

Still Searching for the Ithaca? Performance Improvement and Governance Reform in Greek Local Government

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Abstract

Presented empirical research analyses and evaluates according to primary empirical data, the viability and effectiveness of the alternative institutional arrangement for municipal services provision in the distinctive environment of Greek local government. The alternative provision appears to lead to cost reduction and quality improvement in the majority of the case studies being analyzed, assuming however the appearance of a series of determinant factors of services performance, relating to the level of the competition and mainly the establishment of relations of trust, mutual collaboration, engagement and common culture among the partners and the stakeholders. Factors that transform the alternative provision from a simple cost rationalization tool, into a promotion catalyst of new governance model in the Greek local government.

Keywords: local government reform, alternative provision, efficiency, consultation, competition, social capital.

1. Introduction – Efficiency in the Greek local government: the odyssey of a forgotten value

Efficiency in the Greek local government, as a notion, comprises on its own a national paradox. Despite the fact that, throughout the past 25 years, it consists of a basic rhetoric and priority of all the reform programs and governmental commitments for the Greek government, it always ends up being incorporated into regulations of minor importance. In essence, a national void is observed in the estimation of the level of performance of Greek public services, in terms both of productivity and efficiency, so as in the presence of mechanisms and tools for efficiency improvement. Efficiency develops again particular interest both due to the strained financial crisis in Greece and the need that arises for cost constraint of the provision of municipal services and the simultaneous development of innovative models covering the growing needs of citizens.

Historically, the Greek local government efficiency comprises a point of reflection and study, both pre-war and in post-war initiatives and projects for the reform of the public sector in Greece. Questioning the operation and efficiency of the mechanisms of central government and local government, although in the majority of cases it is not an independent issue, rather one in the context of promotion and decentralisation of the Greek state and democratisation of local government, however, it comprises an area where, over the years, the necessity for improvement and modernisation have been highlighted (Konsolas, 1997; Makridimitris & Michalopoulos, 2000).

The provision mechanisms of alternative service provision in Greece are evaluated as flawed and ineffective in all cases in respect of state reform, from Varvaresou's report on the Greek economy to the recent initiative of Kallikratis's project (Maistros, 2009; Makridimitris & Michalopoulos, 2000). The ascertainment of the need for improvement and modernisation of the provision mechanisms of municipal services in the Greek local government is timeless. An approach however, which through the connection of the efficiency issue with the need for promoting both decentralisation of the central government and democratisation of the local government, resulted in the degradation of the acknowledgement of the role and contribution of the mechanisms improving and evaluating efficiency.

Efficiency of the municipal services in Greece is analysed and incorporated to the debate on modernisation of local government as an aspect of actions and initiatives, improving the operation of municipalities either in the context of implementation of technical and development projects of national programming at a local level, or in the context of undertaking initiatives for the improvement of the financial management and administration of the local government. A national framework of local government reform led to the downgrading of efficiency concept incorporation into the tools of government and the relevant regulation.

This view is confirmed by the analysis and coding of recent reform initiatives for the reorganization of local government, referring to the projects of Kapodistrias and Kallikratis, where efficiency is incorporated, institutionally and operationally, through activities, such as the promotion of intermunicipal co-operation, the operational planning of municipalities, the implementation of municipal infrastructure development projects and the allocation of municipal budget (Maistros, 2009; and also qualitative and quantitative results of the empirical research of the present Paper). This confused view regarding the level and impact of municipal efficiency in Greece and the factors of containment and constraint affect its performance, both organizational and cultural, bears the necessity for an evidenced based comparative evaluation of efficiency in the Greek local government, a framework of analysis which comprised the incentive and the basis for the conduct of the present study.

2. Theorizing efficiency under the reform pendulum of Greek local government

Despite the significant lack of national empirical studies and evidence regarding Greek local government efficiency, the results of the available reports and researches present a distinct view of limited efficiency, in terms of productivity and effectiveness of the municipalities (Dexia Bank, 2011). This limited efficiency is reflected in the low standing that Greece holds both on a European and international level in areas such as the efficiency of municipal services provision, which are poorly rated in Europe, the operational cost of municipalities and the association between operational cost of the local government and the number of workforce (Afonso, 2010; Bouckaert & Halligan, 2008; Shah, 2012; Van de Walle, 2005). Respective low rates are observed in the operation of the Greek local government in a series of determinant factors of efficiency, such as the cost of bureaucracy and red tape, the degree of deregulation of municipal services, the quality of local governance, the adoption of change management principles and tools, the degree of fiscal decentralization, the utilization of e – governance services, the incorporation of auditing in municipalities and the management by objectives. Barriers to efficiency and innovation in the Greek local government also cause wider characteristics of the national social capital, such as public confidence in local government, inter-sectoral trust, corruption, network governance and participation in deliberative institutions (Dexia Bank, 2011; Featherstone, 2008; Karkatsoulis, 2011; Paraskevopoulos, 2000).

These factors compose of a model of local governance, which appears to require, apart from the necessary institutional reforms, the immediate analysis of actions for the improvement of the municipal services provision mechanisms and the modernization of the existing model of municipal organization and regulation of local public goods (Tatsos, 1999). In essence, both on a theoretical and empirical level, the problem of efficiency in Greece, is predominantly a problem of governance. These governance issues include the necessity for further assignment of authorities and resources from the central to the local state, the promotion of pragmatic multi-level governance, the modernisation and simplification of local government audit and supervision, and the strengthening of its strategic planning and evaluation mechanisms. These problems of organisation and operation of local governance in Greece are confirmed by recent reports of international organisations such as the European Union and the OECD, which emphasise on the need to promote reforms that contribute towards the improvement of efficiency of municipalities and the promotion of a governance model, based on inter – sectoral and multi – level collaboration. Reform initiatives including the incorporation of strategic planning in municipalities, the evaluation of municipal services provision, the implementation of program budgeting, the reduction of administrative burdens, the promotion of inter-municipal and multi – level co-operation and the development of co-operation with the private sector (Karkatsoulis, 2011; OECD, 2011). Reforms focus on the improvement of municipal efficiency, through the modernization of the existing governance and management arrangements at local level and the promotion of a new philosophy of local government organization, adjusting to the pressures of fiscal austerity and the growing demand for quality services for citizens and enterprises. These barriers to the efficiency of the Greek local government emerge from the existing model of local government organization and regulation, as well as from the wider resistance to change, which consist in a national characteristic (Maistros, 2009; OECD, 2011).

