



Resituating the Local in Cohesion and Territorial Development



Photo 1 by Michalis Pornalis; **Photo 2** by Nikos Vergos

Case Study Report
Overcoming Fragmentation in Territorial Governance
The Case of Volos, Greece

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Report Information

Title:	Case Study Report: Overcoming fragmentation in territorial governance. The case of Volos, Greece (RELOCAL Deliverable 6.2)
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Contributions from:	UTH Research Team
Version:	2
Date of Publication:	29.03.2019
Dissemination level:	Public

Project Information

Project Acronym	RELOCAL
Project Full title:	Resituating the Local in Cohesion and Territorial Development
Grant Agreement:	727097
Project Duration:	48 months
Project coordinator:	UEF

Bibliographic Information

Petrakos G, Topaloglou L, Anagnostou A, Cupcea V and Papadaniil V (2019)
Overcoming fragmentation in territorial governance. The case of Volos, Greece.
RELOCAL Case Study N° 5/33. Joensuu: University of Eastern Finland.

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Abbreviations

EC	European Commission
EFRD	European Fund for Regional Development
ELSTAT	Hellenic Statistical Institute
ESF	European Social Fund
EU	European Union
FUA	Functional Urban Area
GDP	Gross Domestic Product
GVA	Gross Value Added
KEDE	Central Union of Municipalities
KEDKE	Central Union of Municipalities & Communities
LAU	Local Administrative Unit
OP	Operational Program
NUTS	Nomenclature of Territorial Units for Statistics
R&D	Research and Development
SGI	Services of General Interest
SME	Small and Medium-Sized Enterprises

Executive Summary

Greece is an outlier in the EU with respect to the allocation of power and resources among the three levels of administration (central, regional, local) and has a long way to go in order to meet the 'place-based' approach in policies that is promoted by the EC and implemented by most countries.

Furthermore, Greece is a country of many imbalances. Until very recently, it had a very unbalanced economic performance; the system of urban places is totally dominated by the Athens metropolitan area, and about 75% of the budget of the Public Investment Program, which includes Structural Funds and domestic funds for development policies, is run by the Central Administration, the Ministries and their Organizations.

In this national setting the particular Case Study tries to examine the effects of the local authority reform "Kallikratis" introduced in 2011 on the distributional and procedural justice in the Municipality of Volos. In other words, the analysis focuses on whether the reform has been designed and implemented in a way that empowers the local level and make locally based or place-based policies more fair and efficient.

The reform has expanded significantly the limits and the jurisdiction of the new Municipality of Volos (that now includes 9 former smaller municipalities and communities) and the research question is whether this has helped the city to deal better with the challenges it faces (i.e. unemployment, industrial decline and decaying infrastructure) and provide better services to its citizen, without excluding former smaller municipalities from participation in the decision making process.

The analysis reveals that it is critical to define the 'local level' before proceeding with any conclusions. Defining as local the level of the functional urban area, it becomes clear from the analysis that the reform has provided the critical scale in terms of area and population served and the critical size of personnel that allow to provide a wide range of services and design, claim (from the higher levels of government) and implement projects in a more effective way than before.

With all its shortcomings in implementing the unification process that faced significant resistance at the local level over issues of identity, trust (the neighboring areas) and dominance (from the 'others'), the reform seems to have a positive record to show. Those involved in the implementation of the reform and those having served as public persons in smaller municipalities in the past seem to be more convinced over the validity of this conclusion. The reform supports clearly distributive and procedural spatial justice when the reference level is the city and the major injustice is related to the imbalances of power, resources and command of development tools between the central and the local government.

Skepticism is present, but it has mostly to do with the capability of the political personnel to overcome the 'isolation' or 'confrontation' culture of the past and work in a more synthetic and inclusive way, making public consultation an essential characteristic of the decision making process, not just a typicality. The reform provides the ground, but does not guarantee it.

In many ways, a large number of respondents in the fieldwork showed that a number of open issues exist in the representation and participation of smaller localities and that alternative and more decentralized structures could have been designed that would increase bottom-up representation and participation, without risking the overall efficiency of the system.

1. Introduction

The focus of the case study is the Municipality of Volos, which is the 6th largest city of Greece with a population of 144.449 inhabitants in 2011. The regional unit is a FUA EL005L1 and it is one of the 8 municipalities of the NUTS 3 region of Magnesia (EL143), which is a sub-unit of the Region of Thessaly (NUTS 2 – EL14). Greece, according to the current administrative division, includes 7 Decentralized Administration Authorities, 13 Regions (second level Local Authorities) and 325 Municipalities (first level Local Authorities).



Map1. Volos Municipality in the Context of Thessaly Region, *Source: Wikimedia*

During the entire 20th century the city developed gradually a strong industrial character with large manufacturing firms locating in the area and making its industrial base resemble more a western, rather than a southern structure of production. From the 1980s and onwards a wave of de-industrialization (for some critics associated with EU membership that found domestic industry unprepared to face international competition in a tariff-free market) has hit the city eliminating a significant part of its economic base. Almost at the same time, the University of Thessaly was established and gradually developed, with most schools and Departments located in Volos.

Although the City still hosts significant industrial activity compared to other similar areas in the country and has specific place related advantages (port, airport, near a transport hub, the broader NUTS III area is a touristic destination, etc), it has not managed to deal with the challenges of industrial decline, structural change, unemployment, missing or decaying urban infrastructure and increasing demand for social services. Due to the on-going process of deindustrialization, but also the economic crisis, the city of Volos suffers from very high rates of unemployment (20.1% in the 2011 census) affecting all demographic groups (young, female, and middle age workers).

In the years 1999 and in 2010 two important institutional reforms changed the map of local government in Greece and produced larger municipalities in terms of area, population and jurisdictions. The number of municipalities decreased from about 10.000 to about 1.034 in 1998 (Law 2539/97) and from 1.034 to 325 in 2010 (Law 3852/10). The reform intended to eliminate fragmentation and improve the efficiency of the local government, through the creation of stronger local governments that benefit from scale effects in the provision of basic services. In both instances, there was significant resistance in the implementation of the reform and arguments claiming that it will reduce representation and democratic control. These reforms have expanded significantly the limits and the jurisdiction of the new Municipality of Volos (that now includes 9 former smaller municipalities) and the research question is whether this has helped the city to deal better with the challenges it faces (i.e. unemployment, industrial decline and decaying infrastructure) and provide better services to its citizen, without excluding former smaller municipalities from participation in the decision making process.

The municipality of Volos, like all municipalities, has now a wide range of responsibilities in terms of services (schooling, water and sewage, waste collection and disposal, services to elderly, training, infrastructure, etc). However, in most cases, its funding is provided by the government, or is under the supervision, control or approval of the government. Although the scope of policies is extended, the resources and the degrees of freedom in decision making are still limited.

The reform was implemented in 2011. However, the question if it has managed to meet its policy goals is still discussed. Merging previously scattered administrative functions, consolidating financial issues, providing a full scale of services in remote or rural areas that have been administratively merged with the urban area and solve issues of internal cohesion and representation are some of the issues that are still a matter of concern. The reform was implemented during the economic crisis and was followed by a significant reduction of public resources and the implementation of severe austerity policies. This modifies somehow the research question in the following way: how successful has been an institutional reform of scaling up local government in Greece under conditions of severe fiscal consolidation?

Similar reforms aiming to improve the efficiency of the local government, by merging neighboring municipalities to a larger one, have taken place in a number of EU countries. Their justification is that the provision of services and their efficiency or quality depends to a large extent on the size of the population served, implying that larger municipalities will be able to provide a better administration, economies of scale in management and the provision of services and deal in a more efficient way with the problems of the cities. The counter argument is that this takes place at the expense of local democracy and that smaller areas merged into a larger municipality may lose their access to decision making and may in fact experience less attention and weaker services.

This case study deals with: a) the institutional arrangements taking place at the local government level, b) the capacity of local government to implement policies and to provide services, c) the perceptions at the local level concerning the characteristics of self-government and d) the relation between particular administrative reforms and spatial justice.

2. Methodological Reflection

The research methodology followed the general line of the consortium. Thus, there were conducted 20 main face-to-face interviews with a list of predetermined stakeholders from the public sector, private sector and civil society. In addition to that, there were conducted short phone conversations with some local stakeholders.

The term that predominantly defines the spatial injustice in Greece is “inequalities”. Also, the inequalities that mostly obsess people in Greece are the ones of a larger scale: inter-regional and inter-urban rather than the ones at intra-regional and intra-urban level, or the ones at the level of neighbourhoods. This happens because the regional inequalities here are among the highest in Europe, as 50% percent of GDP is produced in the metropolitan area of Athens. This affects the conversation when discussing spatial justice in terms of scale.

3. The Locality

3.1. Territorial Context and Characteristics of the Locality

The locality under examination is the Municipality of Volos (LAU1) which is a medium size city in Greece with a population of 144.449 inhabitants (see Table 1). It is among the six biggest cities of Greece and it lies over a surface of 387 km². Its population density is at 373 inhabitants/ km² and according to the Eurostat's urban-rural typology; the particular NUTS III is an intermediate area.

Name of Case Study Area	Municipality of Volos (EL006C1)
Size	387 km ²
Total population (2011 Census)	144.449
Population density (2011 Census)	373 inhabitants/km ²
Level of development in relation to wider socio-economic context <ul style="list-style-type: none"> Disadvantaged within a developed region/city? Disadvantaged within a wider underdeveloped region? 	Disadvantaged within a wider underdeveloped region
Type of the region (NUTS3-Eurostat) <ul style="list-style-type: none"> Predominantly urban? Intermediate? Predominantly rural? 	Intermediate
Name and Identification Code of the NUTS-3 area, in which the locality is situated (NUTS 3 Code(s) as of 2013)	EL143 – Magnesia
Name and Identification Code of the NUTS-2 area, in which the locality is situated (NUTS 2 Code(s) as of 2013)	Region of Thessaly (EL14)

Table 1: Basic socio-economic characteristics of the area, *Source: own elaboration based on data from ELSTAT*

In terms of geography, it is located in the centre east part of the continental Greece, on the shore of the Aegean Sea, as can be seen in the Map 1. A coastal city port, Volos lies at the innermost point of the Pagasetic Gulf (Map 3), and on the foothills of the Pelion Mountain – the home of the mythical Centaurs. The relationship of the city with the mountain and the sea has been influential over time on the economic, social and cultural life of the inhabitants and has shaped decisively the evolution of the level of economic development of Volos¹.

Volos was the capital of the Prefecture of Magnesia up until 2010. The administrative reform of 2010 (Law 3852/2010, called Kallikratis) ceased the function of the Magnesia Prefecture as administrative unit, but kept the Regional unit of Magnesia (EL143) for statistical purposes.

The Region of Thessaly, is eligible under the Convergence objective, which means that the region's GDP per capita is at less than 75 % of the Community average.

Human presence in Thessaly goes back to the Palaeolithic Period. Europe's first Neolithic civilization was created in Thessaly in the 7th millennium B.C. Significant remains of settlements from the Neolithic Period were found at Sesklo and Dimini² (see Map 1, the

¹ V. Chastaoglou, Volos, Portrait of the City in the 19th & 20th century

² http://odysseus.culture.gr/h/3/eh351.jsp?obj_id=2501

rectangle), very well preserved archaeological sites, which are now part of the Municipality of Volos.



Map 2. Volos Municipality in the context of Greece, *Source: Tsatsouli & Nikolaou, 2018*

The city of Volos began to develop in the middle of 19th century. After the annexation of the city to the Greek state in 1881, Volos encountered a long period of infrastructure development: railway, port infrastructures, etc., as well as urban construction and expansion.

The city experienced an industrial boom in the beginning of the 20th century, with factories like tobacco factory, flour mills, textiles, roof tile & brickworks, machine shops, food factories, etc. There were also craft laboratories and small industries dealing with furniture, printing shop, distillery, skin treatment, etc.³ A more detailed flashback about the city can be seen in the Annex (section 8.1.1).

