the operational programmes, would also help to achieve full synergies with TA projects.

## Part I — The TFGR had a functional operational structure but lacked a single strategic orientation and dedicated budget

### 24

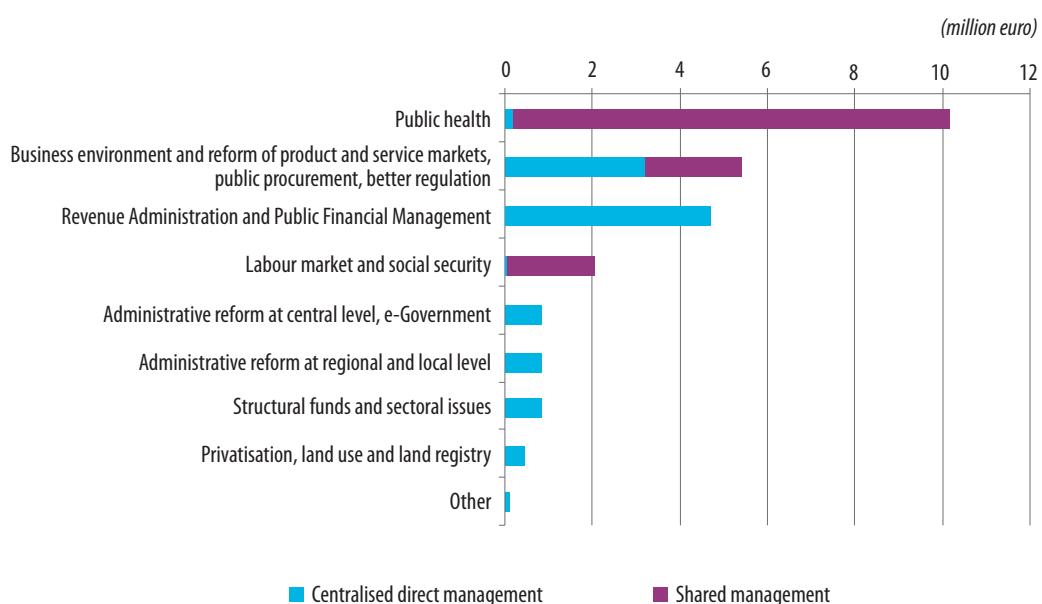
Due to the financing from different budget lines, the Commission was not able to precisely determine the total commitments (and therefore total potential cost) of TA activities in Greece. Based on information from the TFGR, commitments to TA activities<sup>4</sup> under centralised direct management totalled 11.2 million euro in 2011-2013. On top of that budget, some TA activities were financed using the Structural

Funds under shared management<sup>5</sup>. According to information presented at the high-level meeting<sup>6</sup> in March 2014, the total amount committed to these activities was 14.2 million euro in 2011-2014. Taking both sources of financing into consideration, the most heavily-funded policy field was public health. Revenue administration and the business environment received most funding under centralised management (see **Chart 4**).

- 4 Excluding staff and administrative costs and commitments of the Fiscais programme.
- 5 Centralised direct management means that money is spent directly by Commission staff (contractors selection, grants, transfers of funds, monitoring, etc.). Under shared management, budget implementation is delegated to the Member States.
- 6 Meetings regularly organised by the TFGR to co-ordinate and discuss progress of TA. Participants included Member States, service providers and stakeholders.

**Chart 4**

### TA commitments by policy field (2011-2013)<sup>1</sup>



<sup>1</sup> 2011-2014 for commitments under shared management.

## Part I — The TFGR had a functional operational structure but lacked a single strategic orientation and dedicated budget

**The TFGR had a flexible internal organisation, but staff needs were not defined based on a proper analysis**

### 25

The TFGR's work was organised around 11 policy-related 'clusters' and one horizontal team responsible for co-ordination and management of TA. The clusters reflected the structure of the MoU and the main challenges facing Greece in the reform process. Each cluster was chaired by a coordinator, who took overall responsibility for the internal organisation of work, communication and contributions to general TFGR documents. Coordinators were also expected to identify projects of potential interest to other clusters and manage contacts with DG Economic and Financial Affairs' geographical desk. The cluster structure allowed staff (including coordinators) to work in more than one team and gave the TFGR management flexibility to quickly readjust its resource allocation.

### 26

The TFGR's overall ceiling of 67 staff members, established in April 2012, was not based on an underlying analysis of actual needs. As at 1 February 2014, the total number of staff fell significantly short of the ceiling (nine vacant posts). By February 2015, following finalisation of recruitment procedures, there were only two vacant posts. As of 1 July 2015 the TFGR was incorporated into the 'Structural Reform Support Service'.

## Part II

### The TFGR fulfilled its mandate overall, but there were shortcomings

27

The mandate of the TFGR covered five main components (see **Box 1**). This part of the report analyses the extent to which each of these components has been fulfilled.

#### **TFGR mandate**

- (1) Identifying and coordinating, in close cooperation with Greece and benefiting from input from other Member States, the technical assistance that Greece needs to deliver the EU/IMF adjustment programme.

29

During its first 3 months of existence the TFGR began TA initiatives in most of the policy fields for which Greek authorities had solicited support. Its first quarterly report (November 2011) showed that TA was being implemented at the time in nine fields, including such key areas such as budget and taxation, public sector and the business environment. As at November 2014, the TFGR was active in 118 TA projects. In providing TA the TFGR faced tight deadlines derived from the implementation of the conditions attached to the adjustment programme. Furthermore, the TFGR had to work in the context of the highly volatile political situation, necessitating frequent adjustments of the approach and content of TA projects.

#### **Major challenges in a difficult context**

28

The TFGR faced the major challenge of putting together a comprehensive programme of TA to support implementation of the adjustment programmes and the overall sustainability of Greek reforms. Between May 2010 and October 2011 the first adjustment programme was reviewed five times. By the time the TFGR was set up, the programme contained a large number of detailed conditions, which was the basis for the Greek authorities' TA request.

#### **Coordination system performed satisfactorily**

30

The complex system of TA provision, involving a large number of Member States, international organisations and EU entities, required enhanced coordination measures. To this end, the TFGR held regular 'high-level meetings' to coordinate the delivery of assistance. Ten such meetings were held up to mid-2014. As the main coordination tool, the meetings were useful for pooling TA resources (particularly in the initial period) and streamlining its delivery. The high-level meetings gathered a large number of participants representing all types of TA partners.

## Part II — The TFGR fulfilled its mandate overall, but there were shortcomings

### 31

In addition to the high-level meetings, the TFGR developed three main channels of overall coordination with the Greek authorities:

- high-level political meetings involving the head of the TFGR,
- weekly meetings at cluster level (TFGR staff responsible for a specific policy field) with the corresponding Greek authorities.
- working contacts of TFGR staff with the Greek authorities (including contacts with experts working on a day-to-day basis in the Greek administration).

### 32

At project level, the TFGR was able to demonstrate enhanced coordination with both the Greek authorities and service providers. In all projects TFGR staff led and/or participated in meetings with their opposite numbers. However, in some cases this coordination did not prove effective.

- In the case of the 'Administrative burden' project, we identified implementation weaknesses linked to the cooperation between the OECD and the Greek authorities and specifically the quality of inputs provided by the Greek experts. The TFGR coordination efforts did not prove to be sufficient in order to overcome delays and implement the project in line with the initial concept (see **Annex IV**).

- In the area of the Structural Funds, it became necessary to carry out a comparative analysis of the cohesion policy implementation procedure. To this end, in September 2013 the TFGR initiated cooperation with the authorities of one Member State, but the arrangement later stopped for no clear reason.

<sup>7</sup> E.g. in the fields of public sector reform, business environment (liberalisation of professions), budget and taxation.

### The role of the TFGR significantly varied for the audited projects

### 33

The role of the TFGR's work varied greatly from one project to another (see **Annex V** for a more detailed analysis of the TFGR's role). It made a clear difference when it was responsible for pooling resources from Member States or managing external service providers<sup>7</sup>. In such cases the TFGR was responsible for, among other things, designing terms of reference, selecting service providers (in consultation with DG Employment, Social Affairs and Inclusion) and monitoring their work. It therefore had a marked influence of the TFGR on the scope and quality of TA actually delivered to the Greek authorities.

### 34

In contrast, the TFGR's role in the 'Administrative burden' project was less clearly defined. It was not involved in the selection of the service provider, the contractual arrangements between the OECD and the Greek authorities or the monitoring of implementation. It served primarily as a facilitator, but with limited effectiveness (see paragraph 32).

## Part II — The TFGR fulfilled its mandate overall, but there were shortcomings

**Chart 5**

<p><b>TFGR mandate</b></p> <p>(2) Assisting the relevant Greek authorities in defining the details of the kind of technical assistance to be provided.</p>	<p><b>The TFGR applied a mix of TA delivery modes, but some of them did not match with the nature of assistance</b></p> <p><b>35</b></p> <p>In order to fulfil its mandate, the TFGR had recourse to a number of modes for the delivery of TA (see <b>Chart 5</b>). The predominant way of providing TA was through external contractors, partly due to administrative constraints which prevented the Commission from employing experts directly. Once a TA project had been validated, it was usual to apply a combination of long-term and short-term experts to address the specific needs of the Greek government beneficiaries.</p>
TA delivery modes	
<p><b>TFGR's own staff</b></p> <p>Officials, contract staff and national experts provided direct support to the Greek authorities, either on an ad hoc basis or in the capacity of experts resident in the Greek institutions. The latter approach was used in the fields of public administration, taxation and structural funds.</p>	<p><b>Expert missions</b></p> <p>Short-term expert visits or workshops aimed at sharing experience and the exchange of best practices and provided by experts delegated by international organisations or Member States. Expert missions were extensively used as a mode of TA provision in the area of public administration and taxation.</p>
<p><b>Low-value contracts</b></p> <p>Support for specific short-term projects. Contracts worth less than 15 000 euro were financed directly by the European Commission through the central TA budget of the ESF. This type of support was typically used e.g. in the business environment cluster.</p>	<p><b>Long-term contracts</b></p> <p>Support from international or national organisations with specific know-how. Contracts were either signed directly by the Commission, using the central ESF budget, or managed by the Greek authorities and charged to the structural funds.</p>

Source: ECA, based on TFGR data.