The local government restructuring in Greece is considered to be incomplete, despite recent relatively successful reform initiatives for its modernisation, most notably on a level of further democratisation and decentralisation of competences of the central government at prefectural and municipal level. Maintaining centralisation especially in terms of funding, taxation, revenue and fiscal autonomy of the local government, combined with the increased bureaucracy particularly on a level of costly central control and monitoring of the of municipalities and prefectures operation, cause a setback to efficiency improvement. Resistance to change, an aftereffect of the lack of co-operation, consultation and trust in the objectives and the reform inactions, as well as the limited administrative capacity of municipalities to implement them, lead to the perpetuation of efficiency performance. A restriction to the success of the reforms, which apart from policy design and implementation deficits, is caused from social capital limitations as the sustained low rates of trust, citizens participation, innovation adoption and governance regimes and networks performance (Featherstone, 2008; Maistros, 2009; OECD, 2011).

The barriers of local government efficiency are further strained by the lack of effective consultation of central government with the local authorities for the design and specialization of national policies at local scale and the restrictions imposed on the municipal entrepreneurship, an aftereffect of the often heightened and constant competition between central – local government. Counterpart restrictions on the efficiency of municipalities are caused by the limited integration and effectiveness of a series of recent initiatives, over the last decade, for the rationalization of municipalities' management and decision making, municipal consultation and participatory planning, utilization of municipal property and promotion of private sector participation (Cohen, 2008; Karkatsoulis, 2011; OECD, 2011). The positive influence of the reform initiatives were particularly diminished implementation level, due to the lack of multi-level co-ordination, essential strategic planning, consultation with stakeholders and the appearance of increased bureaucracy and legislative complexity.

The efficiency crisis of Greek local government can be theoretically analysed according to the theory of the new governance. Local government crisis, caused from the inability of the existing institutional and governance arrangements to support local development challenges and satisfy emerging citizens and social needs, the ineffectiveness of which diminishes municipal efficiency. Municipal efficiency challenges, which improvement demand the restructuring of Greek local government, to a more participatory, decentralized and performance oriented model of local government organization. Both the theoretical values and principles, as well as the policy tools of the theory of the new governance, are based on the combination of two seemingly opposite, however fully auxiliary, principles of organisation and change of the local state: the model of local government competition introduction and deregulation promotion model and the model of network and collaborative local. Seemingly opposite models of local government restructuring, which put at the center of the local governance reform, the development of partnerships with civil society and private sector, for the provision of municipal services and the more effective fulfilment of citizens' needs, through the competition – collaboration nexus (Bouckaert & Pollitt, 2010). According to the new governance theory, the traditional monopolistic role of the state in the provision of services and public goods, is gradually replaced by a new model of organisation, according to which state's role is to regulate, steer and assist, the provision of services to citizens and enterprises from various social and economic stakeholders, to whom the state delegates authorities for efficiency, democratisation and proximity to the needs of citizens purposes.

In this new emerging model of provision of public services and policies, the role of the state consists essentially in the regulation and control of public services, which are provided by the private sector and the civil society, individually or in collaboration with the state (Denhart, 2000; Osborne & Gaebler, 1992; Stoker, 2003). This assignment of authorities and the development of partnerships for the provision of public services contains several forms of governance, such as the collaboration and partnering of the state with private sector agencies and civil society organizations for a more effective provision of public services, the delegation of authorities from central state to lower levels of government, the contracting out of government services to private sector, the development of policy networks with stakeholders and also the participation of public employees and citizens in the management of public services (Osborne, 2008; Ostrom, 1990). A changing model of local governance comprises the establishment of a new relationship between state, private sector and civil society. In this new model of state organization, the role of citizens, stakeholders and private sector is upgraded through the development of governance mechanisms and the institutionalisation of their participation in the procedures of planning, provision and evaluation of public services (Bouckaert & Pollitt, 2010).

A new local governance paradigm, which despite its national variations, appears to consist the leading and increasingly diffused international model for public services reorganisation, characterized from a new special place of private in policy making and especially in policy implementation (Hood, 2006). Partnership with the private sector comprises the main political choice for the provision of efficient public services and the cost constraint of their operation. Moreover, the development of partnerships contributes towards the introduction of expertise and innovation to the public sector and the inflow of new private sources of funding for the provision of public services. The participation of the private sector is promoted through the development of partnerships, the inter-sectoral provision of services, and the provision of services by private contractors and in the context of policy networks (Agranoff, 2004; Dollery, 2007). New governance tools introduce and promote private initiative in local government, in the light of state regulation and the promotion of accountability, transparency and consultation in their performance.

Correlating the scope of implementation and the principles of the new governance theory with the environment and the efficiency problems of the Greek local government, its explanatory value is quite apparent. The crisis of efficiency in the Greek local government can be theoretically explained through two basic levels of theoretical analysis. The incomplete nature of authorities' delegation from central to local state, particularly those of funding and taxation, limits the organisational capacity and flexibility of municipalities, impairing both the effective regulation of distinctive local needs and the performance of municipalities. This institutional ineffectiveness is further enhanced by the substantial lack of networks and mechanisms of multi-level governance and co-ordination (Karakatsoulis, 2004; Maistros, 2009; OECD, 2011). In direct connection with this institutional inefficiency of Greek local government, lie the inadequate integration and implementation of modern tools and mechanisms of governance, on a level of provision of municipal services and implementation of public policies at local level (OECD, 2011; Shah, 2012). The incorporation of these alternative mechanisms for municipal services provision and the promotion of citizens and stakeholder participation at the management of the municipalities have proven to be troublesome.

The limited adoption and performance of these new governance mechanisms in Greek local government results, according to the findings of this research, due to the limited administrative capacity of municipalities to incorporate them at operational level and their limited responsiveness to local government needs, due to the inadequate participation of local government during their design and selection from central government. Furthermore new governance mechanisms and tools introduction limited from the lack of correlation with the implementation of strategic planning in local government agencies, resistance of local government personnel to this new approach of municipal services provision, the limited political support, as well as the essential lack of adopting a culture of participatory management in municipal decision making and management (Maistros, 2009). In this category of the inadequately functioning institutional mechanisms of new governance in the Greek local government, are included the partnerships between public-private sector, concessions, social entrepreneurship, inter-sectoral co-operation, local development partnerships and finally public consultation and participatory planning initiatives (Heinelt, 2006). An implementation and diffusion deficit, which is largely based on the lack of a culture of consultation and co-operation in the Greek local government and society in general, a factor which is of great importance for the development of new governance on local and regional level.