From the 1980s and onwards a wave of de-industrialization has hit the city eliminating a significant part of its economic base. Since then the city struggles to find its identity and to cover the gap left by the de-industrialization. Although the City still hosts significant industrial activity compared to other similar areas in the country and has specific place related advantages (port, airport, near a transport hub, the broader NUTS III area is a touristic destination, etc.), it has not managed to deal with the challenges of industrial decline, structural change, unemployment, missing or decaying urban infrastructure and increasing demand for social services. Due to the on-going process of deindustrialization, but also the economic crisis, the city of Volos suffers from very high rates of unemployment (20.1% in the 2011 census) affecting all demographic groups (young, female, and middle age workers). More details on the socio-economic profile of the city can be seen in the Annex (section 8.1.2).

³ V. Chastaoglou, Volos, Portrait of the City in the 19th & 20th century

3.2. The Locality with regards to Dimensions 1 & 2

Analytical Dimension 1: Perception of spatial (in-)justice within the locality

The **perception of injustice** commonly understood among participants in the survey as more important is related to low income and unemployment. People or areas with **low income and high unemployment** are considered to suffer the most from inequality or injustice. This is an expected outcome, given the very high rates of unemployment still prevailing in the country (over 18%) and the decline of GDP by 25% from the beginning of the crisis (2009) that has left many middle aged workers and professional with no job and has led hundreds of thousands of young people to migrate to other countries. A large group of people also refers to missing or decaying infrastructure of all kinds (transport, urban, irrigation systems for agriculture) as a major handicap that does not allow people to prosper. Related to that is the view of a significant number of respondents that limited access to health, education and other services is an important source of injustice. A number of respondents supported that inequalities in terms of income or access to services and infrastructure follows a specific urban-rural divide and favours the residents of the more urbanized areas of the municipality of Volos, who are better off compared to the residents of the rural areas of the municipality. Most respondent had a clear view on the issue and many referred to more than one (typically two) major drivers of injustice, the one typically being income or unemployment. It is interesting to quote the view of one respondent that injustice and inequalities are directly related to distance from Athens and inversely related to population size of cities or regions. In this view, large cities or regions have larger electorates and votes, implying that they have more power to influence political decisions.

The views of the respondents are not so clear or homogeneous when they **compare the region of Thessaly to other areas** in terms of welfare or performance. A significant number considers Thessaly to be close to the national average, while a few make a comparison with the metropolitan areas of Athens and Thessaloniki. Another, smaller, group points at the fact that Thessaly is below the 75% of the EU average in terms of GDP per capita, so the reference point is not the national, but the European level. A third group makes comparisons on the basis of natural environment or geographical characteristics, or even productive possibilities and consider that Thessaly is in a good shape, it only has to take advantage of its assets. One or two of the respondents also referred to their concern for the model of development, which is not around a strong manufacturing as in the past, but around the service sector, which is fragmented and may not be so resilient.

Intra-regional inequality in Thessaly (a NUTS II region) is mostly understood as an **east-west divide**. The eastern part includes the two larger NUTS III regions (Larissa and Magnesia) and the respective larger cities of Larissa (the administrative center and the capital of the NUTS II region) and Volos (the port and once a leading industrial center), plus the touristic mountain Pelion and the Sporades Islands. The western part includes two smaller NUTS III regions (Karditsa and Trikala) and the respective cities (Karditsa and Trikala) and it is based more on agricultural production, although tourism is already strong in Meteora Mountains and Lake Plastira in the west. The general feeling is that these inequalities are not as important now as they were in the past. A number of respondents consider that the city of Trikala has progressed significantly because of a foreword looking local administration, while the city of Larissa has benefited from its administrative functions and has become a regional leader. In general, however, the east-west divide seems to be less important now, one reason being that transport infrastructure has improved and intra-regional communication and transportation is

easier (although of a radial type centered on Larissa), while a new highway (E65) will be connecting western Thessaly regions to Athens in an equally effective way as E95 connects eastern Thessaly with Athens and Thessaloniki. In general, it seems that public policy in general and infrastructure policy more specifically has reduced inequalities and brought the NUTS III regions closer. A significant number of respondents consider that an important form of **inequality** that continues to exist is between the **larger urban areas and the rural areas** and villages. Although the crisis has reduced differences, because unemployment and decline in incomes hit mainly the cities, as the rural areas incomes were to some extent sheltered by subsidies, the life and work in a city is considered to be clearly different from the life and work in the rural areas in terms of incomes and access to services.

As in every city, **intra-municipal inequalities** between different neighbourhoods and former municipalities or communities exist. The new large municipality includes 9 former municipalities and communities and a much larger area that is inhabited with a highly varying density by both urban and rural population, mostly in the plains, but also in mountainous and remote areas. Within the urban area some neighbourhoods are traditionally more expensive, considered of better quality and host mainly the upper class of the city, while some other neighbourhoods are mainly housing the working and low income class. Of course intermediate areas exist where all social groups can be found. Outside the core urban area, the peri-urban areas have lower densities and in some cases larger houses, but face the constraints of distance and morphology. The respondents in general recognize that inequalities exist in a number of ways within the new larger municipality. In general, although there is a diverse profile of the different parts of the new municipality and although a few respondents argued that the reform created an artificially large municipality, inequalities are not considered, in general, to be very high.

Why inequalities exist? What causes them? In **explaining inequality**, the opinions of the respondents are formed around two main ideas. The first is that inequalities are mainly explained by geographical or historical factors and off course by the type of economic activities that each area has developed. The second idea is that responsible for the inequalities are the central or local government because their policies were either biased or ineffective. Under the first logic, inequalities are a path and place dependent process that evolves over time and is affected by broader market and production dynamics like the structure of the economy, the concentration of activities in the non-tradable service sector (café, fast-food), the small size of business, the lack of innovative capacity or the inability to develop a healthy and dynamic export economy. The production fabric affects the consumption patterns and together they determine the spatial allocation of welfare within and between cities. The second logic explains these differences either by wrong, or deliberate policies against/in favour of certain area/locality, or by the inability/indifference of the political personnel at various levels of administration to design and implement successful policies. These two views rarely meet or mix with each other. In most responses it is the one or the other.

Would better fitted policies reduce inequalities? All respondents have the opinion that a more **place-based or decentralized policy framework** would allow for more effective policy design and implementation. The rationale is that horizontal policies very often do not meet the real problems of different places and that the higher levels of administration do not have the specific knowledge that is required to adopt in every place the policies to the needs. More decentralized power and control structures will have better policy results, on the condition that the lower levels of administration will have the capability to design and implement policies. This condition is not always granted, especially due to shortages in personnel in local administrations.

Would the problem of inequality be better dealt with **redistributive** policies, **procedural** policies that will improve the operation of the public sector, or policies of a greater **autonomy** at the local level? About half of the respondents combined two or more choices, typically greater autonomy with a more redistributive policy or greater autonomy with a better state mechanism. A number of them claimed that the best option is a well thought combination of the three options. The other half of the respondents had stronger beliefs and made only one choice. The majority of them (6) supported greater autonomy as the best option, a smaller share (3) claimed that a better state mechanism is the right tool to reduce injustice, while only one supported redistribution alone as the best policy. It is interesting to note that one respondent disagreed with greater autonomy, considering that historically the local administrations have been discredited by populist mayors that misallocate resources or run deficits in order to win the votes of a misinformed electorate.

Analytical Dimension 2: Tools and policies for development and cohesion

What are the **development problems** of Volos? Have they led to a common vision and specific policies? The respondents define two types of development problems. The first one is related to the de-industrialization of the city that started in the early 1990s and continues until now, which has removed the largest part of the old industrial base. This process, which was also affected by the crisis, has led to the loss of thousand employment positions in manufacturing and especially large-scale manufacturing. Some new positions have been created in the service sector, while the University has become also a large employer in the city. However, unemployment remains very high, and a large part of a skilled industrial labor force remains idle or underemployed. So, the first category of development problems is directly related to the production base, the jobs and incomes of the city. The second category is related to its infrastructure, which in the eyes of many respondents is either decaying or missing and is one of the reasons (for some the main reason) that the city cannot develop. By infrastructure they mostly mean the transport network of the Mountain Pelion (a touristic destination in the vicinity of the city, which is decaying, the port, the connections to the airport, the quality of water supply of the city, irrigation systems in the surrounding rural areas, the missing or decaying sewage systems in parts of the city, etc. Some would add the quality of city roads, parking spaces, sidewalk and pavements and in general the image of the city in its effort to attract part of the tourism (city-break tourism) that is channeled to Pelion or the nearby islands. A significant number of respondents believe that the city has not managed to produce a vision that will be shared by all stakeholders, interest groups, political parties, or civil society. In general, the main problems appear to be jobs and infrastructure, but if one looks deeper, they are both related to the fact that the city has not decided what is the new identity that wants to pursue and what type (or what mix) of development it wants or can develop. The old development model of an industrial city based on large-scale manufacturing is rather unlikely to re-emerge by itself without a specific long-term strategy, tourism is a key option and has some capabilities but it does not fit to the industrial past of the city and it is a question if it has the capacity to become a major employer. Discussions to include the University in the development strategy of the city and start taking stock in its potential to provide (except employment and student related boost to local demand) a framework for promoting cooperation with business and supporting innovative actions and new start-ups are still in early stages, despite good intentions. All the above, including more complex issues related to the embeddedness of local manufacturing and local tourism to the rest of the economy, their linkages and local value chains or the markets in which they operate are issues that are discussed in a

fragmented way and have not led yet to a single and inclusive narrative of what the city wants to be in its post-crisis and post-de-industrialization period.

A basic problem that arises in dealing with development policies is the issue of **cooperation** between the Local Administration and the other social and economic stakeholders. Although many public bodies are engaged in discussions or initiatives, there is limited coordination or cooperation and there is not a single plan that has been endorsed by the main actors of the city. The regional and the local administrations have the authority to implement policies, always under the condition that there are available funds. These policies in most cases do not arise from sufficient public consultation, so there is very likely that they will be criticized openly by the other stakeholders. Sometimes the Chambers of commerce, tourism or industry take the initiative to discuss a problem and invite other stakeholders and the University, but in most of the cases these initiatives do not have a follow up, if they are not included in a broader action plan and secure support from the Local or Regional Administration and funding. Most of the respondents point exactly to this planning and implementation shortcoming, that is, the lack of a cooperation culture and the lack of a permanent consultation/cooperation mechanism that is institutionalized and provides a consensus in major decisions for the city.

A number of respondents feel that the state mechanisms in Greece are very centralized, so **access to the decision making** bodies and especially in central government is an important factor that affects solution to local problems and affects approval of projects and local demands. If you have a public position in any city and you want to be active, you need to have access to the related Ministries. This was a more serious factor in the past, in our days its importance has diminished as central governments become more impartial.

The **ability of politicians** to develop a local agenda is considered by the majority of respondents to be an important factor of local development, but most would put a low mark on actual performance. One issue that is raised by a number of them is continuity.

How do you evaluate **Structural Funds** in dealing with **inequalities** at the **local** level? Most respondents consider that Structural Funds have funded a large number of significant projects in Greece, including highways, airports, metro, and a large number of environmental and business projects. So, overall, the impact is positive, in a sense that the country has better infrastructure. Also, the last Programming Period is considered to be more decentralized, as the Regional Administration had more control on all Funds (ERDF, ESF, EAF, etc.), despite the fact that the resources that were allocated to Regional Administrations were reduced, compared to those administered at the central level by the Ministry of Economy. Although all places have benefited, their impact on the reduction of inequalities is questionable. The issues raised include the lack of flexibility or adaptability to local needs, the fact that infrastructure has received most funds, but this did not deter the crisis or did not create more jobs at the local level in the long run and the fact that the programs targeting entrepreneurship are not designed in a way to change the production fabric of the region. A more place-based approach in the design and implementation is considered that it would have a greater impact, on the condition that the local administrations will have the capacity to respond to the needs of design and implementation of projects and plans that promote better local development. Although the impact on the quality of life is without doubt, the impact of the Structural Funds on the restructuring and sustainability of the productive environment of the regions and cities is not easily feasible.