## Part II — The TFGR fulfilled its mandate overall, but there were shortcomings

**36**

In the case of TA delivered by means of long-term contracts with national development agencies<sup>8</sup> (in the fields of taxation and public administration), the TFGR was responsible for selecting and negotiating with experts. While financed by the agencies, the experts largely worked independently (e.g. without the agencies' methodological guidance). The agency active in the field of taxation charged a 7 % administrative fee<sup>9</sup> for its services. In the case of these two contracts, this division of responsibilities shows that the national agencies were used primarily to finance the hiring of external contractors. The actual input of the agencies was limited to formal issues (no substance-related advice) and the Commission had to pay administrative charges.

**37**

In areas with complex legal environments, such as revenue administration and the public administration, better results were achieved when resident experts were placed in the national authorities at an early stage. These experts were well placed to identify and address practical obstacles and constraints such as in the write-off of debt procedures and facilitating communication in the event of delays in the legislative process.

### Selection of TA providers was not always based on a thorough analysis of alternatives

**38**

Of the audited long-term TA projects, four were directly contracted by the Commission (two to the IMF in the area of taxation, two to national development agencies in the fields of public administration and taxation). In the business environment (reduction of administrative burden) field, the contribution agreement with the OECD was concluded by the Greek authorities.

**39**

The selection of TA providers for long-term contracts signed directly by the Commission was documented as required by the financial regulation<sup>10</sup>. No tender procedures were required, but the selected providers were first vetted by the DG for International Cooperation and Development and approved to conclude contracts with the Commission. In the case of the contribution agreement with the OECD, the Greek authorities carried out the award procedures and the law did not require competitive tendering. However, the selection was not based on a thorough and documented analysis comparing the relative merits of alternative providers. That applied to procedures managed both by the Commission and the Greek authorities.

8 National development agencies are public entities to which a Member State entrusts the task of providing expertise and assistance in other (primarily developing) countries.

9 Based on a total budget of 600 000 euro.

10 Primarily through financing decisions.

## Part II — The TFGR fulfilled its mandate overall, but there were shortcomings

**40**

The decision to sign contracts with national development agencies reflected the strategy of involving Member States in the delivery of TA. For example, the Commission considered selection of the national development agency in the field of public administration as a logical choice due to the organisation's prior cooperation with the domain leader.

**41**

Organisationaly, the agency included a dedicated 'thematic unit' for 'public finance and state modernisation', but it could not demonstrate prior experience in TA projects similar in scope to the reform of Greek central administration. The agency was typically involved in developing countries (notably sub-Saharan Africa and the Balkans). In 2013-2014, support for Greek public administration reform was the only project implemented by the agency in the EU. The other national development agency, contracted to provide TA in the field of taxation, had previously focused on poverty reduction and was mainly active in under-developed countries in Asia and Africa.

**Support to accelerate the take-up of EU funds was properly structured**

**42**

The TFGR provided Greece with a comprehensive support package in the field of the Structural Funds. As of November 2014, eight projects aimed at improving management of the Structural Funds were either ongoing or had been completed. They covered both horizontal issues (monitoring, simplification of procedures) and specific support for the implementation of designated priorities (e.g. waste management, energy, tourism).

**43**

We found that, with regard to the monitoring of the priority projects, examined in detail by the audit, the use of TA fell into three categories: (i) problem-solving on horizontal issues, (ii) development of a functional monitoring system in Greece, and (iii) directly monitoring 40 of the priority projects selected based on a robust risk assessment system. The final activity stopped by mid-2012, due to the fact that the Greek side implemented an appropriate monitoring mechanism.

### TFGR mandate

- (3) Recommending legislative, regulatory, administrative and if necessary (re)programming measures for an accelerated take-up of EU funds (...).

## Part II — The TFGR fulfilled its mandate overall, but there were shortcomings

### 44

Regarding the division of responsibilities in the field of the Structural Funds, cooperation between the TFGR and DG Regional and Urban Policy was an example of good internal coordination at the Commission. Under a clear division of responsibilities, the TFGR did not intervene in everyday monitoring activities, which were carried out by DG Regional and Urban Policy, but took care of horizontal issues impacting the implementation of the Structural Funds. Horizontal concerns were identified in November 2011 (e.g. simplification of legislation, organisation of the land register) and continued to be addressed as such throughout the life of the TFGR.

#### TFGR mandate

- (4) Preparing clear terms of reference for all technical assistance assignments which specify the nature and scope of the technical assistance (...) the budgetary and human resources, and the expected results, with milestones and delivery deadlines.

**Support was sufficiently attuned to key reform needs but not always based on a comprehensive needs analysis**

### 45

The TA in the area of Structural Funds was provided through TFGR staff (resident in the ministry of transport and working from the TFGR office). In this case the TFGR played a well-defined role that led to positive outputs (see paragraphs 41 to 42). It should be noted that a task force dedicated to the implementation of Structural Funds existed prior to the creation of the TFGR. It was composed of one Commission official and three other experts appointed by the European Investment Bank. The Commission official was responsible for coordinating the implementation of the programme in the area of the Structural Funds, helping the Greek authorities with the submission of applications and regularly reporting on progress.

### 46

For the audited projects we found the scope of assistance to be overall in line with the main problems identified by external experts. In the field of taxation, the technical analysis underlying the TA was appropriate in terms of the indicators developed and areas selected. The scope of TA was also well defined in the field of Structural Funds. The monitoring system, designed with the help of TA, was based on a sound risk analysis and followed by dedicated TA aimed at supporting implementation of individual projects.

## Part II — The TFGR fulfilled its mandate overall, but there were shortcomings

**47**

We did, however, identify weaknesses with regard to the scope of TA in the fields of administrative burden reduction and public administration.

- (a) As regards administrative burden reduction, the scope of TA was less than that of a similar project initiated by the Greek authorities in 2010. That project, designed in the framework of the 'Administrative reform' operational programme (AROP), was subsequently put on hold and replaced by the agreement with the OECD on the delivery of TA. Among other differences, the initial project covered a complete assessment of all regulations in the field, whereas the OECD agreement focused on 20 % of the most burdensome regulations. There was no documented justification of the reasons for the modified approach.
- (b) TA in the area of public administration was not based on a needs analysis carried out by the TFGR itself, but drew on the findings and recommendations of the OECD public governance review 'Greece: review of the central administration'. However, the TA did not take up the key recommendation relating to anticipating impediments to reforms and systematically following them up.
- (c) Synergies with the Structural Funds were not fully exploited. The specific needs and scope of the TA were defined without consulting the AROP managing authority or DG Employment, Social Affairs and Inclusion, although the operational programme and the TA shared similar objectives. Some core AROP actions were put on hold and implemented (in a limited way) as TA projects under direct centralised management.

### Terms of reference of some contracts not clearly defined

**48**

Despite the well-defined scope of TA, the design of the terms of reference or road maps underlying the TA was in some cases not satisfactory. There were particular weaknesses in one of the contribution agreements signed by the Commission with the IMF and the road map<sup>11</sup> for public administration reforms.

- 11 The road map was agreed between TFGR, the Greek authorities and the domain leader (Member State that assumed the responsibility of being the main reform partner in a specific policy field) as an instrument to keep the global vision and a coherent follow up of the TA in the field of public administration. It described the global architecture and the strategy to implement administrative reform.

**49**

The contribution agreement 'Strengthening public financial management and tax administration in Greece' (signed in December 2011) did not precisely define the scope of the work to be carried out by the IMF. The agreement laid down only a very broad division of responsibilities between the partners involved in the TA process, according to which the IMF was to lead, coordinate and supervise the TA effort in tax administration. Outcome indicators were not linked to the specific responsibilities of each party. Those responsibilities were defined in more detail in a later amendment to the agreement (2 years after signature).

## Part II — The TFGR fulfilled its mandate overall, but there were shortcomings

**50**

The road map to the reform of public administration comprised 58 actions to be completed in 2012-2013. Some actions lacked an implementation schedule, and the road map did not always define deliverables/outputs or milestones. In some cases the design was poor and overambitious about planning (see **Box 2**). However, planning was defined by the deadlines set in the relevant laws by the Greek authorities at the end of 2011 and in line with the MoU. It must be noted that in some cases the road map did set indicators with which to measure results.

### Technical assistance was appropriate to programme requirements

**51**

The substance of the TA provided was largely in line with the conditions of the programme, laid down in the MoU. However, 11 TA projects (in the financial institutions, health and home affairs policy fields) out of the total of 118 could not be linked to specific provisions in the adjustment programmes. The home affairs policy field was specifically mentioned in the TFGR's mandate despite not featuring in the MoU.

#### TFGR mandate

- (5) Providing quarterly progress reports to the Commission and the Greek authorities as well as, on a need basis, more frequent alert reports.

**Box 2**

#### Examples of overambitious design in the Central public administration reform road map

The road map envisaged that transformation scenarios for the structures of the first five ministries under reorganisation would be produced within 4 months (May 2012). In practice it took 9 months (October 2012) to produce evaluation reports for two of the five, which were then used as 'pilot' exercises. When the road map was drafted in January 2012, it did not specify the date that the whole restructuring exercise should be completed. In reality the restructuring exercise of all ministries (including the two pilots) was completed two and a half years later, in August 2014.

According to the road map, the reform in the job classifications of all employees in the central administration should have been completed within 6 months (i.e. July 2012). This deadline was set despite the legal and organisational complexity of the exercise (including the need to assess staff in almost 1 500 types of posts) that had already been recognised by the OECD in its mapping exercise of the Greek central administration. The deadline was not met and the reform of job classifications was completed 2 years later in autumn 2014.

## Part II — The TFGR fulfilled its mandate overall, but there were shortcomings

**The TFGR effectively monitored the progress of TA ...**

**... and, to varying degrees, the deliverables of external service providers**

### 52

The key tools for the TFGR's overall monitoring of TA progress were quarterly reports, which included annexed 'TA tables'.

- (a) The quarterly reports provided a comprehensive description of developments in key policies and overall progress of reforms, not only the achievements linked directly to the TA. They were therefore well adapted to the purpose of presenting the context and scope of TA, but not the impact of individual projects. Although the TFGR's mandate specifically mentioned that the reports were to be provided on a quarterly basis, between autumn 2011 and summer 2015 only seven (out of 15 to be expected) were produced. The TFGR published the last report in July 2014.
- (b) The TA tables provided information on the progress of TA projects, focusing on the overall objectives, general developments in the field, the TA provided during the reporting period and what was planned next.
- (c) There was more detailed monitoring at cluster level. Overall progress was discussed at regular meetings with the head of the TFGR and properly documented.

### 53

For small value contracts the TFGR received and reviewed interim reports from the service providers. The comments were clear and raised issues of coherence, completeness and compliance with EU law. Following submission of the final deliverables, the TFGR assessed compliance with the terms of reference. This resulted in a note to DG Employment, Social Affairs and Inclusion which was used for the approval of payment.