3. Delimiting and analyzing alternative provision in Greek local government: methodological framework

Based on the above mentioned factors determining the efficiency of municipal services in Greece, current empirical research analyses efficiency issues in respect with the institutional choice of the alternative models selection by municipalities. Prior to this performance analysis, should be specified what consists alternative provision in Greek municipalities. In this selection labyrinth of the institutional form of private sector participation in Greek local government, the complexity caused by the preserve of the capability for alternative co-operation development with the private sector beyond formal PPPs legislation and private contracts should be considered. A regulatory labyrinth which is promoted by the presence of 15 alternative legal acts for the implementation of alternative municipal services provision, with the participation of private partners, in areas such as waste management, utilization of municipal property, wastewater treatment, irrigation – water supply as well as the construction and maintenance of municipal infrastructure¹.

¹ Indicative reference to the 3463/2006 Act on waste management and utilization of municipal property, the 59/2007 Presidential Decree on deregulation of public and municipal services, the 3468/2006 Act on energy production, the

Due to this institutional complexity, for the purposes of the research, these various forms of private sector participation in municipal services provision classified in three distinctive categories: Public – Private Partnerships, Hybrid Local Partnerships and Contracting Out (see Table 1 and Table 2).

Participation and co-operation with the private sector, which is at the core of local governance reform at international level and in line with the theory and practice of new governance. Institutionalization of private sector participation in municipal services provision, which despite its perennial presence and formal legal recognition and regulation, it is characterized by limited diffusion and occasional only successful implementation, a fact that prohibits it to be considered as a national coherent policy for the reform of local government and the promotion of private investments (Trova, 2007; Yetimis & Marava, 2005). An alternative approach to analyse the problematic of local government reform in Greece, under the scope, principles, tools and mechanisms of the new governance theory and the attempted theoretically and empirically reconciliation of contrasting principles of competition and co-operation in the provision of municipal services and widely in the modernisation of the national model of local governance.

The empirical and evidenced based analysis of the efficiency of the alternative provision in Greek local government comprised a complex task. A complex and difficult task of efficiency assessment, due to the inadequate record keeping of performance and management data from the Greek municipal authorities, the restricted publicity and accessibility of the data and the lack of previous relevant empirical research. The extent of the research sample concerns 28 municipalities of the entire Greek territory (more than 50% of the municipalities have proceeded to the alternative provision in Greece) and totally 89 services, which have been assigned to individuals during the period 2012-2014 and which originate from 11 different categories of municipal services. In terms of the institutional models examined, four particular forms of alternative provision are evaluated under the scope of the research, such as the contracting out, concession contracts, public – private partnerships and hybrid partnerships with private and public partners.

Overcoming the restrictions specified previously on finding empirical data, the comparative analysis between municipal and alternative – private provision of municipal services, was based on the quantitative and qualitative analysis of a series of specialised independent and dependent variables assessing the alternative provision of municipal services. Variables emerged from the extensive analysis of international bibliography and their harmonisation with the particular environment of organisation and operation of the Greek local government (see Boyne, 1998; Fernandez, 2009; Greene, 2002; Hodge, 2004; Wollmann, 2008). The selected independent and dependent variables of the research analysis based on both quantitative and qualitative data. The extraction of qualitative data of the municipal services and private contractors- partners was carried out by official sources and documents of the competent municipal authorities and also by the municipalities and private contractors. In terms of the comparative evaluation of the efficiency data between municipal and alternative provision, quantitative and operational data were further analysed utilising specialised and accredited methodologies and tools for measuring the efficiency of municipal services and the assessment of barriers and the actual cost of alternative provision (Brudney & Bozeman, 2008; Patton, 2008).²

Apart from the quantitative data and official evidences, a qualitative research was conducted between 2012 – 2014 for the analysis of independent and dependent variables and factors affecting the performance of alternative provision in Greece. In the context of qualitative research, 86 semi - structured interviews and 3 focus groups were conducted, while 282 questionnaires were filled in by involved parties and recipients of services, with a response rate of 32%. Purpose of the qualitative research was the incorporation of views of the involved stakeholders and services recipients regarding the viability and effectiveness of alternative provision in Greek local government, and the acknowledgment of the effects of local social capital and national culture to provided services organizational design and efficiency and the emergence of a new model of local governance in Greece.

3581/2007 Act on utilisation of municipal property and the 2052/1992 Act on infrastructure protection for environmental protection.

² In respect of the tools utilised, the following are indicatively referred to: red tape assessment tool, user participation assessment tool, quality of governance assessment methodology (see also: Bozeman, 2011).

4. The decision for in - house or external provision of municipal services: incentives and choice

In commencing the effort to empirically document the impact and performance of alternative municipal services provision in Greece, initially municipal authorities' decision making will be explored, in attempt to understand the incentives and expectations behind the private choice selection. The decision for selecting the alternative models of municipal services provision, comprise in a complex process in respect of its evaluation and the analysis of the incentives for participation, both of the municipalities, as well as the private contractors. It is also determined to a significant extent, beyond the fiscal and social factors of their promotion, by the level of transaction cost and administrative burdens, which their introduction results in (Brudney et al., 2005; Fernandez, 2009). Limiting the cost of services provision, both in the level of delivery and burdening the available budget of the municipality, comprises according to the research, the primary factor for selecting private provision. Cost reduction is directly associated with fiscal constraints within municipalities, where the former do not allow the latter to continue funding the increased cost of services. Consequently, municipalities choose the private provision in an attempt to provide the same quantity of services, however with a perceptible lower provision cost.

Another significant factor for the selection of alternative services provision by the municipalities, of lower importance than the limitation of the cost of provision, comprises the utilization of innovative and modern financial tools for the Greek local government. Modern financial tools, such as outsourcing, concessions and PPPs, which provide municipalities with the opportunity to take advantage of their assets, as well as provide their residents with services, which otherwise would not be capable of being provided monopolistic by municipal services due to constraints in funding. The alternative services provision and the utilisation of the modern financial tools, however, bump on the increased bureaucracy, the complexity of the regulatory framework and the delays regarding the development and licensing of the projects. The selection of private participation in areas where the local government does not have the adequate expertise, technology and experience, such as waste recycling, alternative energy production from renewable sources, integrated wastewater and water treatment and management of complex technical projects, also consist in a factor promoting individual participation. Parallel to compliance of the agreed timeframe and budget of projects and provided services, areas where their conventional implementation by the competent municipal authorities is characterised by excesses, failures or frequent project cancellations, also consist in a significant factor of private initiative.

In contrast, in respect with the selection factors of the alternative services provision, based on the qualitative and quantitative results of the empirical research of the present Paper, the participation of factors relating to the promotion of administrative reform within municipalities, the improvement of quality and the promotion of transparency and accountability of the provided services are presented to be limited. The limited influence of these factors is reflected on the substantial absence of interconnection between the alternative services provision and the modernisation of municipalities, as well as the low priority given to accountability issues, transparency and citizens' participation, confirming the primary interconnection between the participation of private sector in local government with the increasing fiscal constraints and secondarily with the effective provision of complex services.