Is the **Government** and the **EC** trying to **reduce regional inequalities**? How effectively? Respondents consider responsible the national and regional governments for the design and the allocation of the resources of Structural Funds. It is their responsibility to set priorities that fit better to the needs of the economy. Some of the respondents have

questioned the priority given to infrastructure. Some others, question local choices of projects that do not always reflect pressing needs and especially the needs related to the productive system of the area. Renovation the Square of the village may not be as useful as applying for a vocational program for new farmers training in organic agriculture. For some respondents, real cohesion policy is to support investment in areas where regions have proven comparative advantages. This type of investment is something that will stay and generate income and employment. All the other policies are of secondary importance. The most important is to upgrade and expand the productive fabric of the region or the city, but this requires knowledge to make business and development plans that only technocrats and scientists can do, not politicians.

4. The Action

4.1. Basic Characteristics of the Action

The Action under the examination is the administrative reform Kallikratis, known otherwise as the Law 3852/2010 with the general title "*New Architecture of Local Government and Decentralized Administration - Kallikratis Program*". This reform entered into force in January 2011 and it was the second major reform of the local authorities in the last 20 years. The previous one was called Kapodistrias and it was implemented in 1998.

As can be seen in the Figure 1 below the Kapodistrias Reform merged in 1998 over 5000 communities into 1034 Municipalities and Communities. The aim of the reform was to create a strong, powerful and effective Local Government. The mismatch between the fragmented and small-scale development of local authorities with the necessity of adapting to the acquis of the European institutional structure, which encourages the transfer of resources, responsibilities and initiatives to the citizen's level, was the first justification of the Kapodistrias Reform.

The implementation of the Reform was based on three principles summarized as following:

- The combination of the values of democracy and efficiency, making big local governments, but with internal decentralization,
- Coordinated implementation of legal regulations and development measures to ensure growth through decentralization of public investment,
- Enactment of the widest possible political and social consensus.

The Kapodistrias Reform and the new administrative structure improved local government, gave it strength, but did not make it as powerful and effective as necessary. State inconsistency was a critical factor for that⁴. Therefore, the objective and the necessity to create the municipality of the 21st century were still valid.

1998 Kapodistrias Reform (Law 2539/1997)
<ul style="list-style-type: none"> • merge of 5.318 Communities into 1.034 Municipalities & Communities • elections of the prefect
2011 Kallikratis Reform (Law 3852/2010)
<ul style="list-style-type: none"> • merge of 1.034 Municipalities & Communities into 325 municipalities • amalgamation of 6.000 Legal Persons and Municipal Enterprises into less than 2.000 entities • abolishment of the prefectural entities

Figure 1. The defragmentation of the Local authorities in Greece

In 2011 then entered into force the Kallikratis administrative reform with the aim to decrease further the fragmentation and to reorganize the local government through a reduction in the number of its entities and the enterprises under its jurisdiction. The following took place:

⁴ Katsoulis D., "The Kapodistrias Program: A Critical Approach Fifteen Years After", June 2012

- Merger of the local government authorities (municipalities and communities), from 1.034 to 325 (municipalities).
- Decrease of about 6.000 Legal Persons and Municipal Enterprises to fewer than 2.000
- Ceasing the operation of the 56 prefectures (NUTSIII level).
- Grouping of the 13 regional units into seven (7) decentralized administrations.
- Change of the term of office of the mayor and the district governor from four years to five years by holding elections simultaneously with the European elections.

The new Municipalities of the Kallikratis Program had to manage more complex spatial data in order to attain homogeneity, at least, at the level of spatial/developmental planning.

The Kallikratis Reform turned the Municipality of Volos from an urban municipality with over 82.000 citizens in 2001 into a municipality of over 144 thousands residents in 2011, with urban, semi-urban and rural areas. The Municipality now has to manage 9 entities with different characteristics: demographic, social, economic, geomorphological, etc.

The 9 entities that are now part of the Municipality of Volos used to be before 2011 communities and municipalities with their own elected presidency and councils, as well as departments and municipal services. From 2011 these entities became municipal unities with Local Councils, which are elected and are represented by 2 persons plus the president of the council. The Local Councils can't decide on any issue. They can only express their opinion. The only exception is the licensing of stores and only in entities that have less than 10.000 citizens.

The decisions of the Local Councils, which typically formulate an opinion on issues of their competence, shall be forwarded by the President of the Local Councils to the Mayor. The Mayor, in turn, ensures that these requests are immediately brought to the attention of the competent bodies of the municipality (e.g. Economic Committee or the Quality of Life Committee). These committees owe to study the requests and to inform the municipal council about the issue of the local entity. Then the Municipal Council may:

- a) return the request to the Local Council with comments to review the matter,
- b) reject the request, with comments on the cause,
- (c) forward the request to the competent departments of the municipality in order for them to take the necessary actions for implementation.

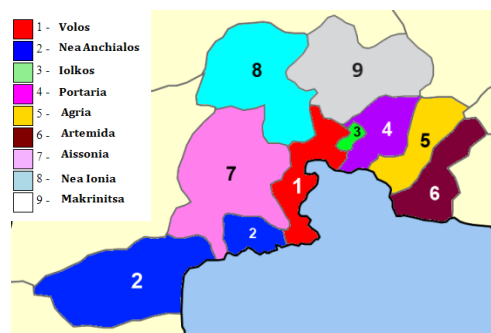
4.2. The Action with regards to Dimensions 3-5

Analytical Dimension 3: Coordination and implementation of the action in the locality under consideration

How important is the reform? The large majority of the respondents consider the reform to be positive on the grounds that a larger municipality will be more efficient in organizing its services at a lower cost and better quality and more effective in maturing or applying for projects funded from Structural Funds. There are three concerns or objections from the perspective of those supporting the reform. The first one has to do with the size of the new Municipality. That is, the geography of unification. For some respondents this decision was not taken on scientific grounds, like the level of pre-existing interaction, hydrological basins, existing networks, etc., but on political grounds, aiming to affect the vote or mayors in the elections of the new municipalities. The second argument has to do with identity. The feeling is that the reform did not respect these different identities, because it did not let them have a say on their very local affairs. Some respondents

consider that in this perspective the reform needs some fine-tuning in order to allow for a better representation of smaller and remote places or places that feel different and also some decision making power with respect to the very local affairs. In the case of Volos, the new municipality became more heterogeneous including settlements that were far away from the city of Volos and even at the top of the mountain. It includes the former municipalities of Volos, Nea Ionia and Iolkos that were urban or suburban areas of the same urban tissue and also 6 smaller settlements that were satellites in a distance of 5, 10 or 20 km (see Map 3). This required a spatial planning and significant financial and human resources to restructure and reorganize in space municipal services. The third concern is that these resources did not become available because the reform coincided with the beginning of the economic crisis. If the reform had not coincided with the crisis and the Central government had the ability to finance re-organization plans and support the new administrations with educated personnel, the argument is that the results would have been better. The general feeling, by a large margin and different scales of enthusiasm, is positive. A few respondents put it very clearly in economic terms: larger municipalities allow for scale effects in all aspects of their operation. A size of 10-20,000 inhabitants was not a sufficient ground to do any planning, because most of the networks (roads, irrigation, water, or sewage) were shared by more than one municipality. The fact that the new municipality is so diverse, including a large seafront and also mountain ridge or agricultural areas is an asset, because it allows for development planning that can include all stakeholders and all local advantages on the one hand and deal with all problems in a more inclusive perspective. In that sense, the “Kalikratis” reform supports regional development because it allows for bottom-up policies to be more effective. Some others stated that it is still too early to judge and see the positive effects of the reform, as institutional changes of the scale require more time in order for problems to be solved and people to adapt to the new reality. Those, few, totally opposing the reform, did not present different arguments than the ones stated before.

In terms of **size**, the majority of respondents consider that the **new municipality is too big**. It extends for 40 km along the seafront and it in their mind could work better if it was including 1-2 fewer settlements/communities in the west (Nea Anchialos and Aidini, in entity 2 on the underneath map) or 1-2 fewer settlements/communities in the east (Lechonia and Agios Vlassis – entity 6 on the map below). The rationale of this argument is that the services of the Municipality (technical services, road cleaning, etc.) cannot cover in time this distance.



Map 3. The entities of Volos Municipality, *Source: Wikimedia & own elaboration*

The majority of the respondents consider the **legal framework of the reform** satisfactory in terms of competencies at the municipal level, the comparison they make is mostly being with the previous more fragmented framework. Some respondents replied that the framework is problematic in a sense that it allows for very limited autonomy to municipal councils and the mayor, as many decisions are dependent on the higher level of

administration and especially the central government. Also, some respondents raised the issue of the lack of some autonomy at the local council level that would allow the decision process of the municipality to work in an internally more decentralized way.

What is the **impact of the reform on development and efficiency issues**? The respondents find in their large majority overall the reform to be positive, some with reservations. One is that the reform provides the ground and the potential, but does not guarantee the results. Much is left to the actual people that are in power. A good Mayor may promote the city and solve problems; a not so good Mayor may accumulate problems in the whole area. In the past it would be a rather unlikely event to have inadequate Mayors in all places at the same time. Another one is the battle over the small problems of the neighborhoods and the remote places. This is an open issue and a lot remains to be done. Some respondents stated that their positive view is mostly based on logical arguments, especially related to the shortcomings of the previous fragmented system and expectations. However, they have not seen yet an actual improvement in most people's lives because of the reform. It may be due to the crisis and the subsequent cuts in budgets and personnel, but at some point the difference in people's lives has to be measurable and obvious and affect the majority. In their view, we are not yet to that point.

Does the new Municipality of Volos have the appropriate **mechanisms of representation of local communities**? The mechanism of representation that was envisaged in the reform is the Local Councils that have the competence and responsibility to discuss the issues that arise in their area and make recommendations to the Municipal Council, which is entitled to make the final decision. The respondents are divided on this issue. The one side claims that this advisory competence does not work in essence and that local council members feel that their position is more decorator than substantial, since they cannot decide on any issue, even the simplest. The other side claims that the Municipal Council typically adopts the propositions of the Local Councils, which means that there is no problem at the end. The one side claims that if it does not have some decisive power, the Local Council as an institution of direct democracy will fade away.

Did the reform create **consultation and cooperation mechanisms** of the new administration with the **previously separate smaller municipalities** and communities? The general feeling, especially among the respondents that come from the public sector is that the reform forced people to cooperate in order to deal with problems. Especially, the more distant areas have to discuss with the technical services of the municipality of the social services or the waste collection department in order to find a solution, and this solution will be in line with similar solutions to similar problems and will not cause frictions with other places.

How successful was the **implementation of the reform**? The majority of the respondents consider that the reform has concentrated resources and improved efficiency in managing the finances of the municipality or implementing projects, but has been less successful in providing equally good services to the distanced and remote communities. It seems that geography (in the sense of distance) and heterogeneity (in the sense that different places had different problems) was a real barrier to the speed or quality of services provided and the presence of the administration in these areas. This caused some disappointment to local residents and did not help to establish a new sense of belonging. On the other hand, it seems that most respondents realize that there are limits in the ability of limited personnel to respond in the same way to densely and sparsely inhabited areas. The real question is whether the benefits of a larger municipality outweigh the costs for the residents of the less privileged areas. Although it is a question if this really the case now, most seem to believe that this is more likely to happen in the future.

There is a consensus among respondents that the **services provided to the smaller, remote areas or villages** are not of the same quality with those provided in the urban area, at least in the categories related to everyday problems. In problems like collecting garbage, cutting the grass, pruning the trees, or replacing pavement tiles, the services was faster before, because it was based on personal contacts. Some respondents from the public sector, on the other hand, consider that the small and remote areas are better off now in the case of more serious problems, either related to infrastructure planning or to serious social problems.

Analytical Dimension 4: Autonomy, participation and engagement

Did the reform strengthen greater **participation in decision making of local social and economic groups and stakeholders**? The reform envisages the operation of a consultation committee. In the case of Volos one of the respondents stated that the authorities are required by law to invite almost 50 different parties, scientific or professional organizations, chambers, Unions, societies, etc. In most of the times the actual participation is very small. Another respondent from the commercial sector, however, claimed that they are invited to discuss issues that are beyond their understanding or interest (like the budget of the municipality), but they are not invited to discuss truck unloading permits and regulations that are of their immediate interest. In general, the responses are divided between those claiming that the reform has provided more room for public consultation and those that claim that this is only in papers and that in practice there is little interaction of the administration with the economic and social stakeholders and limited possibilities to affect decisions. The reasons are to some extent political and to some extent cultural.