### 54

In the case of long-term contracts, the TFGR was able to demonstrate that it closely monitored the progress of TA and was in regular contact with all providers of long-term assistance. This was ensured through frequent meetings, resident experts and joint missions with the IMF (for taxation). However, we identified weaknesses in the monitoring procedures for some long-term contracts.

- (a) Monitoring not linked to verifiable indicators — the follow-up of the contract with the IMF was not systematically documented in respect of assessing the achievement of the objectives laid down in the agreement. The TFGR did not systematically analyse the actual TA outcomes in the light of the initially agreed objectives or indicators. Consequently, the follow-up did not lead to a change of initial project deadlines or performance indicators, when this was needed to reflect the rapidly changing external situation.

# Part III

## The technical assistance achieved mixed results

- (b) Limited TFGR involvement — under the 'Administrative burden' project, TA was provided on the basis of a bilateral agreement between the OECD and the Greek authorities. Therefore the TFGR was not directly involved in monitoring the compliance of deliverables with the contractual requirements.

**The TFGR did not systematically monitor the results and impacts of TA**

### 55

In the context of impact assessment the implementation of TA recommendations remained the task of the Greek authorities. The TFGR did not systematically seek feedback from the recipients of TA or monitor the TA implementation or its broader impacts. The impact assessment was to some extent covered by the external evaluations commissioned by the TFGR<sup>12</sup> and in specific policy fields e.g. taxation there were examples of monitoring activities. However, a systematic overview of implementation would help to assess the absorption capacity of the Greek authorities and improve the planning of TA.

### 56

Although the TFGR did not systematically monitor implementation of TA recommendations, the quarterly reports included some result indicators:

- absorption levels of the Structural Funds,
- market liquidity (financing instruments available to Greek enterprises),
- tax-related indicators (e.g. outstanding tax debt, number of audits, VAT filing compliance).

- 12 The TFGR commissioned an external evaluation of TA activities from a consortium of two consulting companies. The scope of the evaluation was limited, covering only tax and central administration reforms for the period 2011-2013. In December 2014, the TFGR launched a further tender for the assessment of TA under the road map for the Hellenic Court of Audit.

### 57

In two cases related to the audited policy fields, the Greek authorities themselves established effective monitoring systems (see **Box 3**).

### Box 3

#### Examples of effective monitoring systems established by the Greek authorities

- Reduction of administrative burden: the ministry responsible created a database to follow up all 86 recommendations in 13 policy fields.
- The TFGR helped the Greek authorities to establish an IT tool for monitoring implementation of the Structural Funds at project level. This tailor-made tool performed as required by the criteria set in the MoU.

## Part III — The technical assistance achieved mixed results

### Satisfactory outputs but some late delivery

**58**

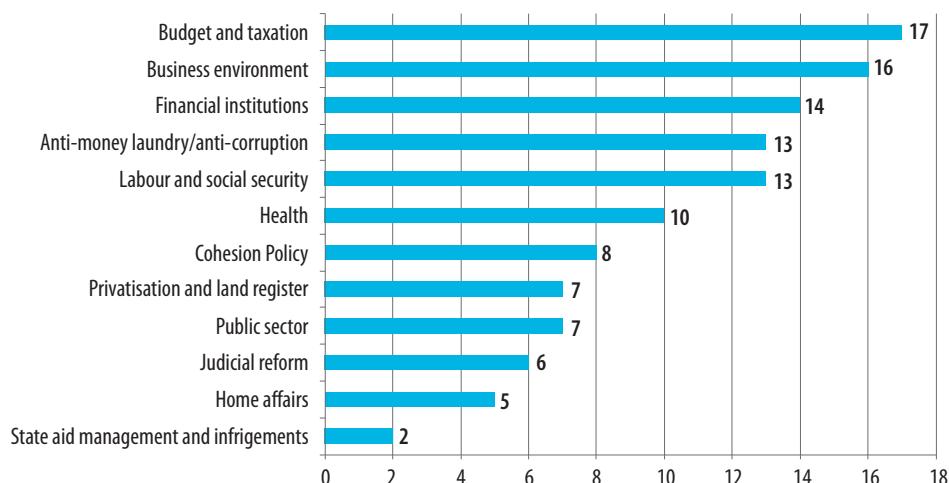
By November 2014, the TFGR had coordinated 118 TA projects (see **Chart 6**), out of which 104 were active (82) or completed (22). The remaining 14 projects were dormant, but some preparatory work had started. The assistance had been provided in 12 policy fields which were instrumental to the reform process in Greece; these included very complex policies such as public administration reform and taxation.

**59**

While the quality of outputs delivered by external service providers was in line with the respective terms of reference, we identified some delays in the implementation of the TA. For instance the contract with the OECD was signed in November 2012 and scheduled to start within 2 months after signature. The signature of the contract had already been delayed compared to the programme which set an initial deadline of Q3 2011. Due to delays during the preparatory phase, the contracting parties (Greek authorities and the OECD) postponed the start of the project to end of March 2013. The final deliverable was submitted by the OECD in April 2014, which was in line with the amended project schedule. The final version of the report was published in September 2014.

**Chart 6**

### Number of projects by policy field



Source: ECA, based on TFGR data.

### A varied contribution to the reform process

#### 60

The ultimate objective of the TA was to help achieve effective and sustainable reform in the policy fields it addressed, even if responsibility for implementing reform lay with the Greek authorities (and not the TFGR or the Commission). The resulting reforms are therefore an important indicator of the success of the TA. This section of the report analyses the progress of the reforms resulting from the TA projects audited (see **Annex II**), and demonstrates significant variations between them.

### Public administration

#### 61

As part of the reform of public administration, TA was provided to help the Greek authorities with evaluating and reorganising the structure of public entities. However, the evaluation exercise had little impact on the organisation of some entities, notably government ministries, and job descriptions were not developed in a systematic manner. As a result, although the overall number of managerial posts was reduced by 40 %, the number of staff and functions in each ministry did not change significantly. Thereby, the reform did not achieve significant improvements in terms of higher mobility and flexibility in the operation of the civil service.

#### 62

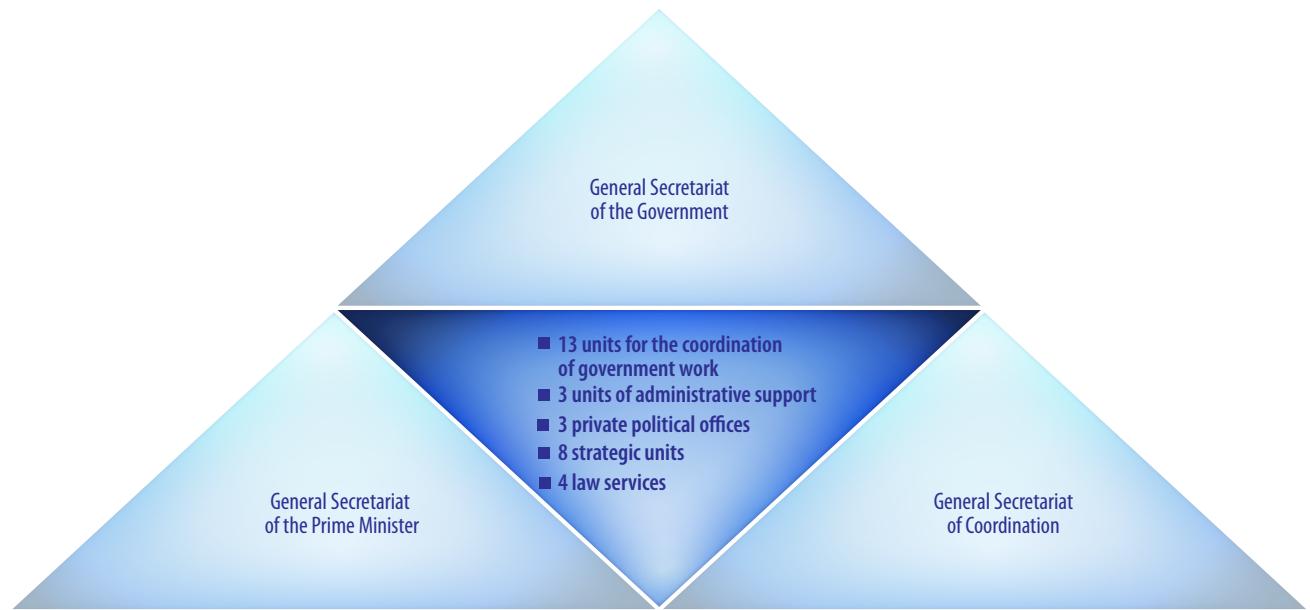
To address the situation of poor inter-ministerial coordination, TA was used to facilitate the establishment of a general secretariat for coordination (GSCO). However, the GSCO was not made fully operational until November 2013. The general coordinator was initially intended as a ‘permanent’ senior public post with a 5-year mandate to ensure the continuity of the state. In fact, in the 2 years following the establishment of the GSCO, the post was occupied successively by three political appointees. This was at odds with the TA-recommended model aiming at addressing business continuity risk.

#### 63

In contrast with the organisation charts introduced as part of the reorganisation of central administration, the creation of the new GSCO did not result in efficiency gains in the organisation of the services under the prime minister. Initial proposals by the TFGR, the domain leader and the Greek working group were not adopted, and since 2013 there have been three administrative structures, which have faced problems with overlaps and duplication of responsibilities (see **Chart 7**). The three general secretariats were given over two hundred diverse but detailed responsibilities.

Chart 7

### Overlaps at the centre of government



Source: ECA.

### Business environment

**64**

Of the 86 OECD recommendations on reducing the administrative burden, 60 required amendments to primary legislation. As at end of November 2014, the necessary regulations had been adopted in 52 cases. In seven cases the legislative work was still ongoing or had been postponed.

**65**

Out of the required 32 cases for amendments of secondary legislation, 19 had not been implemented by the end of November 2014. These cases represented various sectors (in particular energy — seven cases) and jointly accounted for 22.5 % of the total administrative burden (of this 12 % was attributable to a single regulation in the area of VAT law).

### Structural Funds

**66**

In terms of the overall absorption rate, during the period 2010 to September 2014 Greece's ranking among all EU Member States improved from 17th to 6th. DG Regional and Urban Policy data show that at the end of 2011 (i.e. 3 months after the creation of the TFGR) the overall absorption rate of the Structural Funds in Greece (based on payment claims) was 1.5 % above the EU average, and the country was ranked 18th. In 2014, the absorption rate exceeded the EU average by 11.5 %. The target for 2012 was not achieved, but in 2013 the absorption rate significantly exceeded the MoU target (by a cumulative 258 million euro over the financing perspective)<sup>13</sup>.