As to the selection of areas of interest of the municipalities regarding the development of the alternative provision of municipal services, the results of the empirical research are equally clear and distinct. The municipalities select the alternative provision of services with private sector participation in areas where they face serious operational issues, primarily in waste management and recycling, utilisation of municipal property, cleanliness of streets, municipal buildings and infrastructure maintenance, development and operation of municipal infrastructure and car parking. The construction and operation of complex technical projects are placed in the next level of interest, mainly in the areas of alternative energy production from renewable sources, replacing municipal lighting with modern efficient and environmentally friendly technologies and maintenance of equipment of municipal vehicles and machinery. Complex and socially sensitive services, such as social protection services, public health and administrative services are areas which do not comprise priority for the municipalities, present low rate of interest and selection (Brudney et al., 2005). It should be noted that from the empirical research, and despite the degradation of the outcome on a level of statistical presentation, the need and demand of municipalities to develop partnerships with the private sector (PPPs) has been reflected, as well as the increased sectoral selection in areas of services with immense local interest, such as indicatively are referred to, wastewater treatment and water supply to municipalities based on islands, energy saving in urban and semi-urban municipalities and the productions of energy in rural and island municipalities.

It is of particular interest, in accordance with the results of the quantitative and mainly qualitative empirical research, the selection factors of the institutional form of the individual participation in the Greek local government as a tool of promotion of the efficiency of municipal services (Wollmann, 2008). In this area, the effects of the quality of the institutional framework are presented as substantial and essentially, as they shape the selection of the institutional form between traditional private contracts, public – private partnerships (PPPs), concessions and hybrid partnerships. The selection of the traditional annual contracts is presented to be wide (over 80%), propelled by two main factors, the limitation of the impairment and the lack of confidence of the municipal authorities for long term and multi-annual partnership with the private sector as well as the impairments of the institutional framework and the increased bureaucracy for the development of PPPs (see Table 3).

Despite the temporal governmental rhetoric to promote PPPs in Greek local government and despite the positive expectations created by the enactment of the relevant legislation in 2005 followed by a massive funding by the Ministry of Interior during the period 2006 – 2010 for the preparation and development of PPPs projects in municipalities, the implementation of the institutional framework was inhibited on an important level of application, due to the negative consequences of red tape, centralization and lack of coordination, which led to multi-annual delays and often suspension of the municipalities' initiatives. Increased bureaucratic cost, multiple on a time and cost basis for municipalities in relation to the development of PPPs and concessions compared with the annual award contracts to private contractors (see Qualitative and quantitative results of the empirical research of the present Paper). Regulatory complexity which supports the appearance and escalation of red tape and also determined the decision of alternative governance model selection, since the appearance of increased red tape on PPPs and Local Hybrid Partnerships licencing and auditing procedures, contributes to the promotion of short – term contracting out model of municipal service provision³. A fact highlights the necessity for simplification and codification of alternative provision regulatory in Greece, in order to promote institutionalized and long – term collaboration against the short - term and rent – seeking impact of contracting out (Karkatsoulis, 2011) (see Table 4).

5. Comparative evaluation of alternative provision effectiveness

Continuing the evaluation of the impact and effects caused by the introduction of private sector in the provision of municipal services, a definite reduction of the cost of municipal services provision through alternative models emerges, which, however, requires further analysis in respect of the factors reducing the cost (Boyne, 1998; Fernandez, 2009; Ferris, 1986; qualitative and quantitative results of the empirical research of the present Paper). Cost of provision reduction varies between 10 and 24%, a strong sectoral differentiation and despite the presence of increased transaction cost and bureaucratic barriers to private sector participation. It should also be noted that the fact that limitation of the provision cost of services, in the majority of the case studies and according to the results of the qualitative research, did not result in a simultaneous deterioration of the quality and the accessibility of the provided services, a common problem as well as accusation in cases of private provision of municipal services. In contrast, the quality of the provided services remained invariable, while in 60% of cases the engaged stakeholders and users noticed improvement of the quality of service, compared to the previous provision by the competent municipal authorities.

Similarly, accessibility to the provided services remained at the same level of access to residents, without imposing restrictions on utilising the services provided by individuals. In areas of municipal services where constraint of cost of provision occurred, the greatest benefits emerged through treatment and supply of drinking water with substantial, however, issues in respect of the quality of the provided service in one out of the three case studies, waste management and recycling, followed by maintenance of street lighting and small-scale energy production from renewable sources. The cost of maintenance of municipal infrastructure and premises also appear to be reduced, while management of previous municipal undertakings, such as municipal car parking and maintenance services of the municipal fleet vehicles, have also been reduced at around 20%.

³ Indicative reference to the 3463/2006 Act on waste management and utilisation of municipal property, the 59/2007 Presidential Decree on deregulation of public and municipal services, the 3468/2006 Act on energy production, the 3581/2007 Act on utilisation of municipal property and the 2052/1992 Act on infrastructure protection for environmental protection.

Significant limitation of the provision cost between 15 and 19% was also noted in areas of the administrative support services, such as accounting services, IT services, project management and training programs, services which are beyond the traditional categories of technical services and which municipalities most commonly assign to private sector (see Qualitative and quantitative results of the empirical research of the present Paper). In the area of social services, the cost constraint was of a lower scale, of a range between 5 and 10% with substantial, however, issues in respect of the quality and accessibility to the provided service, accessibility that was limited in some instances by 30% of the total beneficiaries.

Examining distinctively the crucial issue of quality and accessibility to the services provided by individuals, statistically and in the majority of the case studies, the assignment of services provision to individuals does not appear to have led to deterioration of the quality and the accessibility to services (Edwards et al., 2004; Hodge, 2010). In contrast, in a substantial number of cases of around 60%, the quality was improved based on the views expressed by the beneficiaries and the engaged parties of the services, excluding the employees of the municipal authority, which was priorly competent for the service provision, who at the vast majority (80%) consider that the quality of the service has deteriorated and therefore, competency should be restored to the municipality. Social services comprise a clear exception, as a clear view of quality deterioration of the provided services is observed.