Three general ideas arise from the responses of the participants. The first is that **consultation and cooperation is not a well embedded tradition**, but it is selective and when it happens it is around a specific problem, not a long-term development agenda. The second idea is that a cooperation culture is occasionally, or more systematically in some periods, **undermined** by aggressive behavior either on behalf of the political personnel, or on behalf of special interest groups (for example an environmental group that does not want an investment, or opposes a decision). The third idea is that **participation** in open consultations that take place from time to time is **very low**, at least compared to the experience of the past. In general, it seems that the level and quality of interaction and cooperation between local authorities and stakeholders is far from optimum and when it takes place it is about practical issues and not strategic or long-term choices. Although most attributed that to lack of cooperation for the reasons mentioned before, one respondent claimed that their size is also a potential source of ineffectiveness in cooperation. Most of them are individually too small and as a result they cannot devote significant resources for a significant period of time to the commons of the city.

The majority of the respondents consider that the new institutional setting provides the **ground for expression of all interest groups** and stakeholders and for more **synthetic approaches** in decision making. The **consultation committee** plays a role, but in general the whole decision making process is open and democratic. The Municipal Council meetings are open to the public and any citizen or stakeholder of the city may express his opinion on any matter discussed. In addition, localities are represented by Local Council members that defend their interests and make recommendation to the Municipal Council. In general, it seems that the new institutional setting provides sufficient ground for expression of different views and synthetic approaches to decision making. As one respondent put it: "A larger Municipality in terms of people will (by default) lead to a greater variety of views in decision making". However, a number of respondents are

skeptical on whether in practice decisions are more synthetic than before. Some argue that all depends on the personality or cultural traits and vision of the Mayors and to the extent that they want to have a more inclusive process of decision making. A more recent reform (Klesthénis), passed by law in 2018 and on the same line with the previous one (Kalikratis) provides that Municipal Council Members are elected by proportional vote. In other words, if a party of coalition or local group gets 35% of the vote, it also gets 35% of the Members of the Municipal Council. In the previous system, the first in votes party was getting a wide majority of the members of the Municipal Council, so the Mayor elected in the second round had a control of the Council, even if he did not get the majority of the vote. Now this changes and the Mayor elected (unless he receives more than 50% from the first round) he will not have by himself a majority and will depend on the consensus of some of the minority Council Members in order to be able to manage the city. So, this new extension of the reform is expected by some respondents to allow for more synthetic approaches in decision making from the next elections and on.

Do local stakeholders have **access to information and knowledge of the decision making procedures**? In a parallel legislation (Law 3681/2010) it was institutionalized another major reform called “Diavgia”, which means “transparency”. Under the provisions of this Law, all decisions of all public bodies, collective (like councils, Boards, etc) or one-person (like mayors, ministers, presidents of organization, CEO, managers, regional governors, etc.) are valid, only if they are posted, before their execution, in a public web platform called “Diavgia” and the site of the institution in which the decision has been taken. So, in Greece, the last 8-9 years, every decision taken by a public organization on any matter, economic or not, is publicly available to everybody that can use the internet. This was a major reform that was aiming to drastically reduce the lack of transparency and unjustified spending or corruption. As a result of this legislation, all municipal councils or Mayors are obliged to make public all decisions they take immediately and before their execution. Therefore, all respondents replied that access to information is granted because of “Diavgia”, but also because the meetings of the Councils are open to the public and also, everybody is entitled to ask the administration to provide any public document. Some complaints were only mentioned by older people in villages that do not have the knowledge to use the web technologies. One or two respondents also raised the issue that transparency does not affect the usefulness of a decision (since the Mayor has the majority of the Council), it makes sure only that the decision is taken in a legal way.

In terms of **accountability**, the reform has institutionalized the obligation of the Mayor to present a report of his actions at the end of every year together with his proposed action plan (balance sheet with revenues, expenditures and activities) for the next year. This obligation did not exist before. In addition, all expenditures of the administration are audited by the Court of Auditors, the Ministry of Finance, the Decentralized Administration (function of Central Government at the Regional level) and the Managing Authorities in the case of programs financed by the European Structural Funds. Therefore, on the basis of economic management and the legal basis of decision controls are now very strict and cumbersome. Also, for the interested citizen that wants to check financial management issues it is easier to check the spread sheets and invoices of one Department of Finance in one Municipality, than check 8 or 9 different smaller Municipalities with questionable level of organization in their financial records. Some respondents expressed their concern about the other aspects of accountability.

Analytical Dimension 5: Expression and mobilisation of place-based knowledge and adaptability

The question ‘if **local knowledge and best practices are used** by the new Municipality’ receives answers in two different lines. According to the first line of argument, the knowledge of the scientific personnel working in the Municipality and the internal studies and reports are now used in a much better degree. Part of this personnel is originating from the old smaller municipalities and communities, so they have the local experience from their previous posts. Putting these people under the same roof and in departments and divisions with a larger scale helps to better utilize existing knowledge and adapt it to the new conditions. According to the second line of argument, the local knowledge that exists in the society and its institutions is not really used. The administration has asked for a couple of times the contribution of the University, which operates the last 30 years a specialized Department of Urban and Regional Planning, for some technical studies and from time to time some cooperation is taking place in events of conferences, but an established mechanism that will transfer knowledge and advise from the University to the municipality does not exist. Therefore the city has not seen any specific benefits from the existing knowledge in the Schools and Labs of the University. This is interesting, because a significant number of Municipalities or Regions have commissioned projects of all types (urban planning, development, place marketing, etc.) to the University, which is recognized at a national level as having a strong expertise in this field. Some respondents from the private sector argue that this is diachronic pathology of the administrations in most levels or cases and does not depend on the reform. They operate more with a mentality of a closed ‘block’ that includes the ‘winners’, but not the ‘losers’ or the ones outside the political game. As a result, a lot of the local knowledge is not used. This, again is an issue related to the political culture and mentality prevailing in the country (with few exceptions) and has nothing to do with the institutional reform of ‘Kalikratis’. Are there sources of local knowledge from former smaller municipalities that were ignored or left unused? The respondents in general do not have a strong view on this issue. The typical answer is: ‘probably not’ or ‘I don’t know’. Some respondents said that during the transition period some documents or studies from smaller municipalities may have been lost if nobody showed an interest to use them or to let the new administration know of their existence. Most of the knowledge was transferred through the personnel that moved from the smaller to the larger structure. One respondent claimed that in some cases part of local knowledge that was embodied to people that served for long time in smaller local governments as Mayors may have been lost because during the transition from the one scale to the other, some of them that did not get elected expressed their dissatisfaction by showing no interest to transfer their knowledge and experience to the new administration.

None of the respondent replied that agrees with the view that the reform will **reduce democracy and representation of the smaller areas**. Before and after the reform the system operated as a representative democracy. All citizens have the right to vote and elect a representative to Municipal or Local Councils. All citizens have the right to attend and the right of speech in both bodies. In the words of one of the respondents from the public sector: “the threat is not the lack of democracy, but the lack of interest to participate”.

There is concern if the reform implies an **unavoidable trade-off where efficiency of the city management increases at the expense of the local autonomy**, participation and democracy. There are three broad groups of answers. Some of the respondents consider that there is no trade-off. For them, it is up to the people running the reform. Under present setting the Major and the ruling majority can be inclusive and give room to local people for participation and take their proposals seriously under consideration. The second (smaller) group believes that it is to some extent unavoidable to lose some degrees of autonomy and democracy at the lowest level. The third and larger group, however, believes that there is indeed a trade-off, but it is not unavoidable. This group believes that

there is room for improvement and either under present arrangements, or with changes that have been suggested, the local level can have a satisfactory representation and some decision making without making any discounts in the overall efficiency of the new administrative system.

What could have been done better in the existing framework of the reform? The answers include basically less bureaucracy, more room to hire personnel, more decentralization of power to Local Councils, more equal representation of small communities in the Municipal Council (a quota that all communities have at least one councilor), more public consultation and more development tools to the Municipal Councils that are now in the hands of Ministries of Regional Governments.

5. Final Assessment: Capacities for Change

Synthesising Dimension A: Assessment of promoters and inhibitors (in regards to the action: dimensions 3 to 5)

Distributive justice

Promoter:

1. Absence of informal relations that would favor specific people and the lack of transparency in the allocation of public resources that was very common in the previous small communities.
2. The small and remote areas are better off now in the case of more serious problems, either related to infrastructure planning or to serious social problems. These problems in the past were beyond the capacity of the mayor of the village and were remaining unsolved for long periods, unless the solution was provided by the higher level of administration (Regional Government) after pressure or soliciting.
3. Less fragmented framework.

Inhibitor:

1. The way the Action was designed in the sense that it didn't take much into consideration the geography of unification and the respect for the different identities of the localities. The geography (in the sense of distance) and heterogeneity (in the sense that different places had different problems) was a real barrier to the speed or quality of services provided and the presence of the administration in these areas. This caused some disappointment to local residents and did not help to establish a new sense of belonging
2. The economic crisis and limited available resources in terms of funds and human assets
3. The institutional framework is problematic in a sense that it allows for very limited autonomy to municipal councils and the mayor, as many decisions are dependent on the higher level of administration and especially the central government.
4. The lack of some autonomy at the local council level that would allow the decision process of the municipality to work in an internally more decentralized way.

Procedural justice

Promoter:

1. The Action improved consultation mechanisms for the previously separate communities
2. The new reform Kleisthenis that is being introduced in 2019 is designed to increase the size of the Local Councils and give them decisive role over some local issues. This is a way to increase local participation and interest.
3. The majority of the respondents consider that the new institutional setting provides the ground for expression of all interest groups and stakeholders and for more synthetic approaches in decision making.
4. In general, it seems that the new institutional setting provides sufficient ground for expression of different views and synthetic approaches to decision making.

5. The access to information is granted because of “Diavgia”, but also because the meeting of the Councils are open to the public and everybody is entitled to ask the administration to provide any public document
6. The economic interest groups (for example large firms in the area that demand special treatment) had more chances in the past with smaller municipalities than now.
7. The ability of a city to implement development or social policies is a direct function of its administration to prepare the case and present it in a convincing way to the Ministries or the Regional Council or the Managing Authorities in the case of Structural Funds. So, there are scale effects in preparing and supporting claims and size effects in defending them in the decision makers.
8. Less fragmented framework

Inhibitor:

1. The way the Consultation Committee is being implemented in the sense that it doesn't invite the stakeholders to important issues, thus being only ceremonial and not substantial.
2. The dependency on the personality or cultural traits and vision of the Mayors and to the extent that they want to have a more inclusive process of decision making
3. The non-participation of the stakeholders at the Consultation Committee, due to personal beliefs or disregards to the personality of the Mayor. In several cases the participants that support the opposition to the mayor will criticize any idea regardless of its merits, while the participants that support the mayor will rarely provide any further suggestions, because they do not want to weaken his proposals
4. From the replies of the respondents it appears that informal pressure was always taking place and continues to do so

Synthesising Dimension B: Competences and capacities of stakeholders

In explaining inequalities, the opinions of the respondents are formed around two main ideas. The first is that inequalities are mainly explained by geographical or historical factors and off course by the type of economic activities that each area has developed. The second idea is that responsible for the inequalities are the central or local government because their policies were either biased or ineffective. Under the first logic, inequalities are a path and place dependent process that evolves over time and is affected by broader market and production dynamics like the structure of the economy, the concentration of activities in the non-tradable service sector (café, fast-food), the small size of business, the lack of innovative capacity or the inability to develop a healthy and dynamic export economy. The production fabric affects the consumption patterns and together they determine the spatial allocation of welfare within and between cities. The second logic explains these differences either by wrong, or deliberate policies against/in favour of certain area/locality, or by the inability/indifference of the political personnel at various levels of administration to design and implement successful policies. These two views rarely meet or mix with each other. In most responses it is the one or the other. A number of respondents feel that inequalities within the city are declining over time and this is happening because of policies and programs implemented by the various levels of government.

All respondents have the opinion that a more place-based or decentralized policy framework would allow for more effective policy design and implementation. The

rationale is that horizontal policies very often do not meet the real problems of different places and that the higher levels of administration do not have the specific knowledge that is required to adopt in every place the policies to the needs. More decentralized power and control structures will have better policy results, on the condition that the lower levels of administration will have the capability to design and implement policies. This condition is not always granted, especially due to shortages in personnel in local administrations.