### Taxation (revenue administration)

**67**

Through the 'debt collection' project, new collection methods were introduced in 2014 and improved effectiveness. However, the Greek administration still offered no effective legal support for staff in charge of the recovery procedures. Further, the large debtor unit, created with the help of TA, was understaffed (fewer than 30 people at the end of 2013, and 57 in October 2014, compared with a recommended full complement of 90).

**68**

The Greek legal framework still requires the tax authorities to perform cumbersome procedures on debt deemed not collectable, instead of concentrating resources where collection is more likely. In this respect the TA focused on simplifying procedures and addressing the issue of uncollectable debt, but the Greek authorities took limited actions in this respect.

**69**

The number of staff assigned under the 'control of large taxpayers' assignment was still unsatisfactory. The unit suffered from high staff turnover, and its efficiency was further hampered by the fact that insolvent companies were still subject to audit procedures. TA in this field was intensified from April 2014. According to the joint mission reports by the IMF and Commission staff, the overall performance remained unsatisfactory with too few audits performed compared to MoU targets, lack of capacity building in the field and scarce resources dedicated to tasks which are not likely to lead to high levels of revenue.

**70**

Results linked to the 'Developing control of high-wealth individuals and high-income self-employed' project were also very limited. The High-wealth individuals audit centre was not established until June 2013. In 2013 approximately 450 audits were completed. The increase in tax assessments brought in 108 million euro, at a collection rate of only 22 %. Productivity was low, with each auditor dealing with fewer than three cases per annum on average and overall slow progress.

13 Enhanced provision of TA was not the only instrument applied by the Commission with a view to increasing absorption of the Structural Funds. In July 2011 the Structural Funds co-financing rate was raised to 85 %, and in December 2011 there was a further 10 % 'top-up'.

**71**

The slow progress made and difficulties experienced in providing TA through taxation projects were also attributable to several exogenous factors, both political (fresh elections in spring 2012) and organisational (high turnover and vacant positions of key management personnel). These factors jointly impeded the TA process.

### Capacity building

**72**

Capacity building within the Greek administration was considered a horizontal goal of TA in a number of projects. In the context of administrative burden reduction, the OECD ran a two-day training programme for 44 civil servants from various departments, mostly in sectors relevant to the scope of the project. According to the OECD assessment, the 'capacity-building' component of the project was not fully exploited owing to the limited time available for training activities.

**73**

In the field of public administration, the national school for public administration confirmed that it benefited from TA by establishing contacts with international experts (primarily specialising in anti-corruption training). Furthermore, 1 200 civil servants participated in training organised by the national centre for public administration and local government. A majority of the courses followed (84 %) covered the issues of money-laundering and corruption.

# Conclusions and recommendations

**74**

In the TFGR the Commission created a flexible mechanism for coordinating a broadly-based programme of technical assistance. TA was largely delivered in line with the requirements of the Greek economic adjustment programmes. The TFGR achieved its mandate overall. However, there were shortcomings and mixed results in terms of its influence on the progress of reforms. This assessment has to be seen in the context of the volatile political situation in Greece and the urgency imposed by the required reforms.

## Organisation and planning of technical assistance

**75**

As the TFGR was established in summer 2011, more than a year had passed since the start of the first economic adjustment programme and significant amounts of financial support had already been disbursed. In this context the Commission created an entity specifically for the delivery of TA without investigating alternative solutions. Assistance was provided 'on demand' following a request from the Greek authorities and in line with the MoU but not based on a single comprehensive strategic document. The TFGR was not given a dedicated budget (paragraphs 15 to 26).

## Recommendation 1

The establishment of any entity for delivering TA should be based on a strategy with well-defined objectives. The strategy should define the nature and division of responsibilities between parties. It should be formally endorsed by the beneficiary Member State to guarantee ownership and efficient implementation.

## Meeting the TFGR mandate

**76**

The TFGR was established with the aim of supporting the Greek reform programme based on a specific mandate that defined its responsibilities and the scope of work. The TFGR was overall successful in meeting this mandate, but there were shortcomings.

- **Identifying needs and coordinating TA delivery:** the TFGR established a varied system for TA delivery, mainly using external contractors — partly due to administrative constraints which prevented the Commission from employing experts directly. The system generated an increased need for coordination. Overall, the TFGR managed this well, despite deficiencies at project level (paragraphs 28 to 34).

## Conclusions and recommendations

- **Definition of TA details:** the TFGR applied a mix of TA delivery modes, which in some cases were not the most appropriate, given the nature of the services to be provided. Service providers were not selected on the basis of a comparative analysis of available options (paragraphs 35 to 41).
- **Supporting take-up of EU funds:** the TFGR offered a balanced basket of measures to support the implementation of EU funds in Greece. This support was provided by the TFGR staff themselves and was well-coordinated with other Commission services (paragraphs 42 to 45).
- **Designing terms of reference:** the scope of TA was on the whole in line with the conditions attached to the Greek economic adjustment programme, but there were weaknesses in the design of the terms of references of some contracts. Some agreements with service providers did not clearly specify the scope of the work to be delivered (paragraphs 46 to 51).
- **Progress reporting:** the TFGR used the quarterly reports as one of its means of reporting on the progress of its work; however, these were published less frequently than required (paragraphs 52 to 54).

### Recommendation 2

The Commission should create a pool of external experts who could be deployed on an ad hoc basis on TA projects in Member States.

### Recommendation 3

When designing TA programmes the Commission should analyse the complexity that arises from involving multiple partners and the increased need for coordination resulting thereof. In specific policy fields it should aim at streamlining the number of partners in order to ensure a coherent methodology for the provision of TA.

### Recommendation 4

TA actions should be prioritised following an assessment of their potential to bring about the strategic objectives. TA should be focused and operate through the most appropriate and effective implementation mode, in accordance with the existing legislative and regulatory framework, and taking into account the political context.

## Recommendation 5

The Commission should select service providers based on a comparative analysis of the available options. Contracts should clearly define the scope of deliverables and set measurable performance indicators.

## TA results

### 77

The TFGR did not systematically monitor the implementation or impact of TA recommendations. We understand that the implementation of reforms was the responsibility of the Greek authorities and that monitoring took place in the context of the economic adjustment programme. However, monitoring by the TFGR could serve the purpose of measuring the effectiveness of TA and, if necessary, adjusting its scope or means of implementation (paragraphs 55 to 57).

### 78

Good progress was made in all the audited policy fields. By November 2014, the TFGR had coordinated 118 TA projects in 12 policy fields. The TFGR effectively delivered relevant TA to the Greek authorities in a climate of considerable political uncertainty (paragraphs 58 to 59).

## 79

In terms of its impact on the overall progress of reforms in Greece, the TFGR achieved mixed results. There was good progress with regard to the implementation of Structural Funds. On the other hand, in the areas of public administration and taxation TA was often only partially effective, i.e. it was not implemented by the Greek authorities as widely or rapidly as intended (paragraphs 60 to 73).

## Recommendation 6

The Commission should seek feedback from the beneficiary Member State(s) on the provision of TA. The implementation of TA should be systematically monitored in the light of objectives set. With regard to the activities of the TFGR, the Commission should carry out a comprehensive ex-post evaluation. These actions are crucial for assessing effectiveness and/or adjusting the delivery of TA.

## Recommendation 7

Aiming at the achievement of sustainable results, TA should focus on strengthening the capacity of national administrations. It should be delivered with a view to business continuity and the sustainability of reforms, which means anchoring them in local government practices.

## Conclusions and recommendations

This Report was adopted by Chamber IV, headed by Mr Milan Martin CVIKL, Member of the Court of Auditors, in Luxembourg at its meeting of 11 November 2015.

*For the Court of Auditors*

*Vítor*

Vítor Manuel da SILVA CALDEIRA  
*President*

## Overview of TA projects by policy field

Public sector reform	
<b>Reform of the administration at central level</b>	
1.	Creation of a permanent inter-ministerial general secretariat for coordination and implementation of the reform.
2.	Adoption of a 2-year strategy and action plan for central administrative reform.
3.	Assessment and reorganisation of the internal structure of Greek ministries (central and decentralised levels).
4.	Definition of an HR strategy (recruitment procedures, career management, training, mobility, etc.) drafting of instructions for the organisation of all HR services across ministries, under MAREG coordination.
<b>Reform of the administration at regional/local level</b>	
5.	Voluntary mobility scheme for municipal staff.
6.	Intra-community mobility and evaluation process.
7.	e-government strategy (key component of the Greek digital strategy).
Budget and taxation	
<b>Revenue administration</b>	
8.	Organisation and management.
9.	Strengthening debt collection and management.
10.	Revamping the taxpayer audit function.
11.	Enhancing control of large corporate taxpayers.
12.	Developing control of high-wealth individuals and high-income self-employed.
13.	Strengthening the tax dispute resolution system.
14.	Swiss-Greek tax agreement.
<b>Tax policy</b>	
15.	Improving the legislative framework, notably via work on the income tax code, tax procedure code and tax property legislation.
16.	Review of VAT legislation and progress on VAT fraud.
<b>Public financial management</b>	
17.	Modernising budget preparation.
18.	Improving payment processes.
19.	Enhancing fiscal reporting.
20.	Strengthening PFM laws, institutions and systems.
21.	Code of books and records and accounting legislation.
<b>Hellenic Court of Audit</b>	
22.	Strengthening HCA relations with the parliament and other relevant stakeholders.
23.	Preparation and implementation of an annual audit program.
24.	Building financial audit capacity through pilot audits.