Accessibility of the delegate services is of particular interest, since except from the case of social services where their provision by private sector led to a reduction of the beneficiaries between 10 and 25%, in almost all the rest of the areas, accessibility by residents was enhanced. Increase of the citizens being served by recycling services, increase of roads being lightened and the incorporation of new estates to the municipal drinking water network are indicatively referred to. It is therefore observed, in respect of the efficiency of the alternative provision in the Greek local government, a direct link between the degree of complexity of the provided service by individuals and the rate of the constraint of the provision cost, always in association with issues of quality and accessibility to services, which are comparatively examined in the context of the particular research. The more complicated and socially sensitive a service is, the lower the degree of the cost constraint of provision. Another crucial determinant for alternative governance performance but with a very limited impact, according to research's results, is the promotion of choice among services' users. With the exception of social services, and even there in a limited number of two cases, alternative governance models introduction hasn't accompanied with the promotion of provider choice for services' users. A failure of alternative governance modes in Greek local government, both in terms of accessibility and competition impact, since in the overwhelming majority of the cases, alternative governance introduction just replace the previous municipal monopoly, with a new private monopoly. Absences of alternative providers for municipal services receive and choice, which reduces competition and innovation, gains on partnerships' performance (see Table 5).

Of particular interest is the interconnection between the institutional form of co-operation with the private sector and the degree of cost reduction in the provision of services (Klijn, 2004; Osborne, 2004). In this area, the largest cost reduction percentage comprise the contracting out, followed by hybrid forms of co-operation with the private sector and finally partnerships between public – private sector (PPPs), despite the temporal governmental rhetoric to promote PPPs in the Greek local government and the provision of investment incentives from European Union programs, as the JESSICA program. This comparative increased percentage reduction in contracting out model, compared to PPPs, concessions contracts and hybrid partnerships, demonstrates the limitations of national culture in co-operation and collaboration between public and private sector, which extends to the limited timely co-operation of one year.

Furthermore significant questions are raised about the relationship of coupling inter-sectoral partnership, trust and efficiency in the environment of the Greek local government, which requires the implementation of a new, more long-term oriented, win - win and mutually beneficial culture, which will substitute the selfish profit of the partners (Table 6). In consistency with the degree of complexity and the constraint of a service provision cost the factors regarding the size and the location of the municipality are placed, for which, however, a reversal of international experience is observed, namely rural and small municipalities illustrate a higher percentage of reduction of the provision cost for municipal services provided by individuals (Boyne, 2000; Bouckaert & Halligan, 2008; Savas, 2000; qualitative and quantitative results of the empirical research of the present Paper).

This fact, according to the illustrative results of the empirical research, is due to the increased cost of the previous municipal provision, which resulted from the lack of differentiation of the cost policy of the small and rural municipalities in comparison with the large and metropolitan municipalities, which resulted in an increased asymmetry between workload and provision cost, mainly salary costs, equipment usage and fixed costs.

Based on the above, consistency between the metropolitan location of the municipality and the increased cost constraint of the private provision of services does not provide from the results of the empirical research, despite such connection being documented in international bibliography (Fernandez, 2009). That national differentiation comprises two characteristics of the current organisation of the municipal services among the metropolitan areas in Greece. First of all, from the comparatively higher degree of unionisation of municipal employees in metropolitan areas, compared to rural and semi-urban, which acts as a barrier in respect of the participation of private contractors to the provision of municipal services? A second source of that national differentiation consists in the size and the administrative capacity of the municipalities, which due to their size fulfil more adequately their residents' needs for services, compared to the problems of adequate budgeting and administrative capacity that smaller municipalities face.

The degree of fiscal pressure of municipalities appears to impair the provision cost, as from the empirical research it emerged that there is correlation between the degree of constraint of the available funding of the service provided and the reduction of the provision cost. Financial pressure impact is channeled to the private contractors' solution selection, being imprinted within the service provision contracts, through the incorporation of references about meeting particular quantitative mainly provision standards, providing the service according to the limited available budget (Bell, 2008; Bovis, 2008; Fernandez, 2009; Qualitative and quantitative results of the empirical research of the present Paper). Correlation is also observed between the reduction of the cost of provision and the extent of private participation in a municipality. In municipalities with a larger percentage of delegation of services from the municipalities to private sector, the cost savings appears to be higher, mainly due to the capacity of the municipality to effectively monitoring the execution of the contracts and the trust based relations being developed among the partners.⁴ On a similar basis, reaped delegation of a particular service to private contractors or the extension of existing contracts also leads to cost reduction, estimated to be 5% higher compared to the individual assignments and the first assignment to private contractors, for reasons that also relate with the development of trust among partners, the progressively more effective understanding of the real needs of the provided service and the development of specialised skills for monitoring the provision contracts, by relevant staff and organisational units of the municipality.

Continuity in the leadership of the municipal authority and the re-election of the municipal authority that originally promoted private sector participation, also contribute towards the increase of the efficiency of the alternative municipal services provision. Political leadership appears to also have two non-discrete parameters influencing the efficiency of alternative service provision. The first parameter relates to Mayors' working experience, which appears to operate in favour of the efficiency, when associated with Mayors' working experience in the private sector. Supplementary to the stability and continuity of the municipal authority, the degree of political consensus in the administration of the municipality is also beneficial, as in case studies where the decision for private provision of particular municipal services was made with increased majority and with no objections made by the opposition, cost constraint appears to be greater, due to the lack of protests and conflicts. Of particular interest are the elements that demonstrate the lack of effect in the selection and operation of the alternative provision by the political ideology of the municipal authority. Uncommon political neutrality regarding a politically strained model of local government reform and especially in an environment of particular politicization, as the political competition of the Greek local government. In contrast, the degree of employees' opposition appears to be in contradistinction with the level of cost reduction of the alternative service provision. The management capacity of municipal authorities also comprises a significant factor in favour of the efficiency of the assigned municipal services provided by private contractors (Bell, 2008; Fernandez, 2007).

The empirical research presented data illustrating that the development and staffing of specialised units – offices for monitoring private contractors in the municipalities, assists the improvement of efficiency and the quality of the alternative provision.

⁴ For the sustainability of research and the harmonisation with the Greek local government, this rate has been specified among municipalities with more than one service being assigned.

In addition to the management capacity of the municipalities, it also operates beneficial to integrate alternative provision into the operational planning of the municipalities and produce specific monitoring indicators, on a basis of the business plan and the implementation of the assigning contract. The support of the alternative service provision by maturation studies and planning of alternative provision beforehand, maximises further the level of efficiency and cost constraint of the provision, particularly in the areas of waste management, alternative energy production, maintenance of street lighting and construction of car parking (Qualitative and quantitative results of the empirical research of the present Paper). In relation to the operational planning and preparation of the alternative provision within a municipality, positive contribution is made through the assumption of initiatives for solving and undermining problems that derive from overlaps and failures of the regulatory framework. The greater the degree and actions on behalf of the municipality for resolving the restrictions of the regulatory framework and bureaucratic competition among the co – responsible public authorities in respect of the private sector participation, the higher the rate of improvement of efficiency is presented, due to the support of the initiative by the municipal authority, the effective maturation and the project preparation (Table 7).