To the question on policy options like: is the problem of injustice or inequality going to be better addressed through redistributive policies, procedural improvements of the state mechanism or greater policy autonomy at the local level? About half of the respondents combined two or more choices, typically greater autonomy with a more redistributive policy or greater autonomy with a better state mechanism. A number of them claimed that the best option is a well thought combination of the three options. The other half of the respondents had stronger beliefs and made only one choice. The majority of them supported greater autonomy as the best option; a smaller share claimed that a better state mechanism is the right tool to reduce injustice, while only one supported redistribution alone as the best policy. It is interesting to note that one respondent disagreed with greater autonomy, considering that historically the local administrations have been discredited by populist mayors that misallocate resources or run deficits in order to win the votes of a misinformed electorate.

It seems that the decision taking body at the lowest local level have the capacity to reach to the other local actors (e.g. specific interest groups, members of the local elite, ordinary citizens, communities, etc.) It can do it at least theoretically. The willingness is another big parameter of this equation. The nowadays legal framework dictates the implementing of the Consultation Committee (see the participants list in Annex, *Additional Information*) every time there should be decided an important issue in the area. This Consultation Committee includes direct representation of socially vulnerable groups as well as other important local stakeholders. The actual Mayer is a character that raises many reactions and protests within the Municipal Councils. The representatives of the municipality claim that all the stakeholders included in the Consultation Committee list are invited every time there are important issues on agenda to participate at the Municipal Councils. Yet, very few are actually participating. Many claim this is due to the character of the Mayer.

The factors hindering the actors at the lowest local level to release their potential for development, social and spatial inclusion seem to be the lack of funding, lack of know-how to valorize the EU & national funding and the lack of cooperation spirit.

Synthesising Dimension C: Connecting the action to procedural and distributive justice

Many respondents consider the reform to be positive on the grounds that a larger municipality will be more efficient in organizing its services at a lower cost and better quality and more effective in maturing or applying for projects funded from Structural Funds.

The action succeeded in tidying up the finances of the local authorities. But, the distribution of these resources is on the other part of the coin. Theoretically, it is claimed (by the actual presidency of the municipality) to be in a fair way. It's been 8 years since Action's implementation, but it is still early to see and draw any firm conclusions. There are local actors in remote areas of the municipality that claim that they saw positive interventions that wouldn't have happened without the Action. On the other hand, there are local actors that claim that now the remote areas are more abandoned.

The local actors dealing with marginalized population and socially vulnerable groups claim that the situation changed, that there are more actions and they are more specific towards these groups, but it is not due to the Action. The Action coincided with the 4th Community Support Framework. The funds that were intended for this purpose were already there. So, this increase is most probably not due to the Action.

The general feeling, especially among the respondents that come from the public sector is that the reform forced people to cooperate in order to deal with problems. Especially, the more distant areas have to discuss with the technical services of the municipality of the social services or the waste collection department in order to find a solution and this solution will be in line with similar solutions to similar problems and will not cause frictions with other places.

On the other hand, there was pointed by several respondents the lack of a local cooperation culture that prevents the majority to sit together with minority groups and economic and social stakeholders to define the basic objectives of an action plan for the city. That is, a permanent consultation/cooperation mechanism that is institutionalized and provides a consensus in major decisions of the city is missing.

In the former communities the transparency was at a very low level. There were cases when the President of the Community was granting exemption from tax paying to businesses on no grounds. This was creating inequalities. This can't happen now.

There was a political criterion involved in the new architecture that spoiled somehow the effectiveness of the reform. That is, the reform wasn't designed based on factors of homogeneity and proximity, but rather on favorable electorate's geographic spread.

That is why some of the respondents consider that a new reform could give some more room to the small and remote areas or the neighbourhoods (that is, a small budget and the power to make decisions for small things) understanding that this will not promote efficiency, but it will improve the sense of self-government at the lower levels and legitimize the whole reform

As some respondent argued that the effects of the reform depend on the quality and ability of the people that will implement them. The reforms are not implemented by themselves. So, if capable and open minded people undertake the implementation, this will work well in all direction and despite difficulties. It will promote cooperation and consultation and more efficient solutions for all. If the people responsible (political and administrative personnel) are not very capable or willing to serve the reform, then it will be undermined and will not work. In a similar line, another respondent pointed that in order for the reform to work, the people have to change a bit their attitude and be less atomist and egoist (I am the best and I can do it by myself) and start listening to the others. This requires a sort of a cultural change for many and as a result it may take time.

All this indicates that the immediate effects of the reform on participation and consultation are not expected to be significant. However, the reform may operate as a training mechanism. Since the issues discussed are related to the participants' immediate environment and interest, eventually and with time, people will be forced to present real arguments and suggestions and the discussions will be less pretended and more substantive.

The reform provides the ground for these questions to be addressed, but it cannot force anybody to make this discussion. Cultural issues, personality, education and the broader political climate in the region or country will play a role in allowing (or not) substantial discussions on the essence and effectiveness of local development or cohesion policies.

6. Conclusions

Greece is a country of many imbalances. Until very recently, it had a very unbalanced economic performance with a gap in competitive scale intensive and capital intensive sectors tradable sectors, huge and unsustainable trade deficits and equally unsustainable budget deficit. All these factors led to an economic crisis that hit the country in 2010, when international markets stopped borrowing the government and the lenders (EC, IMF and ECB, plus Monetary Union Member States) imposed a severe austerity program and dramatic reforms in the economy. The development model, that collapsed, was based on consumption and imports instead of investment, production and exports and led to a significant contraction of the production base of the country.

These were not the only imbalances. In Greece, the system of urban places is totally dominated by the Athens metropolitan area, regional inequalities are among the highest in Europe, as 50% percent of GDP is produced in the metropolitan area of Athens. A number of political and historical factors explain this type of imbalance. The most important of them are related to the administrative system in Greece, which is (a) highly bureaucratic, (b) highly centralized and (c) never had an active plan to reduce regional inequalities.

Bureaucracy is causing serious delays in the design, allocation and implementation of public investment and is responsible for the low multiplier effect of the development policy. These delays are caused by the complexity of the allocation of responsibilities between the ministries involved, the legal framework and the beyond any reason delays in the judicial system, the delays in issuing environmental and archaeological permits, the structure of the procurement system and more. In addition, the whole setting of design and delivery of development policy is highly centralized. About 75% of the budget of the Public Investment Program, which includes Structural Funds and domestic funds for development policies is run by the Central Administration, the Ministries and their Organizations. Greece is an outlier in the EU with respect to the allocation of power and resources among the three levels of administration (central, regional, local) and has a long way to go in order to meet the 'place-based' approach in policies that is promoted by the EC and implemented by most countries. Finally, regional convergence and faster growth of the weaker regions was never a clearly declared priority of the development policy. Policy priorities were mostly horizontal (for example infrastructure, environment), while the large scale emblematic projects in Athens (Airport, Attiki Odos, Metro, Hellinikon, etc.) did not always have an equal match in the periphery. In addition, the regional allocation of the Public Investment Funds does not seem to favor the weaker regions and does not seem to generate convergence.

In this national setting we have to examine whether the reform labeled "Kalikratis" has been designed and implemented in a way that will empower the local level and make locally based or place-based policies more efficient. The reform that was introduced in 2010 reduced the number of municipalities from more than 1000 to about 325 and at the same time increased the average size of the municipality by almost 3 times. This is the second reform in the same direction. The first one (Kapodostrias), was introduced in 2000 and reduced the number of municipalities and communities from 5000 to almost 1000. Both reforms were carried out by the Socialist government and both faced fierce opposition from the Conservative Party and by the local representatives. Before these reforms, the local government had very limited responsibilities. Most policies and projects were carried out by the higher level of administration that were until the late 1990s (at the NUTSIII level) or until 2010 (at the NUTSII level) appointed by the Central government.

The analysis reveals that it is critical to define the 'local level' before we proceed with our conclusions. Defining as local the level of the functional urban area it becomes clear from the analysis that the reform has provided the critical scale in terms of area and population served and the critical size of personnel that allow to provide a wide range of services and design, claim (from the higher levels of government) and implement projects in a more effective way than before. With all its shortcomings in implementing a unification process that faced significant resistance at the local level over issues of identity, trust (the neighboring areas) and dominance (from the 'others'), the reform seems to have a positive record to show. Those involved in the implementation of the reform and those having served as public persons in smaller municipalities in the past seem to be more convinced over the validity of this conclusion. The reform supports clearly distributive and procedural spatial justice when the reference level is the city and the major injustice is related to the imbalances of power, resources and command of development tools between the central and the local government. Skepticism is present, but it has mostly to do with the capability of the political personnel to overcome the 'isolation' or 'confrontation' culture of the past and work in a more synthetic and inclusive way, making public consultation an essential characteristic of the decision making process, not just a typicality. The reform provides the ground, but does not guarantee it. If, however, the reference level is the small locality or the neighborhood, or a small community that is only a small and perhaps remote place within the city, the experience of the case study in Volos show that the reform has not being the same successful and receives more criticism. In many ways, a large number of respondents showed that a number of open issues exist in the representation and participation of smaller localities and that alternative and more decentralized structures could have been designed that would increase bottom-up representation and participation, without risking the overall efficiency of the system.

The year 2019 will bring into application a new program/reform for local authority called Kleisthenes that promises to solve many issues of representation and participation of smaller localities. It seems that this reform will provide some funds to the Local Councils and will affect the local election process. The adaptation to this new institutional environment implies the formation of a new concept and culture: more synthetic, cooperative and participatory for self-governance, focusing on the problems of citizens and cities. It remains however to be seen in practice.

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8. Annexes

8.1. Additional information

8.1.1. Volos: a short historical flash back

The city of Volos began to develop in the middle of 19th century. After the annexation of the city to the Greek state in 1881, Volos encountered a long period of infrastructure development: railway, port infrastructures, etc., as well as urban construction and expansion.

The city experienced an industrial boom in the beginning of the 20th century, with factories like tobacco factory, flour mills, textiles, roof tile & brickworks, machine shops, food factories, etc. There were also craft laboratories and small industries dealing with furniture, printing shop, distillery, skin treatment, etc.⁵.

Towards 1920 Volos becomes an important industrial city in Greece, perhaps the most important in the region, with astonishing demographic and economic development. This development attracted internal migration. Labor force from the rural and more under-developed area of the region (Karditsa prefecture and Trikala prefecture) came to the city to become industrial workers.

Even in that period can be seen a social and spatial distinction in the city between the rich and nice areas of the city, and the less attractive ones. The centre and coastal front, considered among the best and most enjoyable areas of the city attracted the middle and high socio-economic classes. Understandably, the cost of the land in these areas was among the highest in the city. The west part of the city attracted the low income class because the cost of the land was lower here⁶.

After the Asian Minor catastrophe and the exchange of population between Greece and Turkey of 1923, the city of Volos accepted a big number of refugees, due to the ease of access by boat, in combination with the high perspective of work in a booming commercial and industrial market.

The Census of 1920 registers 30,046 residents in the city of Volos. The refugees coming to Volos during the 20s are estimated to be around 13.500⁷ (almost 45% of the local population at the time). This analogy constitutes a shock for the local communities, which reacted in different ways. Most of these refugees (90%) settled in Nea Ionia, which is on the west part of the city.

Due to this fact Nea Ionia, even though is part of the urban agglomeration of Volos, was a separate municipality up until 2010. The land cost and the income levels are still considered lower here in comparison with the other parts of the city.

With the WW2 and after that, the industrial base of the city is entering into a recession. Many buildings were destroyed during the war and the earthquake of 1957 worsened the situation⁸. During the last 50 years there were some big companies settling in the area, but this couldn't bring back the glory of the old days.

⁵ V. Chastaoglou, Volos, Portrait of the City in the 19th & 20th century

⁶ A. Gospodini, The Development of the Greek Cities

⁷ A. Kontaxi, An Urban Refugee Settlement: Nea Ionia of Volos, Master Thesis, Department of History & Archaeology, Aristotle University of Thessaloniki, 1993

⁸ V. Chastaoglou, Volos, Portrait of the City in the 19th & 20th century

In 1962, thanks to the industrial tradition, to the geographical location and the port, the city is among the 5 Greek cities (together with Thessaloniki, Patra, Irakleio, and Kavala) that establish an organized Industrial Zone at the outskirts of the city. The founding of this zone was an important landmark for the development of the city during the after war period. It was an important impulse for the attraction of companies, and especially – in the services sector⁹.