<b>Measures to counter money-laundering and corruption</b>	
<b>Money-laundering and tax evasion</b>	
25.	Draw up a road map indicating the objectives, goals, priorities and timing of actions to be taken by several government departments, law enforcement entities, prosecution services and supervisory authorities to use money-laundering prevention tools to detect tax evasion.
26.	Strengthen reporting on tax evasion to the Financial Intelligence Unit by financial institutions and other reporting entities.
27.	Strengthen the analytical tools and skills of the Financial Intelligence Unit in the area of tax evasion.
28.	Strengthen financial investigation and law enforcement in relation to tax evasion.
29.	Strengthen coordination between authorities involved in the anti-money laundering network.
30.	Strengthen exchange of information.
<b>Corruption</b>	
31.	Draw up a road map indicating the objectives, goals, priorities and timing of actions to be taken.
32.	Set up a global national anti-corruption strategy
33.	Strengthen coordination, including via a national coordinator.
34.	Strengthen prevention, awareness-raising and public integrity.
35.	Strengthen the financial investigation and prosecution of corruption, in particular in high-risk sectors.
36.	Strengthen the exchange of information.
37.	Strengthen the legal framework.
<b>Business environment</b>	
38.	Improve doing business indicator scores by simplifying business procedures (for three indicators: business start-ups, registering property and obtaining construction permits).
<b>Trade facilitation</b>	
39.	Simplification of pre-customs procedures (obtaining certificates and export licences) and creating an interconnected electronic system (single window) for exports.
40.	Simplification of customs procedures.
41.	Customs: reorganisation and reform of customs administration.
42.	Export promotion.
43.	Reduction of administrative burden for businesses.
44.	Screening of regulations restricting business
45.	Public procurement.
46.	Public works.
47.	Simplification of investment approvals and licences.
48.	Business parks.
49.	Economic analysis of business environment reforms.
50.	SME policy: remove regulatory, administrative and legal bottlenecks that hamper the operation of SMEs, including aspects related to access to finance.

<b>Liberalisation of regulated professions and activities</b>
51. Screening of amendment to regulation liberalising regulated professions.
52. Project evaluating the effects of the liberalisation of professions: lawyers and notaries, architects and engineers, plumbers and electricians, chartered accountants, stevedores.
53. Abolition of certain reserved and shared activities.
<b>Financial institutions</b>
<b>Banking</b>
54. Implementation of resolution processes in the banking and insurance sector.
<b>Insurance</b>
55. Reform of insurance guarantee schemes.
56. The Greek administration (Bank of Greece) is analysing the capacity of the insurance sector to cover social security/pension schemes in compliance with enhanced requirements under the EU legislative framework.
57. Development of policy and preparation by the Bank of Greece of a legislative proposal on occupational pension schemes.
<b>Access to finance</b>
58. Institution for growth in Greece.
59. ETEAN risk management.
60. Targets for lending.
61. Banks/SMEs dialogue platform.
62. Improvement of the information portal (espa.gr) on the availability of funding for SMEs/ creation of a management flow tool to process funding requests from SMEs.
63. Support development of a financial instrument support scheme to substitute lacking collateral and thus facilitate lending to SMEs.
64. Support development of financial instrument support schemes.
65. Microcredit/microfinance: launch of pilot projects.
66. Microcredit/micro finance: establish microcredit institutions outside the banking sector.
67. Microfinance legislative framework.
<b>Privatisation and land register</b>
68. Real estate.
69. Land register.
70. Land use and land planning.
71. Airports.
72. Ports.
<b>Water</b>
73. Establishment of regulatory framework, pricing policy and licence amendment (EYDAP), settlement of receivables from the state.
74. Alignment of EYATH pricing policy with that of other water companies, staffing and operations of the special secretariat for water, strengthen the regulator for water.

<b>Judicial reform</b>
75. e-Justice.
76. Mediation.
77. Collection of statistics in the field of justice.
78. Review of the code of civil procedure.
79. Access to the legal profession.
80. Introduce out-of-court settlement in administrative matters.
<b>Cohesion policy</b>
81. Priority projects.
82. Waste management.
83. Simplification of the Structural Fund management and control system and development of a new law for 2014-2020.
84. Energy.
85. Aviation.
86. Tourism.
87. Logistics.
88. Electronic communications.
<b>Labour and social security</b>
89. Supporting the development of a social economy in Greece.
90. Modernising the work of the public employment service (OAED).
91. Developing the work of the labour inspectorate (SEPE).
92. Fight against youth unemployment.
93. Employment action plan.
94. Temporary work agencies.
95. Collective dismissals.
96. Social security contributions;
97. Social security system review;
98. Social welfare safety net; and
99. Education.
<b>Innovation</b>
100. Adoption of new law on research and innovation.
101. Development of a road map for innovation, with particular emphasis on 'smart specialisation strategy'.

Health
<b>Health reform</b>
102. Implementation of a comprehensive programme of public health sector reform ('Health in action').
103. Pharmaceutical policy — pricing and reimbursement.
104. e-Health.
105. Diagnosis-related groups (DRGs) and hospital management.
106. Health tourism.
107. Primary health care.
108. Administration, organisation, duties and responsibilities of the national organisation for healthcare services provision (EOPYY).
109. NHS human resources.
110. Public health.
111. Procurement.
<b>Home affairs</b>
112. Reform of the department of asylum and migration.
113. Improve Greece's capacity to absorb SOLID funds.
114. Procurement in relation to SOLID funds.
115. Accelerate and improve appeal processes related to migration.
116. Capacity building of the authorities to use the Structural Funds in the field of migration.
<b>State-aid management and infringements</b>
117. State-aid management.
118. Infringements.

Source: TFGR project list by policy field.

## Overview of audited TA projects

Policy fields	Description	TA modes
Public administration (public sector reform)	<p>Establishment of the general secretariat for government coordination (GSCO).</p> <p>Adoption of a 2-year strategy and action plan for central administrative reform.</p> <p>Assessment and reorganisation of the internal structure of Greek ministries (central and decentralised levels).</p> <p>Definition of an HR strategy (recruitment, career management, training, mobility, recruitment of managers, staff assessment).</p>	<p>Two resident experts in Greek central administration</p> <p><b>Low-value contract:</b> Support services to reform central administration (contract value 15 000 euro, actual expenditure 10 500 euro).</p> <p><b>Large contracts:</b> Contract with a national development agency (contract value 750 000 euro, actual expenditure 304 000 euro).</p> <p><b>Missions:</b> Expert missions funded through ESF central budget, further missions financed through AROP and under the contract with the national development agency.</p>
Revenue administration (budget and taxation)	<p>Strengthening debt collection and management.</p> <p>Enhancing control of large corporate taxpayers.</p> <p>Developing control of high-wealth individuals and high-income self-employed.</p>	<p>Three resident experts in Greek central administration</p> <p><b>Missions:</b> Expert missions funded through Fiscalis and ESF central budget.</p> <p><b>Large contracts:</b> IMF, financed through ESF central budget, covering e.g. debt collection (total contract value 3.25 million euro).</p> <p>National development agency, financed through ESF central budget (budget 600 000 euro).</p>
Business environment	Reduction of administrative burden for businesses.	<p><b>Large contract:</b> Contribution agreement with the OECD, signed by the Ministry of Administrative Reform and e-Governance, funded from Administrative Reform OP (value 1.2 million euro).</p> <p><b>Low-value contract:</b> Contract for legislative work with Greek law firm (value 15 000 euro).</p>
Business environment	<p>Liberalisation of regulated professions and activities: screening and amendment of secondary legislation.</p> <p>Liberalisation of regulated professions and activities: evaluating the effects of the liberalisation of professions.</p> <p>Abolition of certain reserved and shared activities.</p>	<p><b>Low-value contracts:</b> Four contracts with individual service providers (total value 50 000 euro).</p>
Access to finance (financial institutions)	Institution for Growth in Greece.	Direct support by TFGR staff.
Structural Funds (cohesion policy)	Monitoring 40 out of the 181 priority projects.	Direct support by TFGR staff.

### Bodies visited in the course of the audit

Entity	Type of visit	Purpose of visit
Task Force for Greece	Audit visit	Interviews and collection of audit evidence relating to TA projects and horizontal questions.
Secretariat-General of the European Commission	Audit visit	Interview and collection of audit evidence relating to horizontal questions.
Directorate-General for Employment, Social Affairs and Inclusion	Audit visit	Interview and collection of audit evidence relating to TA projects in the fields of Structural Funds and public administration.
Directorate General for Taxation and Customs Union	Audit visit	Interview and collection of audit evidence relating to TA projects in the field of taxation.
Directorate-General for Regional and Urban Policy	Audit visit	Interview and collection of audit evidence relating to TA projects in the field of Structural Funds.
Ministry of Administrative Reform and e-Governance of the Hellenic Republic	Audit visit	Interview and collection of audit evidence relating to the TA contract signed by the ministry with the OECD in the field of administrative burden reduction.
Ministry of Administrative Reform and e-Governance of the Hellenic Republic (MAREG)	Information-gathering visit	Interview relating to TA projects and horizontal questions.
General Secretariat for Coordination of the Hellenic Republic (GSCO)	Information-gathering visit	Interview relating to TA projects and horizontal questions.
National Centre for Public Administration and Local Government (EKDDA)	Information-gathering visit	Interview relating to TA projects in the field of public administration.
Institute for Regulatory Policy Research (INERP)	Information-gathering visit	Interview relating to TA projects.
National development agency	Audit visit	Interview and collection of audit evidence relating to the delegation agreement in the field of public administration.
OECD	Information-gathering visit	Interview on the contribution agreement in the field of administrative burden reduction.
IMF	Audit visit	Audit of two contribution agreements in the field of taxation.

Source: ECA.