6. Interpreting the efficiency gains: Degradation of working relations or a rising organizational innovation?

Where does this apparent cost reduction from the alternative provision of municipal services, in the municipalities being examined, emerge from? Does the cost reduction consist simply of the outcome of the degradation of working relations and the working conditions of staff and the limitation of accessibility by citizens, as opponents and critics of the private provision in Greece and internationally claim, or comprise a more complex amalgam and indication of a necessary and at the same time of a viable rationalisation of existing models and culture of municipal services provision in Greece? (Bell, 2008; Dollery, 2008; Fernandez et al., 2008; Hefetz & Warner, 2004; Hodge, 2010; Qualitative and quantitative results of the empirical research of the present Paper). Empirical data seem to confirm the second view of rationalisation and restructuring of the existing models of municipal services provision in the Greek local government, under the applied and constantly worsening pressure of fiscal limitations of municipalities and understaffing. In particular, the results generated tend to confirm the view that provided services cost reduction result primary through efficiency improvement and, at a lower scale, associate this cost limitation with the downgrading of services quality and employees' working conditions.

Limiting the provision cost at a rate of more than 65%, is considered to emerge from the degree of the efficiency improvement of the provided services, aftereffect of the changes induced by private contractors in the organisation and provision of services. Changes which concern the promotion of innovation in the organization and provision of services and the use of modern technological equipment, particularly in cases of waste management, maintenance of municipal infrastructure and equipment and the production of renewable sources of energy, which optimises the productivity of infrastructure (Osborne, 2004). Service provision redesign is based on the abolishment of the unnecessary and without administrative value actions and regulations, as well as the rationalisation of service provision channels according to the needs of service recipients, in terms of frequency, quantity and quality of services. Service provision rationalization which contributes considerably towards cost reduction, through the optimum use of the available resources and infrastructures. Particularly prominent are the results of rationalisation of the procedures being followed in areas such as waste management and recycling, maintenance of municipal infrastructure and equipment – machinery and services of administrative support.

At the same time, achieving economies of scale and scope, particularly in case studies of waste management, recycling, maintenance of municipal street lighting and infrastructure, catering and alternative energy production, also contributes towards the cost constraint of provision. Economies of scale and scope, which are achieved through the policy of private contractors for the provision of services to neighboring municipalities, in an inter-municipal scale or in related activities such as cleaning of streets, waste management and recycling and preserve of urban greenery. In some of the case studies, economies of scale were achieved through the collection and disposal, on behalf of the municipal authority, of the total of the community infrastructure and resources related in the particular category of activities, as in cases of photovoltaic energy production systems and municipal lighting. Furthermore, private contractors often possess the required skill, expertise and modern equipment for a more efficient provision of specialised services, such as waste recycling, treatment and supply of drinking water and operation of alternative energy production infrastructure (Bell, 2008; Qualitative and quantitative results of the empirical research of the present Paper).

The promotion of the organisational innovation in contractors monitoring also contributed towards services cost reduction and efficiency optimization, in an increased volume of evaluated case studies. In almost all case studies, specialised quality and expenditure indicators have been incorporated to the contracts providing municipal services. The incorporation of such performance indicators comprises a priority in the Greek local government and an area of reform with limited results. The vast majority of these performance indicators do not relate to result – oriented and outcomes indicators, instead of indicators of service expenditure and quality characteristics, as in the case of waste management by indicating the required equipment and the frequency of itineraries and the quality characteristics of treated drinking water and irrigation. However performance indicators introduction, contribute towards efficiency optimisation and they secure the quality of the services provided by private partners. More evident is the positive effect of innovation in efficiency optimisation of municipal services in the areas of waste recycling, treatment and supply of drinking water, energy production and street lighting, where innovation lies with utilised technologies, which limit the provision cost, while the introduction of modern technologies contributes towards the more effective control of the quality of the provided services and the immediate resolution of errors, as in cases of water treatment and the alternative electric energy production and energy saving.

In a more limited volume of case studies, however with particularly positive results, both on the level of efficiency optimisation and quality improvement of the provided services, as well as on a level of promotion of social support and engagement, organization and decision making innovation is recognized as the catalyst (Bouckaert & Halligan, 2008). This organisational innovation highlights almost the total of hybrid partnerships project of municipal authorities with the private sector, except from the treatment and management of drinking water where a major quality failure was met. Organizational innovation is characterised also, in some case studies, and by the participation of local community and citizens in projects' development and management in areas of energy production from renewable sources, waste recycling and the provision of social services. Engagement and accountability of selected alternative municipal services provision projects, which are institutionalised and supported by the participation of representatives of residents in decision making and by integrating the needs and views of residents in projects' planning, management and audit. Citizen and stakeholder participation and engagement which are formal recognized at contractual level, by the incorporation of mechanisms for transparency and accountability promotion and finally, by the social return of services revenue in areas of advanced social significance for the local community, such as the financing of community health and social protection services and infrastructures (Bell, 2008).

Trust in governance, consist also another critical parameter for alternative provision success in Greece. A factor with an increased importance in the case of Greek local government, since national social capital and political institutions characterized from the very low levels of trust and the appearance of a long – term public – private dichotomy of public sphere, which create important cultural barriers (Pagoulatos, 2005; Paraskevopoulos, 2000). In this area of analysis and despite the comparative limited efficiency of PPPs regarding the other two forms of alternative governance, trust among PPPs partners appear to have the higher score, with a positive impact on partnerships organization and performance. Independent from organizational models' variations, alternative governance policy diffusion and performance determined from the limited trust in government, a result of the sustained red tape and administrative burdens on policy's regulation (see Table 8).

Competition in the provision of municipal services comprises by far the most essential factor of cost reduction of the alternative provision (Qualitative and quantitative results of the empirical research of the present Paper; Savas, 2000; Wollmann, 2008). In the majority of the case studies examined for the purposes of the present paper (65%), competition was satisfactory and capable of leading to cost reduction of the provided services. In the majority of the projects (70%) more than two private vendors participated in competitions, while in 50% of those more than three participated, and as a result a real cost constraint of the provision by 10 to 15%, which occurred due to the reduced price offers made by the vendors. It should also be highlighted that the total provision cost of the services that were put in a competition procedure for the selection of the private contractor, was considerably reduced than the previous monopolistic private provision, as the project budgets were limited by 15 to 20% compared to the previous funding by the municipal budget. Consequently, the empirical finding emerging is that in a few selected cases of 12 in their total number, the actual cost reduction of the provision can reach a 30% rate, in terms of comparative accountability (Qualitative and quantitative results of the empirical research of the present Paper; Wollmann, 2008).