In addition, the establishment of the University of Thessaly in the 80s (with its departments, faculty and many thousands of students) was an important asset for the city in the process of overcoming the de-industrialization.

Today Volos is an important medium size city of the Central Greece. It comprises now most of the urban agglomeration, plus some semi-urban and rural areas. Its geographic location, the port and railway infrastructure, plus the proximity to the main national road puts it on a high potential level of logistics.

8.1.2. Socio-economic Portrait of Volos

As mentioned above, Volos is a medium size city that experienced an amazing development in the 20s to 40s, but in the after war period it struggled to valorise its assets. Underneath there is presented the socio-economic profile of the city, with indicators that include demographic changes, educational level, and employment by sector, unemployment, and GDP per capita.

As can be seen in the Table 2, below, the Volos Urban agglomeration from the Census of 1971 to the Census of 2011 experienced a constant increase. In particular, in 1971 the population of Volos urban agglomeration was at 88 thousands, while in 2011 it was at 130.7 thousands. During this period, it increased by 50%, much higher when compared to the level of prefecture (which increased only by 17.7), that of the region (10.8%), and that of the country (23.3%).

	1971	1981	1991	2001	2011
Greece	8.768.372	9.739.589	10.259.900	10.964.020	10.816.286
Region of Thessaly	660.986	695.654	734.846	753.888	732.762
Prefecture of Magnesia	161.392	182.222	198.434	206.995	190.010
Volos Urban Agglomeration	78.922	106.227	115.372	124.639	130.758
Larissa Urban Agglomeration	72.760	102.426	114.334	124.376	162.591
Patra Urban Agglomeration	120.847	154.596	170.462	191.508	197.715
Irakleio Urban Agglomeration	84.710	110.958	126.907	137.766	164.354

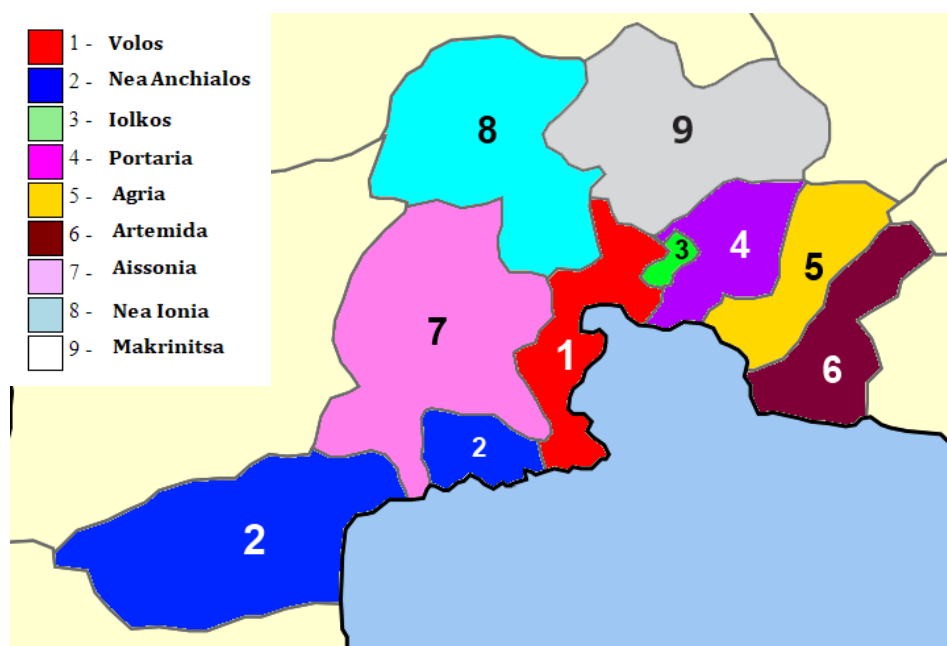
Table 2. Demographic changes of Volos (1971-2011)

Source: ELSTAT & own elaboration

This increase was however much lower when compared with other medium size Greek cities (Larissa, Patra, and Irakleio). Over the same period, the increase in Larissa urban agglomeration (which is the capital of Thessaly Region) was at 104%, the increase in Patra urban agglomeration was at 63.6%, and the increase in Irakleio urban agglomeration was at 94%. While the population of Volos urban agglomeration increases in the decade 2001-2011, the population of the Prefecture of Magnesia decreases in the same period. Also, to be noted the fact that while in 1971 the urban agglomeration of Volos represented almost 50% of the prefecture's population, in 2011 this share increased to almost 70%.

⁹ Strategic Development Plan of Volos Municipality 2007-2013

The Table 3 below shows the demographic composition of Volos' municipal sectors from 1971 to 2011. Up until 2011 the Municipality of Volos was formed only by the Volos entity (see in the table). From 2011 the Municipality of Volos has 9 entities in its composition: Agria, Aissonia, Artemida, Volos (the ex municipality), Iolkos, Makrinitisa, Nea Anchialos, Nea Ionia and Portaria (see Map 2). These entities are characterized as urban, semi-urban and rural areas. The urban agglomeration of Volos, mentioned in the Table 2 comprised the entities Agria, Volos, Iolkos, Nea Ionia and part of Aissonia (differentiated with an asterisk in the table).



Map 2. The entities of the Municipality of Volos

Source: Wikimedia & own elaboration

As can be seen in the Table 3, below) almost all the today's municipality entities had an increase from Census to Census. Only the Makrinitisa stayed at the same level in all these 40 years. The biggest increase from 1971 to 2011 was marked by Portaria with an increase of over 160%.

Municipal Districts	1971	1981	1991	2001	2011
Agria*	3.538	3.997	4.544	5.229	5.633
Aissonia*	2.275	2.389	2.897	3.059	3.247
Artemida	4.194	4.241	448	4.397	4.147
Volos*	51.290	71.378	77.192	82.439	86.046
Iolkos*	1.887	2.049	2.115	2.071	2.140
Makrinitisa	691	546	651	661	692
Nea Anchialos	3.345	3.890	5.421	6.877	6.818
Nea Ionia*	19.955	25.873	27.904	31.612	33.816
Portaria	733	769	1.093	2.033	1.910
Volos Municipality	89.879	117.113	124.256	140.379	144.449
Volos Urban Agglomeration	78.922	106.227	115.372	124.639	130.758

Table 3. Demographic changes of Volos' urban area

* Entities that formed the urban agglomeration of Volos before 2011

Source: ELSTAT & own elaboration

The picture of the education level in the Municipality of Volos in 2011 can be seen in the Table 4, which shows the percentage of the population educated according to the International Standard Classification of Education. The education level in the municipality seems to be at quite a good level. In particular, and taking into consideration the ISCED levels 5 and 6 which correspond to the first and secondary stages of the tertiary education, it seems that the level of the Municipality (18.8%) is higher than the level of the prefecture (16.9%), the level of the region (14.1%), and the level of the country (17.8%). Especially, in comparison with the level of the region, it seems that the educational level of municipality is quite high.

	Volos Municipality		Magnesia Prefecture		Thessaly Region		Greece	
ISCED 0	17.151	12,7%	24.440	13,7%	201.051	16,7%	1.343.534	13,2%
ISCED 1	32.645	24,2%	47.390	26,6%	351.427	29,2%	2.524.345	24,9%
ISCED 2	18.596	13,8%	25.030	14,1%	170.824	14,2%	1.428.490	14,1%
ISCED 3	34.477	25,5%	42.766	24,0%	265.315	22,1%	2.532.396	25,0%
ISCED 4	6.747	5,0%	8.268	4,6%	44.574	3,7%	502.079	5,0%
ISCED 5&6	25.437	18,8%	30.017	16,9%	169.005	14,1%	1.809.087	17,8%

Table 4. Education level in Volos Municipality, according to the ISCED standards (2011)

Source: ELSTAT & own elaboration

The Table 5 shows the level of unemployment in Volos by educational level in 2011. It can be also compared with the prefectural level, regional level, national level, as well as the level of the other three Greek medium sized cities.

	Primary education	Secondary education	Tertiary education
Volos municipality	24,0%	21,6%	13,6%
Magnesia prefecture	20,9%	21,0%	14,2%
Thessaly region	19,7%	21,5%	15,0%
Greece	21,8%	20,6%	13,2%
Larissa municipality	22,5%	20,8%	13,1%
Patra municipality	26,4%	23,4%	14,3%
Irakleio municipality	22,4%	19,9%	12,4%

Table 5. Unemployment in Volos, by educational level (2011)

Source: ELSTAT & own elaboration

In 2011 the unemployment in the municipality of Volos was at 11.566 according to the Census. From this number, 24% had a primary education level, 21.6% - a secondary education level and 13.6% had a tertiary education level.

The unemployed people with tertiary education level had a smaller percentage in comparison with prefectural (14.2%) and regional (15%) levels, but higher than the national level. When compared with the other medium size cities, the people with tertiary education level in Volos had a higher unemployment rate than Larissa (13.1%) and Irakleio (12.4), but smaller than Patra (14.3%).

The Table 6 (below) shows the evolvement of the unemployment rate in Volos in 1991, 2001, and 2011. The unemployment rate in the Municipality of Volos seems to increase from Census to Census. Namely, in 1991 the rate was at 9.8%, in 2001 at 11.9%, and in 2011 at 20.1%. From 2001 to 2011 the unemployment rate in the Municipality of Volos almost doubles. In 1991 this rate was higher than the prefectural level (8.8%), regional level (7.7%) and national level (8.1%). The unemployment rate stays higher than the prefectural, regional and national levels also during the 2001 Census, as well as 2011 Census.

	1991	2001	2011
Greece	8,1%	11,1%	18,7%
Region of Thessaly	7,7%	10,8%	18,7%
Prefecture of Magnesia	8,8%	11,8%	19,0%
Municipality of Volos	9,8%	11,9%	20,1%
Municipality of Larissa	8,7%	10,6%	18,5%
Municipality of Patra	11,1%	15,9%	21,6%
Municipality of Irakleio	7,5%	10,7%	19,0%

Table 6. Unemployment rate in Volos Census 1991, 2001, 2011

Source: ELSTAT & own elaboration

When compared with the unemployment rate of the other Greek medium side cities in 2011, the Municipality of Volos looks worse than the Municipality of Larissa (with 18.5%) and Municipality of Irakleio (with 19%), but better than the Municipality of Patra (with 21.6%).

The Table 7 and Figure 1 underneath show the GDP per capita evolvement from 2000 to 2016 in Greece. There are data only for up to the prefectural level. Therefore and unfortunately, data on the level of municipality are not available.

So, the prefectural level is the closest way to see the GDP per capita for the municipality of Volos. And, the Municipality of Volos has almost 70% of the prefectural population. Thus, the prefectural level is a good level to look at, when there are no other data available.

	2000	2002	2004	2006	2008	2010	2012*	2014*	2016*
Magnesia prefecture	10.549	12.618	14.850	17.076	18.113	15.065	13.393	12.341	12.676
Thessaly region	10.085	11.660	14.010	15.103	16.363	14.499	12.796	12.389	12.662
Greece	13.071	14.994	17.683	19.769	21.845	20.324	17.311	16.402	16.378

Table 7. GDP per capita for the period 2000-2016, current prices

Source: ELSTAT & own elaboration, (*estimations)

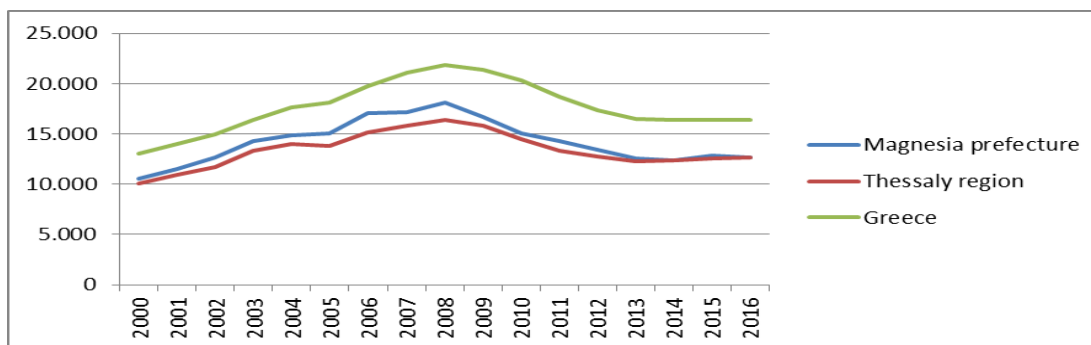


Figure 1. GDP per capita for the Prefecture of Magnesia, Thessaly Region and Greece (2000-2016)

Source: ELSTAT & own elaboration

As can be seen in the table and figure above, throughout all these years the GDP per capita of the prefecture was higher than that of the region, but lower than that of the nation. In 2016 the levels of the prefecture and region are almost the same.