### **Contribution Agreement between the Ministry of Administrative Reform and e-Governance and the OECD on the reduction of administrative burden in Greece**

<b>Profile and tasks of the Greek experts</b>	<ul style="list-style-type: none"> <li>○ Project methodology assumed close cooperation with the Greek public administration.</li> <li>○ 13 teams of experts (75 members in total) selected through an open invitation procedure.</li> <li>○ Required skills included good knowledge of the regulatory framework in a given area, very good English language skills and the capacity to present complex material.</li> <li>○ Greek experts were charged with providing input on the relevant regulatory framework for mapping of the administrative burden and served as contact points in line ministries.</li> </ul>
<b>Quality of deliverables by the Greek experts</b>	<ul style="list-style-type: none"> <li>○ Profiles of the selected experts did not entirely fit initial requirements:           <ul style="list-style-type: none"> <li>i. Limited drafting skills of complex material in English.</li> <li>ii. Insufficient knowledge of the Greek legal system and the specific legislation (only 4 of the 13 team leaders represented line ministries in charge of the specific regulations).</li> <li>iii. Part-time involvement in the project.</li> </ul> </li> <li>○ Poor quality of data delivered by the Greek experts was a major challenge for the project, even though according to the OECD the project was eventually successfully finalised with data collection complemented by other means.</li> <li>○ As a mitigating action, the OECD decided to subcontract the mapping of regulations in all 13 sectors to four local law firms.</li> </ul>
<b>TFGR involvement</b>	<ul style="list-style-type: none"> <li>○ Participation in working groups, intermediation between the Greek authorities and the service providers aimed at the improvement of contract management (considered unsatisfactory by the TFGR).</li> <li>○ Coordination of inter-services consultations with the aim of verifying the compliance of regulations with EU law.</li> </ul>

## Role of the TFGR in the provision of technical assistance by policy field

<b>Administrative burden reduction (business environment)</b>	<ul style="list-style-type: none"> <li>○ Primarily a facilitator, with the aim of improving coordination between the Greek authorities, the OECD and other Commission services.</li> <li>○ Not involved in selecting the service provider, the contractual arrangements between the OECD and the Greek authorities, or monitoring implementation.</li> <li>○ Took part in four out of eight high-level committee meetings.</li> <li>○ Overview of project implementation, participation in working meetings, provision of comments on the draft report and organisation of inter-service consultations with 11 Commission DGs.</li> <li>○ Provision of dedicated TA to support implementation of the recommendations, following finalisation of the project.</li> </ul>
<b>Liberalisation of regulated professions (business environment)</b>	<ul style="list-style-type: none"> <li>○ Defined the terms of reference on the basis of MoU requirements and the Greek authorities' demands.</li> <li>○ Support for the award procedure (preselection of service providers, communication with candidates).</li> <li>○ Monitoring of report deliverables (comments on draft reports, final evaluation).</li> <li>○ Close cooperation with the Greek authorities (regular meetings, exchange of correspondence, adapting the TA to their needs and expectations).</li> </ul>
<b>Public administration (public sector reform)</b>	<p>Overall</p> <ul style="list-style-type: none"> <li>○ Continuous support in setting up the general secretariat for coordination (GSCO), among other things through a resident expert.</li> <li>○ Support for the process of defining the '2-year strategy and action plan for central administrative reform' primarily through a resident TFGR expert (involved in drafting the initial strategy).</li> <li>○ Support for the 'assessment and reorganisation of Greek ministries' through an external long-term contract that, however, featured low execution (55 % 1.5 years after signature) due to the lack of specific TA requests.</li> <li>○ Monitoring and coordination of TA activities in the field of HR strategy; direct input provided by the domain leader and the external contractor.</li> </ul> <p>Contract with the national development agency</p> <ul style="list-style-type: none"> <li>○ Provided the contractor with all relevant information and documents.</li> <li>○ Liaised with the Greek authorities and promoted the visibility of the EU as a source of support and financing for the implemented actions.</li> <li>○ Channelled the experts' reports and deliverables received by the national development agency to the relevant Greek authorities.</li> <li>○ Supported the selection of experts by defining selection criteria.</li> </ul>
<b>Revenue administration (budget and taxation)</b>	<ul style="list-style-type: none"> <li>○ Overall: defined the terms of reference, recruited experts, introduced them to the TA assignments and fed the results of their work into the overall provision of TA.</li> <li>○ IMF contracts: drafted the terms of reference and kept an overview of developments in the field. No comprehensive structured analysis of outcomes, provided only informal feedback to the contractor (with no reference to performance indicators).</li> </ul>
<b>Structural Funds (cohesion policy)</b>	<ul style="list-style-type: none"> <li>○ Direct provision of TA through TFGR staff (including resident experts), which translated into high impact on the scope and quality of the TA actually provided to the Greek authorities.</li> </ul>

# Reply of the Commission

48

## Executive summary

The Commission welcomes the ECA special report on the delivery of technical assistance (TA) to Greece.

The Commission decided the set-up of the Task Force for Greece (TFGR) on the basis of an analysis of the following baseline scenario.

- In May 2010, the Greek government asked the international community for financial assistance. The Eurogroup agreed in 2010 to provide bilateral loans of 80 billion euro under the first financial assistance programme. The IMF committed an additional 30 billion euro.
- In return, Greece was requested to implement a series of structural reforms and fiscal measures to modernise the state, ensure financial and fiscal stability and strengthen the economy in line with the conditionalities underpinning the first financial assistance programme: the macroeconomic adjustment programme.
- However, the initial actions of the Greek authorities proved to be insufficient and progress in the implementation of structural reforms was not as successful as expected, despite Greece having all the existing legislative, regulatory and financial EU instruments (e.g. Structural Funds, Fiscalis programme, etc.) at its disposal.
- The Greek authorities acknowledged the weaknesses of their administrative capacity and the difficulties encountered in delivering a comprehensive reform programme under intense time pressure, and asked the Commission to support their efforts and to assist with the required delivery of structural reforms.

On this basis the Commission considers that comprehensive needs analysis was thereby available, allowing the Commission to take a political decision to answer the urgency of the Greek request: the President of the Commission took the initiative to coordinate the efforts undertaken at the Commission level by proposing a comprehensive set of technical assistance (TA) measures managed directly by the Commission to support the delivery of the EU/IMF adjustment programme and to accelerate the absorption of the EU funds.

In this framework, the creation of the TFGR was decided. It coordinated the various TA efforts and supported the Greek authorities in the management of the TA funds directly under the latter's responsibility.

In the view of the Commission, the concept of 'a programme of TA' is to be interpreted in the context of the mission assigned to the TFGR.

The set of TA measures decided by the Commission to be coordinated by the TFGR does not include the funds and contracts managed directly by the Greek authorities, which are therefore not under the Commission's responsibility. The funds managed directly by the Greek authorities are their direct responsibility.

The TA activities under the Commission's responsibility are financed by the European Social Fund (ESF) and the European Regional Development Fund (ERDF) at central level (TA activities on which the Commission signed direct contracts with international organisations, national agencies and experts from Member States) under Art 58 of the Common Provision Regulation (EU) No 1303/2013. This needs to be distinguished from the operational programme funds for TA used by the Greek authorities under Art 59 of the Common Provision Regulation (EU) No 1303/2013 in order to contract and finance TA activities under shared management. As such, the latter cannot be considered as part of a 'single technical assistance programme'.

The TFGR monitored the implementation of TA activities under its direct responsibility. Under shared management, the responsibility for designing, monitoring and implementing individual projects lies with the Member States. The Commission monitors the achievement of agreed milestones based on Member States' reports submitted for the programmes.

## IV

On 'a broad programme of technical assistance', see the Commission reply to paragraph I.

The Commission acknowledges that the TFGR did not always influence the progress of reforms but this needs to be seen in the broader political context and taking into account the division of competences between Member States and the European Union institutions. The implementation of the structural reforms was and remains the responsibility of the Greek authorities, whereas the TFGR was available to advise/assist the Greek authorities where requested.

The TFGR never had the mandate or the authority to implement reforms irrespective of the wishes of the Greek authorities.

## Commission reply to the heading 'An incomplete entity' before paragraph V

The TFGR was a flexible entity taking into account its ability to adapt in a rapidly evolving environment and its proven delivery modes of TA.

The Commission therefore does not agree that the TFGR should be described as an 'an incomplete entity'.

## V

Concerning the Commission strategy when setting up the TFGR, the macroeconomic adjustment programme for Greece provided the overall strategic orientation for the mandate and work of the TFGR, while the structure and management of its operations were designed to allow for a swift reaction to challenging and changing circumstances. Any

other option which was different from the setting-up of the TFGR would have implied entering into a lengthy legislative process modifying the already existing regulations on providing funds that could be used for implementing reforms.

The Commission established the TFGR with the primary objective of supporting the Greek authorities with technical assistance for the implementation of key elements of the programme, including improving the absorption of the EU Structural Funds. The establishment of the TFGR substantially upgraded the quality and expanded the scope of existing assistance available to Greece.

The TFGR was explicitly tasked with assisting the Greek authorities in implementing the conditions of the macroeconomic adjustment programme, as negotiated with their creditors. (See the relevant parts of the TFGR mandate: (1) 'Identifying and coordinating, in close cooperation with Greece and benefiting from input from other Member States, the TA that Greece needs to deliver the EU/IMF adjustment programme'; (2) 'assisting the relevant Greek authorities in defining the details of the kind of TA to be provided').

Therefore, the setting-up of the planning cycle inside the TFGR responded to this general context by including different options for delivery of TA in the decision process, thus ensuring the flexibility needed. The prioritisation of actions was dependent on: (1) the requests of the Greek authorities; and (2) the conditions specified in the macroeconomic adjustment programme; and had to be adjusted according to the outcomes of negotiations.

Given the political volatility in Greece, the TFGR managed to preserve the global coherence of the TA framework, in cooperation with domain-leaders for collaborative TA actions.

## VI

The Commission established a robust set-up for the TFGR which adequately took into account the underlying mandate and the context of the technical assistance. This proved to be successful in delivering technical assistance. See also the Commission replies to paragraphs IV and V.

## VII

The financing and budgeting of TFGR activities were implemented in full respect of the legal framework and the existing Commission rules and procedures. The financing of TFGR technical assistance projects agreed with the Greek authorities came from the funds under the central management of the Commission and was endorsed by successive Commission financing decisions. As such, the financing of the TA activities followed the usual transparency standards and the respective Commission decisions were made public.

In the same way, the procedures followed by the TFGR for the assignment of long-term contracts to international organisations or national agencies were compliant with the procedures foreseen in the financial regulation, its rules of application and the decision-making process, including analysis of the technical level of expertise required and the level of specialisation of the service providers. All national agencies and international organisations selected had been audited at Commission level (4- and 6-pillars assessment) confirming their satisfactory experience in the management of contracts funded by the EU budget.

The Commission agrees to the need for the definition of the deliverables and expected results of contracts. Actually the financial regulations and the Framework Agreements with 6-pillar organisations insist on *results-based projects*, following the logical framework description and for which value for money is to be established at the beginning of the contracting process. However, it should be noted that for embedded experts, as for all contracts for which the actions are related to coaching functions, the deliverable could not be predefined because the report on the actions is always done *a posteriori*.

## VIII

The TFGR can only 'systematically monitor' the TA that is conducted under its direct responsibility as contracting authority. The Commission notes that, under shared management, the responsibility for designing, monitoring and implementing individual projects lies with the Member States. The national authority in the Member State appoints auditing bodies to oversee the efficient running of the management and monitoring system in the country concerned. The Commission monitors the achievement of agreed milestones based on Member States' reports submitted for the programmes (information on progress in implementing individual policy priorities was requested on an ad-hoc basis from the Member States). Therefore, while the TFGR monitored the implementation of the technical assistance under its direct responsibility as contracting authority, the implementation of the reforms remains under Greek responsibility.