Competition effects in a market which, however, is plagued and limited by the lack of a flexible and effective regulation and a national policy for competition introduction, both at national and local level. Competition appears to operate regardless the geographical location of municipalities. Cost reduction due to competition of external contractors, appears to depend upon transparency of procedures for selecting contractors and the type of competitions, where the category of international open competitions add up more than four biddings. Competition is rather constructive in case studies of services which are typical of their specificity and simplicity, such as waste management, recycling, catering services, cleaning and maintenance of municipal services, where economies of scale are achieved, as well as in cases of inter-municipal contractor selection. Moreover as it has already presented, competition introduction failed to promote the ability of service provider choice to citizens.

As for the interconnection between cost constraint of the operation of the alternative municipal service provision and the degradation of employees' working conditions and rights, the following clarification should be made. Limitation of wage service costs and alteration of the working relations of the engaged employees are reflected in the empirical research, however, these changes do not constitute a more than 40% rate of the resulting reduction of the provision cost. Therefore, they comprise in parameters of cost constraint of services, without concerning though the total of such constraint. It should also be noted the fact that wage cost in a few of the evaluated sectors, especially in waste management and secondarily in municipal transportation, is characterised as particularly increased, often surpassing 70% of the total service cost. It is therefore a labour cost which is significantly increased compared to international practice, which varies between 40 – 50% and, under that scope, its limitation may be considered as an action of its rationalization (Bell, 2008; Qualitative and quantitative results of the empirical research of the present Paper; Wollmann, 2008).

In terms of working relations, private provision changes the employment regime of employees from public to private law, which is characterised by lower quality of insurance and wage benefits. As to the allegation of the limitation of the personnel number, the particular factor seems to be confirmed on a significant level by the examined case studies, although results are weighed, as 55% led to the limitation of the number of personnel, inducing a dual explanation. The limitation of the number of personnel, on the one hand confirms the relevant allegations of the opponents standing against the assignment of municipal services to individuals, however from a different angle, it produces the capability for improvement of the existing efficiency of municipal services, as in the majority of case studies (75%), the reduction of the number of employed personnel did not result in a degradation of quality and accessibility to the provided service, instead maintaining or often improving it.

7. Beyond the limits of efficiency: Alternative institutional arrangement and the demand for the emergence of a new model of local governance

From the comparative analysis of case studies regarding the state of art of alternative provision in Greece, emerges the definite cost reduction of services provision and the improvement of the efficiency level. However, this perspective requires further analysis on a case-study level by taking into account the non-economic factors, which are also found in the Greek case to co-form the degree of efficiency improvement, through private participation and either the successful or the unsuccessful incorporation of alternative institutional arrangement from the municipalities (Bouckaet, 2011). These factors relate to the degree of trust and co-operation among the involved municipal and private partners, and the interconnection of the alternative provision with the emergence of a new model of local governance, based on the inter-sectoral co-operation, the establishment of local consensus and the introduction of innovation in service planning and provision.

In all good practices of selected case studies, and of cases achieving the highest rate of efficiency improvement, the level of confidence and trust were particularly high among the partners. The development of high level of trust, which contradicts to the low national average rate and the respective rates in local government, is based on a number of special characteristics. These special characteristics comprise the gradual transformation of individualistic and piecemeal co-operation with the private sector, in a long-term and repeated successful collaboration, which contributes towards the development of mutual trust. High level rates of trust between public and private partners are reflected in the analysis of projects' contracts, which are less complex and with more space for flexibility in the provision of services. Alternative provision which is evaluated in respect with the achievement of services specific objectives and standards, in terms of service cost, quality characteristics and outputs, and not according to the traditional and counterproductive strict accounting evaluation and legal procedures compliance assessment.

The high rate of inter-sectoral trust among partners of alternative provision projects, contradicts to their low national average rate in the central government and the responsible agencies for the promotion of private participation in local government, as the special secretariat for PPPs and the Ministry of the interior, due to the increased bureaucracy and the successive and costly control mechanisms. Lack of trust in the central government and an increased level of trust among partners of the partnership, which led the decision made by the involved parties, i.e. municipalities, to select the alternative provision choice, as a policy tool against the ineffectiveness and delays of the responsible central government authorities to support the expansion and performance of alternative provision, through the promotion of decentralisation and the provision of the adequate financial resources (Qualitative and quantitative results of the empirical research of the present Paper). The influence of inter-sectoral trust is of equal importance, also in the context of selection made by municipalities of the alternative routes of regulatory framework for the development of the alternative provision, beyond the narrow limits of hardship of the PPPs legislation.

Significant contribution towards the promotion of trust between the involved parties regarding the co-operation between public – private sector, is made through the institutionalised participation of municipal authorities in the management of projects, as well as the provision consultative and open procedures of disclosure and publication of their results. Deliberative and participatory processes and mechanisms, improved the quality of the municipal planning and the innovative provision of municipal services. The implementation of these initiatives for promoting the engagement of partners and stakeholders and strengthening public accountability operates positively in terms of the formation of the required alliances and the creation of a supportive environment for alternative provision introduction (Qualitative and quantitative results of the empirical research of the present Paper). Participation and consultation, comprise principles that contribute towards the lift of the common social contradiction and mistrust against municipal authorities and in favour of alternative provision and promotion of trust.

In addition to trust and engagement, local innovation also operates positively. Innovation in establishing incentives for co-operation between the partners and local community, perceives different localisation facets of alternative forms of municipal service provision and social redistribution of their revenue. More specifically, funding practices of social and medical services and municipal infrastructure for residents were recorded through the operation of alternative provision models, particularly in hybrid partnerships, while in four cases communitisation of the alternative provision concerned the participation of residents in the share capital, as part of the municipality participatory rate. This constantly increasing trend for communitisation of alternative governance arrangements and their incorporation to the development programming of municipalities, illustrates the gradual transformation of private participation from a simple mechanism of fulfilling local needs for municipal services, into an influential catalyst of co-funding and support the implementation of local development planning at local level (Bouckaet, 2011; Qualitative and quantitative results of the empirical research of the present Paper). The development planning will be based on partnership, consultation and co-operation for the effective regulation of local problems and the promotion of real reform of the local state in Greece.

An emerging model of local governance that exceeds the narrow limits of public – private spheres and sets under the spotlight the effective regulation of the long lasting local issues and the more efficient accomplishment of citizens' needs, based on the mutual utilisation of public and private resources, financial or not, and the establishment of wider development alliances with the participation of central government agencies, local government institutions, private sector enterprises and civil society. A new model of local governance, the viability and effectiveness of which, however, necessitates the implementation of a new framework of co-operation between public and private sector at local level, beyond centralization boundaries and the competition between central – local state and based on the development of a new culture of co-operation, among public authorities, as well as of those of the private sector and the civil society. Therefore, the challenge of the alternative provision in the Greek local government should not be considered to be simply the percentage reduction of the cost of provision of the municipal services, but more widely the development and diffusion of a new participatory and less bureaucratic model of local governance, where competition will be linked to consultation and efficiency improvement will be connected with the social effectiveness of the local state mechanisms.