The next table (Table 8) shows the employment by economic sector. As can be seen from the table, the biggest percentage of employment in the Municipality of Volos can be seen in the **Wholesales and retail trade, repair of motor vehicles and motorcycles** (17.1%). This phenomenon can however be noted for all the levels of Greece: prefectural (16.4%), regional (16.1%), as well as national (17.5%). This sector employs high percentages of labor force also in the other Greek medium size cities (Larissa, Patra, and Irakleio).

	Sectors																	Total
	A. Agriculture, forestry and fishing	C. Manufacturing	D. Electricity, gas, steam and air-conditioning supply	E. Water supply, sewerage, waste management and remediation	F. Construction	G. Wholesale and retail trade, repair of motor vehicles and motorcycles	H. Transportation and storage	I. Accommodation and food service activities	J. Information and communication	K. Financial and insurance activities	M. Professional, scientific and technical activities	N. Administrative and support service activities	O. Public administration and defence, compulsory social security	P. Education	Q. Human health and social work activities	R. Arts, entertainment and recreation	S. Other services	
Volos	2,4%	11,7%	0,6%	0,6%	6,4%	17,1%	4,3%	7,3%	1,4%	2,1%	6,9%	2,2%	12,2%	12,8%	7,6%	1,2%	1,7%	100%
Magnesia Prefecture	12,0%	12,1%	0,5%	0,6%	6,9%	16,4%	4,3%	7,2%	1,1%	1,5%	4,9%	2,0%	11,1%	9,4%	5,9%	1,0%	1,8%	100%
Thessaly region	18,2%	9,3%	0,5%	0,6%	6,9%	16,1%	3,4%	6,9%	0,9%	1,5%	4,5%	1,7%	10,1%	9,4%	6,3%	0,9%	1,8%	100%
Greece	10,0%	9,2%	0,8%	0,5%	6,8%	17,5%	5,2%	7,8%	2,4%	2,7%	5,4%	2,7%	9,7%	7,9%	6,4%	1,3%	1,9%	100%
Larisa	4,0%	9,4%	0,5%	0,6%	6,4%	18,6%	3,5%	6,1%	1,3%	2,1%	6,4%	1,9%	14,1%	12,6%	9,0%	1,0%	1,7%	100%
Patra	1,6%	7,9%	0,8%	0,4%	7,2%	18,5%	5,8%	6,7%	2,3%	2,4%	5,9%	2,5%	10,8%	13,2%	9,2%	1,4%	2,1%	100%
Irakleio	2,5%	6,9%	0,8%	0,5%	7,4%	19,0%	5,1%	11,9%	1,8%	2,6%	6,3%	3,7%	7,3%	10,9%	8,6%	1,3%	1,9%	100%

Table 8. Employment in the Municipality of Volos by economic sector, NACE (2011)

Source: ELSTAT & own elaboration

The next big percentage of employment in the Municipality of Volos can be seen in the sector **Education** (12.8%). On all the other levels there is a single digit: prefecture – 9.4%, region – 9.4%, and nation – 7.9%. Thus, the Municipality of Volos employs in education a bigger percentage of people than the average of the prefecture, region and nation. On the contrary, in the other medium size cities the percentage of employment in education is a double digit: namely Larissa – 12.6%, Patra 13.2%, and Irakleio – 10.9%.

The third big sector of employment in Volos is the **Public administration and defence, compulsory social security** (12.2%). Again, the double digits of employment in this sector can be seen on all the rest of the levels (prefectural with 11.1% and regional with 10.1%), except the national one (9.7%).

The last category with double digits of employment in the municipality of Volos is **Manufacturing**. More precisely, this sector employs 11.7% of the labour force in Volos,

12.1% on the prefectural level, 9.3% on the regional level and 9.2% on the national level. The other three medium cities have a one digit level. Namely, there is 9.4% in Larissa, 7.9% in Patra, and 6.9% in Irakleio. Thus, the Municipality of Volos and the Prefecture of Magnesia have a higher employment in manufacturing than the rest of the compared levels.

The next table and figure (Table 9 and Figure 2) shows the GVA evolvement from 2000 to 2016 on the prefectural, regional and national level. It can be seen that the pick for all three levels is the year 2008. The dropdown from 2008 to 2016 for the Prefecture of Magnesia is 31%, for the Region of Thessaly is 25.3%, and for the national level is 28%. Thus the biggest drop in GVA is in the Prefecture of Magnesia, when compared to the other two levels.

	2000	2002	2004	2006	2008	2010	2012	2014	2016
Magnesia prefecture	1898	2283	2721	3088	3289	2757	2455	2249	2268
Thessaly region	6662	7743	9380	9936	10768	9570	8411	8056	8042
Greece	126181,4	145797,4	174773	193047,1	213818,9	199643,7	168979	157913	154044,4

Table 9. GVA evolvement in Magnesia prefecture (2000-2016), millions of Euros, current prices

Source: ELSTAT & own elaboration

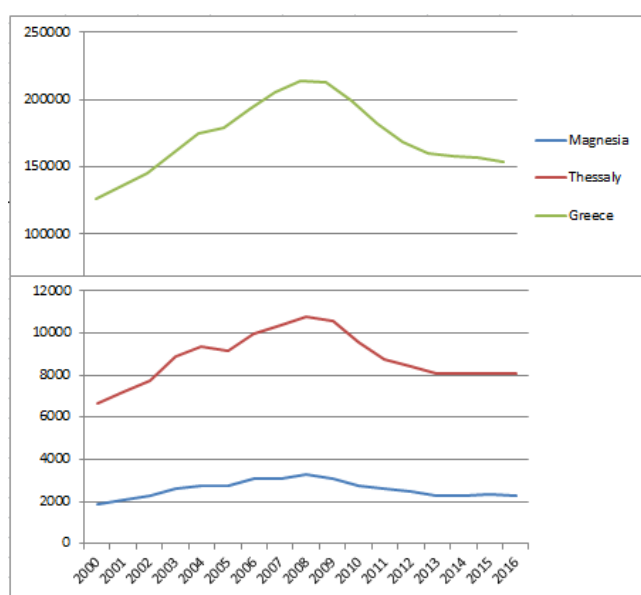


Figure 2. GVA change at the prefectural, regional and national level (2000-2016)

The figure shows also that the level of the prefectural GVA in 2016 is slightly higher than in the year 2000. While the national and regional levels are somehow higher in 2016 than the initial 2000 year, yet the change is not so big. To be more precise, the change from 2000 to 2016 in the Prefecture of Magnesia is +19.5%, in the Region of Thessaly is +20.7% and at the national level is +28%.

The next table (Table 10) shows the GVA by sector for the years 2000, 2005, 2010 and 2016. In 2011 the biggest percentage of GVA in the Prefecture of Magnesia was registered by the **Wholesale and retail trade, repair of motor vehicles and motorcycles** (27.2%). We saw the same picture in the employment by sector. Which means the biggest share of employment and gross value added in the Prefecture of Magnesia belonged to this sector in 2016. Over the last 16 years the picture doesn't change, with this sector remaining on the first place, and bigger than the regional and national levels.

		2000	2005	2010	2016
Agriculture, forestry and fishing	Magnesia	9,0%	5,9%	4,7%	5,4%
	Thessaly	15,6%	12,5%	9,1%	11,8%
	Greece	6,1%	4,8%	3,3%	4,1%
Mining and quarrying, manufacturing, electricity, gas, steam, air conditioning	Magnesia	1,5%	1,5%	1,4%	2,3%
	Thessaly	1,8%	2,0%	1,7%	2,2%
	Greece	3,4%	3,9%	3,0%	4,0%
Manufacturing	Magnesia	12,6%	13,9%	13,3%	16,5%
	Thessaly	10,9%	12,6%	12,3%	14,3%
	Greece	10,6%	9,6%	8,2%	10,5%
Construction	Magnesia	8,1%	13,9%	13,3%	16,5%
	Thessaly	7,2%	12,6%	12,3%	14,3%
	Greece	7,0%	9,6%	8,2%	10,5%
Wholesale and retail trade, repair of motor vehicles and motorcycles, transportation	Magnesia	31,2%	32,6%	28,5%	27,2%
	Thessaly	24,7%	24,2%	21,5%	18,2%
	Greece	27,6%	25,8%	24,7%	23,4%
Information and communication	Magnesia	1,0%	1,1%	1,1%	0,9%
	Thessaly	1,5%	1,6%	1,4%	1,1%
	Greece	3,9%	3,9%	3,8%	3,5%

		2000	2005	2010	2016
Financial and insurance activities	Magnesia	2,4%	2,4%	2,9%	2,2%
	Thessaly	2,5%	2,7%	2,9%	2,3%
	Greece	4,6%	4,7%	4,8%	4,5%
Real estate activities	Magnesia	6,6%	6,8%	11,1%	11,0%
	Thessaly	8,4%	9,1%	13,7%	13,2%
	Greece	11,0%	11,6%	16,8%	17,5%
Professional, scientific and technical activities, administrative and	Magnesia	3,3%	2,6%	2,5%	2,6%
	Thessaly	3,1%	3,0%	2,5%	2,7%
	Greece	4,8%	5,7%	5,3%	5,1%
Public administration and defence, compulsory social security,	Magnesia	20,0%	22,2%	25,9%	25,1%
	Thessaly	20,0%	21,7%	26,6%	26,4%
	Greece	17,1%	19,5%	21,7%	20,6%
Arts, entertainment, recreation, other service activities, activities of	Magnesia	4,1%	3,5%	4,5%	4,8%
	Thessaly	4,4%	3,8%	4,2%	4,9%
	Greece	3,9%	4,2%	3,9%	4,2%

Table 10. GVA by sector at prefectural, regional and national levels (%)

Source: ELSTAT & own elaboration

The next big sector in the prefecture in terms of GVA share to the total is **the Public administration and defence, compulsory social security** with 25.1% in 2016. This percentage is bigger than the national level, but smaller than the regional level.

The third place in the Prefecture of Magnesia in terms of GVA share to the total is held by **Manufacturing & Construction**, both with 16.5%. Both sectors have a bigger share in the prefecture when compared with the regional and national level.

The next table (Table 11) shows the income level by post office code in the Municipality of Volos. As can be seen from the table, in 2014 the highest income is registered in the urban area of the Municipality, or its core area. The lowest income (7.379) is registered in Nea Ionia entity (marked with number 8 in the Map2). This is the part of the city that in 1920 attracted refugees and since then has always lagged behind in terms of income and cost of land. The biggest dropdown (52.5%) from 2008 – the pick year – to 2014 was registered in the core area of Volos, where the income was higher prior to the crisis. The smallest dropdown was registered in Nea Ionia, where the income was the lowest before and after the crisis.