## IX

The Commission acknowledges that the impact of TA on the overall progress of reforms was mixed. This needs to be seen in the broader political context and taking into account the division of competences between Member States and the European Union institutions. The implementation of the (structural) reforms was and remains the responsibility of the Greek authorities, whereas the TFGR was available to advise/assist the Greek authorities where requested.

### Our recommendations

See also the Commission replies to recommendations 1-7 below.

### Our recommendation (a)

The Commission accepts recommendation 1.

### Our recommendation (b)

The Commission accepts recommendation 2.

## Our recommendation (c)

The Commission accepts recommendation 3.

## Our recommendation (d)

The Commission accepts recommendation 4.

The Commission needs to deliver TA in accordance with the legislative and regulatory framework.

## Our recommendation (e)

The Commission accepts recommendation 5.

Procedures to select the service providers are those stated in the financing regulation and those followed by all the Commission services involved in the provision of technical assistance to Greek authorities.

See also the Commission reply to paragraph VII.

## Our recommendation (f)

The Commission accepts recommendation 6 and will systematically monitor the TA that is conducted under its direct responsibility as contracting authority.

## Our recommendation (g)

The Commission accepts recommendation 7.

The future Structural Reform Support Service (SRSS) action will stress this capacity-building aspect.

## Introduction

### 03

On the ‘a comprehensive programme of technical assistance’, see the Commission reply to paragraph I.

The creation of the TFGR was meant to set up a new approach to overcome the shortfalls of the existing instruments, to improve the impact of the Commission contribution in the context of the crisis, and to help Greece to implement the reforms needed.

### 07

For the operation of the TFGR, the Commission put together a dedicated team of experts, pooled from across the Commission services and the Member States, and put it at the disposal of the Greek authorities. Depending on the needs and circumstances, the TFGR chose the most appropriate approach and use of resources, including, among other things, the embedding — in Greek ministries and administrations — of experts from the Commission, international organisations, national agencies and/or high-level civil servants from other Member States, the organisation of workshops and the provision of short-term experts.

## Part I

### Commission reply to the heading ‘Part I — The TFGR had a functional operational structure but lacked a single strategic orientation and dedicated budget’ before paragraph 15

The Commission considers that the TFGR’s strategic orientation was derived from the Memorandum of Understanding (MoU) and the Greek TA request. See the reply to paragraph V and the paragraphs below linked to this section.

## Reply of the Commission

### **Commission reply to the heading 'The TFGR was established late compared to the launch of the programme and without considering alternatives' before paragraph 15**

The Commission chose an appropriate set-up for the delivery of technical assistance in the context of the crisis in Greece.

As soon as Greece had submitted a request for TA to the Commission and a political decision by the Commission was made to deliver such TA to Greece, the TFGR was established.

In order to better appreciate the set-up framework of the TFGR and the grounds for its establishment, it is worth recalling that the Commission reacted as soon as problems became evident and acted in a situation of urgency while facing capacity constraints.

#### **17**

Winding down and recreating ad hoc TA groups, as in the case of Greece or Cyprus, may result in an important loss of expertise, practical know-how and efficiency. This is why, given the reform challenges ahead, the Commission decided to create the SRSS as a permanent, but very flexible, capacity in the Commission with a wider mandate, offering tailored expertise and practical technical support for the design and implementation of growth-enhancing administrative and structural reforms to any Member State that may request it.

#### **18**

The Commission chose an appropriate set-up for the delivery of technical assistance in the context of the crisis in Greece. The Commission recognised the clear need to expand the existing technical support available to Greece by providing the Greek administration with an enhanced technical assistance (TA) in order to speed up the implementation of reforms. The TFGR built on the extensive knowledge and expertise existing in the Commission.

Given the limited duration of its mandate, alternative options of its operational procedures were not considered. However, a review took place at least once a year as regards administrative and staffing arrangements within the framework of the setting-up of the draft budget and budgetary procedure, as well as the clearing exercise.

### **Commission reply to the heading 'No single strategic document' before paragraph 19**

When setting up the TFGR, the Commission considered the macroeconomic adjustment programme for Greece to be an overall strategic orientation for its mandate and work. The structure and management of the TFGR operations were designed to allow for a swift reaction to challenging and changing circumstances. The Commission established the TFGR with the primary objective of supporting the Greek authorities with technical assistance in the implementation of key elements of the programme, including improving the absorption of the EU Structural Funds. The establishment of the TFGR substantially upgraded the quality and expanded the scope of existing assistance available to Greece.

#### **19**

In addition to the strategic orientation of the TFGR which was based on the macroeconomic adjustment programme, the Commission recalls that the TFGR presented a general outline of the programmed activities per thematic area and working modalities to the College of Commissioners as early as 11 October 2011, where the organisation, the possible financing and the modalities of provision of TA were clearly identified and explained; this was completed by a clear presentation to all stakeholders (Member States, international organisations and national agencies, Euro working group) on the financing modalities, the available amounts (in central and shared management) and on the 'acceleration' possibility under the EU financial regulation for the implementation of TA activities going forward. These approaches have informed the TFGR's work in a consistent way throughout its duration.

**20**

The Commission considers that the TFGR complied with its mandate by assisting the Greek authorities in identifying the technical assistance needs.

This is also a key issue of the fundamental principle of 'national ownership' of reform delivery.

**21**

See the Commission reply to paragraph V for detailed argumentation.

**22**

As regards the project under shared management, the responsibility for designing, monitoring and implementing individual projects lies with the Member States. The Commission monitors the achievement of agreed milestones based on Member State reports submitted for the programmes (information on progress in implementing individual policy priorities was requested on an ad-hoc basis from the Member States).

Concerning the activities financed under the centrally managed TA budget, an eligibility check was performed with the managers of the Administrative reform operational programme (AROP) before launching the negotiation with the contractor, in particular to avoid overlaps.

**23**

The Commission acknowledges that the existence of a dedicated budgetary allocation in the EU budget would have made the planning of technical assistance easier. Still, the TFGR made the best use of the funding available.

The Commission considers that the Greek authorities have not fully exploited the financing possibilities offered by the Structural Funds for TA purposes, despite all assistance offered by the TFGR to support this usage. However, it should be noted that the budget of the AROP was reduced in agreement with the Commission services only when it became clear that those funds (committed to specific years) would otherwise be lost for Greece.

**24**

The multiplicity of the budgetary lines, which are under full control of the Commission management, cannot be considered as a weakness. The use of several budget lines for the financing of horizontal actions is a common practice at Commission level.

Moreover, it should be underlined that the TFGR's mandate does not include a systematic financial overview of those TA activities financed by the Greek authorities via the Structural Funds and managed through the AROP.

The general overview of the operational programme on TA is the responsibility of the operational Commission services while the detailed list of individual list of projects is held by the Member State, which should make it available to the Commission Services upon request as foreseen in the regulatory framework.

**Commission reply to the heading  
'The TFGR had a flexible internal  
organisation, but staff needs were not  
defined based on a proper analysis'  
before paragraph 25**

The Commission considers that this heading should be better framed in the following context: due to the political situation and the need for flexibility in view of changing needs in an environment of profound crisis and urgency of action, it was impossible to decide ex ante on certain parameters such as exact staff allocation.

**26**

The fact that staff did not always include all the possible staff foreseen in the ceilings did not affect the normal functioning of the TFGR.

## Part II

### 28

On the wording 'comprehensive programme of TA', see the Commission replies to paragraphs I and 3.

### 32 First alinea

In line with the conditionality set out in the macroeconomic adjustment programme, the Greek authorities signed two contracts for technical assistance with the OECD. While the Commission, namely DG Employment, Social Affairs and Inclusion, is monitoring the everyday activities under the operational programme, the implementation and the monitoring of the contracts with the OECD remained under the responsibility of the Greek authorities, and the OECD retained full ownership of the content of their deliverables. At the request of the Greek authorities, the TFGR assisted the Greek authorities and the OECD on the fine-tuning of the deliverables foreseen in the agreement, inter alia through outsourcing of legal drafting and providing relevant expertise on VAT and company law, as was done in the case of the Administrative burden reduction project examined by the Court.

### 32 Second alinea

In the area of the Structural Funds, the Commission facilitated support from Portugal to Greece. The two Member States agreed that some exchange of experience would be useful. The non-implementation of the possible cooperation did not involve any financial loss for either side or for the Commission.

### 34

On the TFGR role in the Administrative burden project, see the Commission reply to paragraph 32.

### Commission reply to the heading 'The TFGR applied a mix of TA delivery modes, but some of them did not match with the nature of assistance' before paragraph 35

The Commission considers that the TFGR delivery modes were adequate and served the purposes for which they were selected in full respect of the existing regulatory and legislative frameworks.

### 35

The decision to enlist support from external entities to deal with some aspects of the work is justified in terms of operational needs and associated both with timing of assignments and with the highly specific nature of the tasks and technical skills required.

### 36

The agency active in the field of taxation, to which the Court refers, assumed a series of tasks which proved its added value.

- Together with the TFGR, preselection of suitable experts within or outside Member-State administrations.
- In cases of service contract, elaboration of the tender specification, launch of the call to suitable candidates, analysis of the offers received, award of the contract.
- In cases of secondment from a national administration, elaboration of a secondment agreement template, negotiations with the Member State administration.
- In all cases, financial management and follow-up of implementation of the contract (invoices from the Member-State administration or contractor, time sheets, reports) and, whenever needed, amendments to the agreement.

## 39

The financing and budgeting of TFGR activities were implemented in full respect of the legal framework and the existing Commission rules and procedures.

See the Commission reply to paragraph VII for the argumentation.

## 40

The role of the domain leader goes far beyond a punctual cooperation: it implies a constant dialogue and support in the referred domain through expertise, studies, benchmarking, etc. Consequently, the involvement of the national agencies in the implementation of the projects is a natural choice substantiated by the unique expertise and competence and the high degree of specialisation of such agencies (article 190.1 (f) of the Rules of application of the financial regulation).

## 41

All the EU experts provided to the Greek authorities through this agency had significant experience in administrative reforms in their own respective countries (France, England, Germany, Spain, etc.).

The experience of the national development agency in the Balkans was relevant to the reform of public administration in Greece. The agency was also involved with pre-accession countries. Much of the administrative organisation and the Greek institutions are also historically inspired by this Member State's system, which also encouraged the Greek authorities to look jointly for this support of the national development agency at the operational level in cooperation with the TFGR and the reform partner.