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ANNEX

Table 1

Model of alternative provision	Area of service provision (indicative)	Regulatory framework	Responsibility and mode of audit	Partnerships' Management	Contract duration
Contracting out	Waste management Building maintenance Social services Property development Infrastructure development Administrative services IT support Vehicles maintenance	Code of local government procurement / 7 different legal acts	Municipal authorities – outputs management	Legal contract execution	1 year with renewal possibility
Hybrid partnerships	Waste management Property development Energy production Social services	12 different legal acts	Municipal authorities – outputs management with (limited / differentiated per case) user participation	Hybrid partnership' management committee – distinctive organization	2 to 5 years with renewal possibility
Public – Private Partnerships	Waste management Property development Infrastructure development Energy production	PPPs legal framework	PPPs Secretariat & Regional Authority & Municipal Authorities & SPV – outputs & outcomes management with (limited / differentiated per case) user participation	PPPs SPV	10 to 25 years

Table 2

Area of alternative provision	Number of alternative regulations
Waste management and recycling	6
Cleaning services	4
Catering services	4
Vehicles maintenance	5
Water provision	6
Social services	5
Administrative support / IT services	4
Infrastructures management	7
Street lighting	5
Energy production	5
Parking facilities	6

Table 3

Factors of alternative provision selection	Significance	PPPs	Hybrid Partnerships	Contracting out
Limitation of the cost of provision	0.78	0.70	0.72	0.85
Fiscal constraints	0.68	0.79	0.71	0.58
Services quality improvement	0.42	0.48	0.61	0.21
Administrative reform promotion	0.22	0.37	0.22	0.12
Use of European Union funds	0.57	0.64	0.53	0.23
Promotion of collaboration with the private sector	0.19	0.43	0.27	0.07
Satisfying citizens needs	0.38	0.41	0.57	0.22
Promotion of accountability and transparency	0.23	0.27	0.58	0.12

Table 4

Model of alternative provision	Licensing – approval time	Cost of participation / red tape compliance	Partners' views on red tape negative impact on service performance	Audit red tape	Trust in government' licensing & audit model
Contracting out	3 to 6 months	3.000 – 8.000 euros	58%	44%	41%
Hybrid partnerships	6 months to 1,5 year	15.000 - 20.000 euros	68%	58%	32%
Public – Private Partnerships	2 to 5 years	40.000 - 90.000 euros	67%	72%	26%

Table 5

Service	Number of case studies	Efficiency	Efficiency range	Quality	Accessibility	User satisfaction
Waste management and recycling	18	+ 22%	10 – 25%	improvement	improvement	improvement
Cleaning services	12	+ 21%	10 – 30%	Improvement	improvement	improvement
Catering services	8	+ 19%	15 – 22%	Improvement	downgrading	downgrading
Vehicles maintenance	8	+ 20%	18 – 28%		improvement	improvement
Water provision	2	+ 120%	90 – 150%	Improvement	improvement	downgrading
Social services	7	+10%	-10 – 18%	downgrading	downgrading	downgrading
Administrative support / IT services	10	+15%	10 – 21%	improvement	Unchanged	improvement
Infrastructures management	9	+21%	10 – 25%	Improvement	Unchanged	improvement
Street lighting	4	+50%	30 – 60%	Improvement	improvement	improvement
Energy production	6	+27%	20 – 33%	Improvement	Unchanged	improvement
Parking facilities	5	+12%	5 – 20%	Improvement	improvement	improvement

Table 6

Model of alternative governance	Cost of provision	Service quality improvement	Accessibility	User satisfaction
Contracting Out	18 – 27%	Downgrading	Unchanged	Downgrading / mixed
Hybrid Partnerships	15 – 19%	Improved	Improved	improved
PPPs	10 – 18%	Improved	improved	improved

Table 7

Variable	Hypothesized association	Impact on alternative provision efficiency – empirical results	Significance
Size of municipality	+	Unchanged	0.06
Fiscal stress	+	Affects – Improve efficiency	0.32
Balance of municipal budget	-	Unchanged	0.02
Municipal borrowing	+	Affects – Improve efficiency	0.42
Public spending limitations	+	Affects – Improve efficiency	0.51
Metropolitan municipality	+	Unchanged	0.02
Urban municipality	+	Unchanged	0.02
Rural municipality	-	Affects – Improve efficiency	0.21
Mountain municipality	-	Affects – Improve efficiency	0.18
Island municipality	-	Affects – Improve efficiency	0.26
Municipal GDP	-	Unchanged	0.07
Citizens income	-	Unchanged	0.02
Local unemployment rate	-	Unchanged	0.02
Problems in current municipal provision of the service	+	Affects – Improve efficiency	0.71
Successful previous experience of partnering with the private sector	+	Affects – Improve efficiency	0.59
Alternative provision of multiple services	+	Affects – Improve efficiency	0.54
Promotion of municipal administrative reform	+	Affects – Improve efficiency	0.31
Continuity in political leadership	+	Affects – Improve efficiency	0.58
Local political consensus	+	Affects – Improve efficiency	0.56
Initiatives for the resolution of problems for the participation of private sector	+	Affects – Improve efficiency	0.60
Political leadership ideology	+ / -	Unchanged	0.01
Political leadership work experience	+/-	Affects – Improve efficiency	0.27
Opposition of municipal employees	-	Affects – Limits efficiency	0.38
Level of municipal employees unionism	-	Affects – limits efficiency	0.16
Local – regional market of vendors	+	Unchanged	0.07
Municipal administrative & monitoring capacity	+	Unchanged	0.09
Quality of municipal strategic planning	+	Affects – Improve efficiency	0.29
Public consultation initiatives	+	Affects – Improve efficiency	0.28
Preparation of the municipality for the promotion of alternative provision	+	Affects – Improve efficiency	0.41
Level of trust among the partners	+	Affects – Improve efficiency	0.68
Citizens opposition	-	Affects – limits efficiency	0.57
External pressures for private participation promotion	+	Unchanged	0.02

Table 8

Model of alternative provision	Trust in alternative provision	Trust in other partner	Trust in central government	Trust in local government	Trust in audit / performance measurement of partnerships
Contracting out	32%	36%	32%	44%	32%
Hybrid partnerships	67%	63%	30%	47%	72%
Public – Private Partnerships	68%	69%	47%	35%	75%