## Commission reply to the heading **'Support was sufficiently attuned to key reform needs but not always based on a comprehensive needs analysis' before paragraph 46**

The Commission considers that the Court's heading 'Support was sufficiently attuned to key reform needs but not always based on a comprehensive needs analysis' needs to be put into context. For an argumentation, see the comments on section Commission reply to paragraphs V and 19 of the introduction and to the paragraphs following this heading.

## 47 (a)

In January 2012, the road map for administrative reform defined by the Greek authorities was drawn up on the findings and recommendations of the OECD public governance review 'Greece: Review of the central administration'. The TA provided by the TFGR in 2012-2013 was based on this road map, as well as on the priorities set in the macroeconomic adjustment programme.

Starting 2014, through the work of the TFGR in helping the Greek administration draft the documents, technical assistance was based on the reform strategy and a 2-year action plan for the administrative reform.

## 47 (b)

The OECD recommendations were all relayed in the different road maps and the seven-pillar table provided to the Court. This, together with the MoU, systematically helped to build up the background for the TA request. This is notable in the drafting of the reform strategy and the 2-year action plan which was prepared with the Greek administration and which uses the recommendations of the OECD as a starting point for identifying projects to address the shortcomings.

## 47 (c)

In terms of state-level governance, the inter-ministerial coordination was an important element when creating the general secretariat and the Council of Reform; this was a central recommendation of the OECD.

## 49

The agreement was drafted taking into account initial uncertainties in the scope of the work to be carried out by the IMF, on the side of the Commission, and at a very early stage in the Commission TA efforts, uncertainties on the Commission's ability to provide a resident advisor presence in the field of tax administration to effectively support work on the 'core functions' (debt collection, tax audit, HWI audit, dispute resolution etc.). As it happened, the creation of the General Secretariat for Public Revenue in late 2012 increased activity in the strand of TA, which was assumed by the IMF (institutional reform and organisation), while the Commission (with the arrival of a second resident for debt collection in early 2013) was able to take over most of the work in this area.

This new division of responsibilities was already clarified in the February 2013 annual report submitted by the IMF FAD, covering the period until December 2012 (see notably paragraph 16).

## 50

The TFGR deployed significant efforts to set clear deadlines deliverable through the development of the 2-year action plan, which led to the development of more detailed planning. These documents have been provided to the Court.

TA requests were adapted during the initial period to help Greece to respond to and focus with priority on the MoU requirements. In this field, adapting the TA needs was an obvious political reality.

## Box 2

The Commission would like to point out that although in many instances the TFGR expressed internal concerns about the capacity of the Greek authorities to meet these deadlines, the TFGR did not have any authority to modify them.

To comply with the deadlines set in Greek law and the MoU, according to the road map, the reform of the job classifications of all employees in the central administration should have been completed within 6 months (i.e. July 2012). This deadline was set despite the legal and organisational complexity of the exercise, which had already been recognised by the OECD in its mapping exercise of the Greek central administration. Despite an agreed planning with the TFGR/domain leader having been initially set up, the reform of the system of *klados* still has not been initiated by the Greek authorities.

The road maps were fully in line with the MoU requirements.

The monitoring of reform progress in this field was not under TFGR responsibility.

## 54 (a)

In particular, with respect to the TA provided by the IMF, follow-up was done by the joint stock-taking reports of the Commission-IMF, which were undertaken on a quarterly basis between 2012 and 2014, and which were very much used to analyse TA outcomes and project future TA needs and plans.

Given the breadth of changes in the Greek situation and also the interaction with evolving MoU requirements, these reports were a more useful and operational tool than a systematic updating of the very general action plans captured in the initial agreement.

## 54 (b)

See the Commission reply to paragraph 32. The implementation and monitoring of the contract related to the administrative burden project with the OECD remained under the responsibility of the Greek authorities.

## Part III

### Commission reply to the heading 'Part III — The technical assistance achieved mixed results' before paragraph 55

The Commission is of the opinion that the heading 'Part III — the technical assistance achieved mixed results' should be placed into the context, in view of the distinctive role of the Greek authorities and the Commission in relation to the impact of technical assistance on the overall progress of reforms. The division of competences between Member States and the European Union entail that the responsibility for the implementation of structural reforms lie with the Member State. Therefore, the actual implementation of the structural reforms was and remains the responsibility of the Greek authorities, whereas the TFGR was available to advise/assist the Greek authorities where requested.

### Common reply to paragraphs 55 and 56

The need for monitoring the implementation of TA activities and recommendations should take into account the monitoring role of the institutions in the context of the programme, and not only the TFGR role.

### 56

In the Commission's view, the TFGR monitored the implementation of TA activities under its direct responsibility.

### 59

Concerning the delay in delivering TA projects under shared management, the Commission wishes to highlight that in line with the conditionality set out in the macroeconomic adjustment programme, the contract with the OECD was signed by the Greek authorities; thus the implementation and the monitoring of the contracts remained under full the responsibility of the Greek authorities.

See also the Commission replies to paragraphs 32 and 47.

### 60

The division of competences between Member States and the European Union entail that the responsibility for the implementation of structural reforms lie with the Member State. Therefore, the actual implementation of the structural reforms was and remains the responsibility of the Greek authorities, whereas the TFGR was available to advise/assist the Greek authorities where requested.

### Common reply to paragraphs 61 to 65

See the Commission reply to paragraph 60.

### 66

Greece achieved a high rate of absorption with respect to the 2007-2013 programming period, arriving in a good position at the EU level. This was achieved through close cooperation between officials from the Commission and Greek ministries and managing authorities in order to support them in administrative terms, setting deadlines, providing technical support where necessary.

### Common reply to paragraphs 67 to 70

See the Commission reply to paragraph 60.

### 71

The Commission shares the analysis of the Court concerning the reasons for the slow progress made and the difficulties experienced in providing TA through taxation projects. See also the Commission reply to paragraph 60.

### 72

See the Commission reply to paragraph 60.

## Conclusions and recommendations

### 74

For the Commission interpretation of 'a broadly-based programme of technical assistance', see the Commission reply to paragraph I.

### Recommendation 1

The Commission accepts recommendation 1.

The new SRSS service will take this recommendation into account for new TA assignments.

The Commission intends to incorporate the recommendation of the Court in the definition of the framework for the SRSS activities.

### 76

The Commission considers that the TFGR has fulfilled its mandate. See the Commission reply to part II of this report.

### 76 First alinea

The Commission considers that the TA was shown to be optimal through a combination of embedded experts and short-term experts, local and international, in order to fully embrace complex areas of reform, while always taking into account the highly specific nature of the tasks and technical skills required.

Among the different mechanisms for TA provision, the use of external contractors is of the utmost importance for the delivery of technical assistance in cases where the expertise was not available within the Commission.

The Commission therefore used the existing instruments to contract experts who fulfilled the necessary requirements.

Based on the provisions in the staff regulations, the Commission employed experts directly also on a non-permanent basis; the use of external expertise was based on a needs assessment.

Therefore, the Commission employed only the resources needed in the framework of the urgent solutions to be provided in the Greek context, including the number of service providers and external expertise.

### 76 Second alinea

The Commission selected the service providers in full respect of the legal framework and the existing Commission rules.

### 76 Fourth alinea

The Commission considers the design of the terms of reference adequate. The Commission adopted different and specific approaches when designing terms of reference and action plans depending on the type of project, the conditionality of the macroeconomic adjustment programme, the type of intervention to be carried out, the circumstances under which the contractor had to contribute to the action and the state of advancement of the project.

See also the Commission replies to paragraphs 49 and 50.

### Recommendation 2

The Commission accepts recommendation 2.

## Recommendation 3

The Commission accepts recommendation 3.

Taking into account the important number of efforts deployed by Member States (euro area or non-euro area), the Commission, international and national organisations in order to support Greece in facing the crisis and undertaking the necessary reform planning and implementation, the Commission considers that the number of stakeholders involved was appropriate.

Therefore, the number of partners reflected the actions that were necessary in order to fully address the purpose of the assistance.

## Recommendation 4

The Commission accepts recommendation 4.

The TFGR's strategy characterised by a high degree of flexibility to allow for a quick and efficient response to the changing needs in an environment of profound crisis and urgency to act proved to be well adapted to the circumstances. The Commission would like to point out that, depending on the needs and circumstances, the TFGR chose the most appropriate approach and use of resources, including, among other things, by embedding in Greek ministries and administrations experts from the Commission, international organisations, national agencies and/or high-level civil servants from other Member States, by organising workshops and by providing short-term experts.

Therefore, the setting-up of the planning cycle inside the TFGR responded to this general context ensuring the flexibility needed in the decision process on different options for delivery of TA. The prioritisation of actions was dependent on the requests of the Greek authorities and on the economic adjustment programme's conditions and had to be adjusted according to the outcomes of negotiations.

## Recommendation 5

The Commission accepts recommendation 5.

The procedures followed by the TFGR for the assignment of long-term contracts to international organisations or national agencies were compliant with the procedures foreseen in the financial regulation, its rules of application and the decision-making process.

All national agencies and international organisations selected had been audited at Commission level (4- and 6- pillar assessments) confirming their satisfactory experience in the management of contracts funded by the EU budget.

The Commission would like to stress that an additional effort has been made in the results-based approach after the entry into force of the new financial regulation in 2013: new Framework Agreements were signed with 6-pillar organisations insisting on results-based projects, following the logical framework description and for which value for money is to be established at the beginning of the contracting process.

## 77

The Commission monitored the overall implementation of the technical assistance. The specific projects to implement the reforms were conducted under the responsibility of the Greek authorities and were therefore not subject to monitoring by the Commission.

## 79

See the Commission reply to part III of this report and to paragraph 55.

### **Recommendation 6**

The Commission accepts recommendation 6 and will systematically monitor the TA that is conducted under its direct responsibility as contracting authority.

In setting up the new framework that will be the basis for the SRSS actions, the Commission will consider, in its ex-ante analysis, the lessons learned and the experience gained during the implementation of the TA actions by the TFGR. Moreover, the Commission considers launching a call for tender for an ex-post evaluation of the activities implemented in Greece, once all TA activities are completed.

### **Recommendation 7**

The Commission accepts recommendation 7.

Future SRSS action will stress this capacity-building aspect.

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The Task Force for Greece was established in 2011 by the European Commission to support implementation of the Economic adjustment programme with a broad range of technical assistance. This report examines whether the task force fulfilled its mandate and whether the assistance provided for Greece made an effective contribution to the reform process. We found that overall the task force proved itself as a functioning mechanism for delivering and co-ordinating complex technical assistance activities. However, there were weaknesses in the design of some projects and only mixed results in terms of influence on the progress of reform.