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Agria	13.920	14.963	15.934	11.465	11.634	11.600	10.779	9.108	8.490
Nea Anchialos	13.701	14.550	15.583	10.891	10.786	10.996	10.272	8.120	8.041
Nea Ionia	11.930	14.012	14.257	9.692	9.669	11.221	10.589	15.606	7.379
Portaria & Makrinita	12.622	10.586	11.313	10.526	10.394	10.861	9.910	8.853	7.802
Volos (urban)	20.412	23.446	19.582	13.915	13.762	13.420	12.352	10.425	11.124
Volos (the rest)	13.328	14.168	15.292	12.681	13.112	11.365	10.671	9.628	8.531

Table 11. Income in the Municipality of Volos (by PO Box)

Source: Ministry of Finance

8.2. Tables, Maps and Photos



Map 3. Volos and Pagasetic Gulf
Source: Wikimedia



Photo 3. The Industrial park of Volos
Source: <http://www.thessaliaeconomy.gr>

8.3. List of Interviewed Experts

1. Municipal Department Manager, 26.11.2018
2. Journalist, 07.01.2019
3. Vice-Mayor, 08.01.2019
4. Representative of a big local company, 21.12.2018
5. Representative of the Magnesia Commerce Association, 22.12.2018
6. Representative of the Magnesia Hotel Association, 23.12.2018
7. Vice-Governor of the Regional Authority, 24.12.2018
8. Vice-Mayor, 17.12.2018
9. Representative of the Association of Industries of Magnesia, 12.12.2018

10. Representative of the Association of Employees of Municipalities of Magnesia, 28.11.2018
11. ex Vice-Mayor, 12.11.2018
12. Municipal Department Manager, 13.11.2018
13. Representative of the University of Thessaly, 14.11.2018
14. Representative of the Port Authority, 15.11.2018
15. Representative of a local collective social venture, 19.11.2018
16. Representative of the Chamber of Commerce, 20.11.2018
17. Representative of a municipal entity, 21.11.2018
18. Representative of a municipal entity, 22.11.2018
19. Representative of a municipal entity, 15.01.2019
20. Representative of a municipal entity, 27.11.2018

8.4. Stakeholder Interaction Table

Type of Stakeholders	Most relevant 'territorial' level they operate at	Stakeholders' ways of involvement in the project (What do we gain, what do they gain)
Local politicians	5	Insights into the way the local governance is framed with direction (vision) and operation (methodology)
Local administration	3	Understandings of the problems in the operation of the local authorities
Associations representing private businesses	5	Perspectives onto the effects of the central and local governance on the private sector
Local development companies/agencies		
Municipal associations		
Non-profit/civil society organisations representing vulnerable groups	1	Identification of the social groups and spatial areas with feelings of injustice
Other local community stakeholders	1	
Local state offices/representations		
Regional state offices/representations	1	Perspective on the most important problems of the area in terms of spatial justice
Ministries involved in (national or EU) cohesion policy deployment		
Cohesion Policy think tanks (national/EU-level)		
Primary and secondary educational institutions		
Colleges and universities	2	Perspectives on the role of the tertiary education in matters of spatial injustice
Social and health care institutions	1	
Cultural institutions and associations		
Media	1	More macro & global perspective on the discussed issues

8.5. Consultation Committee Members of the Municipality of Volos:

- 1) University of Thessaly
- 2) Volos Labor Center
- 3) Technical Chamber of Greece, Department of Magnesia
- 4) Magnesia Chamber of Commerce
- 5) Economic Chamber of Thessaly
- 6) Association of Industries of Thessaly & Central Greece
- 7) Volos Commercial Association
- 8) Catering & Entertainment Association of Magnesia
- 9) Hotel Association of Magnesia
- 10) Special Forces Club
- 11) Association for the Development of Agria's Refrigerators area
- 12) "Philoproodos" Association of Nea Anchialos
- 13) Union of Agricultural Cooperatives of Volos
- 14) Union of Agricultural Cooperatives of Pelion-N. Sporades islands
- 15) Volos Bar Association
- 16) Union of Editors of Thessaly - Evia - Sterea Hellas
- 17) Medical Association of Magnesia
- 18) Dental Association of Magnesia
- 19) Pharmaceutical Association of Magnesia & Almiros
- 20) Agricultural Association of Magnesia
- 21) Association of Teachers & Kindergarten of Magnesia
- 22) Magnesia Union of Secondary Education State School Teachers
- 23) E.E.T.E.M. Scientific Association of Technological Education of Engineers
- 24) Association of Employees of Municipalities of Magnesia
- 25) Association of Employees of Municipal Water Supply and Sewerage Company
- 26) Magnesia branch of the Supreme Administration of Public Employees' Associations
- 27) Greek Rescue Team (Volos Department)
- 28) Magnesia Association of Parents with many children
- 29) Magnesia Association of Parents with 3 children
- 30) Parents, Guardians & Friends Association of Disabled people
- 31) "Magnetes" Blinds of Magnesia
- 32) Association of Football Associations of Thessaly
- 33) Volos Gymnastics Club
- 34) Mountain climbing Association of Volos
- 35) Volos Nautical Club "Argonaftes"
- 36) Volos Association of Fishing Amateurs & Nautical Sports
- 37) Cycling Club of Volos
- 38) Greek Guiding Association (Local Section)
- 39) Association of Greek Scouts
- 40) Lyceum of the Greek women of Volos
- 41) Society of Thessalian Research
- 42) Cultural Center of Asia Minor "IONES"
- 43) Pontian Association of Magnesia
- 44) Cultural Association of the Asia Minorians of Nea Ionia "The Englezonisi"
- 45) Cappadocia Association of Magnesia
- 46) Magnesia Club of people from Karditsa
- 47) Association of Albanian Immigrants of Magnesia "ILLYRIA"
- 48) Old Port Authority Landscape Association
- 49) Environmental Initiative of Magnesia

8.6. Kleisthenes Reform (Law 4555/2018)

The new institutional framework which starts to be applied in 2019 by the Law 4555/2018 - also known as "Kleisthenes I" brings about several and significant changes that reorganize the present known "Kallikratis" landscape. These changes are expected to create a "new order" not only at the level of organizational, administrative and operational activity of the Local Authorities, but also at the level of political strategy and behavior on the part of elected bodies of Local and Regional Authorities, both before and after the municipal elections. A small analysis of the main changes Kleisthenes brings is presented underneath:

1. Electoral system of simple proportion

One of the key changes introduced by Kleisthenes to local government is the institutionalization of the simple analogue electoral system. This means that the distribution of all seats of each City Council will be made by the combinations that participated in the municipal elections, depending on the number of valid ballots received in the A round, and the distribution of any non-allocated seats will be made on the basis of their unused balances. In the event that a combination receives more than 50% during the first round, it will have then the absolute majority in the city council, and no new procedure will be required to elect a Mayor. Otherwise, there will be a repeat procedure for the election of the Mayor. It should be noted that the simple proportional system also applies to the distribution of the seats of Local Councils in entities with over 300 residents.

2. Four-year term

With Kleisthenes, the duration of the mandate of the municipal authorities returns back to 4 years from the 5 years of "Kallikrates".

3. Appointment of deputy mayors from different parties

One of the "innovations" of Kleisthenes concerns the possibility of appointing deputy mayors - not only from the mayor's lineage, as it has been up to now - but from all the municipal fractions.

4. Changes in the administration and operation of the municipal entities

The "Kleisthenes" abolishes the concept of "municipal" and "local communities" - which was in effect with "Kallikrates", and replaces it by "communities", regardless of population. Moreover, as far as their administration is concerned, the Communities are divided on the basis of the population they have and whether or not it exceeds 300 inhabitants. Thus, the governing bodies of the communities are now the President of the Community and the Community Council (in communities with more than 300 inhabitants). Important changes also occurring in the Communities' administration and operation system that are as following:

- the institution of local assemblies extends to all communities in a municipality and does not only concern local communities of up to 2.000 inhabitants, as was the case with "Kallikratis".
- the possibility the Council of the Community to convene at the request of at least 1/3 of its members and at the request of at least 100 Community residents, upon written request.
- the Municipal Council and the Mayor can pass on some specific responsibilities to the Presidents or the Community.

5. Reform the institutional framework for the supervision of local authorities

The framework for the supervision of Local Authorities is another area where "Kleisthenes" is subject to institutional modifications, which include the delegation of the relevant competence of supervising the local authorities from the Decentralized Administrations and its assignment to independent LAU Supervising Authorities (7 in the number), and which are subordinated directly to the Minister for the Interior..

6. Enlargement of the number of Municipalities where the Consultative Committee is established

According to Kleisthenes, the establishment of the Consultation Committee is mandatory in municipalities with a population of more than 5.000 (instead of the 10.000 inhabitants required by "Kallikrates"), while at the same time changes are made to its composition regarding the participation of municipalities. New responsibilities are added and it is stipulated that Commission decisions are obligatory for discussion in the Municipal Council within one (1) month of receipt.

7. Perform a municipal referendum

One of the modern arrangements of "Kleisthenes" is the possibility of holding a municipal referendum, the subject of which can be any theme, even if it does not fall under the competence of the Local Authorities, except for issues related to national security, foreign or immigration policy, the interpretation and application of international treaties, individual and social rights, the freedom of religious conscience and worship, the financial management of local authorities, the imposition of fees and the administrative division of the country. The initiative for holding a referendum is entitled to be taken by the competent Municipal, after the decision of the majority of 2/3 of its members, or at the request of at least 10% of the registered voters of the relevant Municipality.

8. Municipal Ombudsman

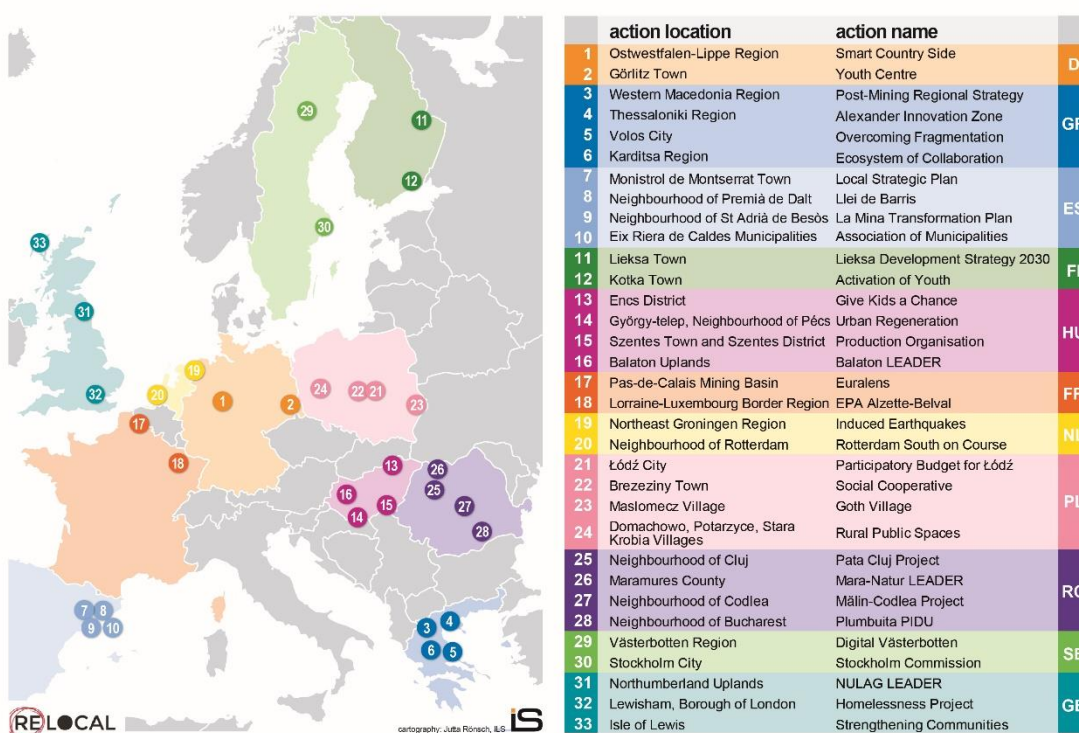
The "Kleisthenes" establishes the institution of the Ombudsman - who is elected for a 5-year term (with the possibility of renewal for one time), following a notice of the Mayor. The new institution, which replaces the Citizen's supporter, which was established with "Kallikrates", has as its main task the fight against maladministration in Local Authorities. There will be 58 Municipal Ombudsmen in the country.

The RELOCAL Project

EU Horizon 2020 research project '**Resituating the local in cohesion and territorial development**' –**RELOCAL** aims to identify factors that condition local accessibility of European policies, local abilities to articulate needs and equality claims and local capacities for exploiting European opportunity structures.

In the past, especially since the economic and financial crisis, the European Social Model has proven to be challenged by the emergence of spatially unjust results. The RELOCAL hypothesis is that **processes of localisation and place-based public policy** can make a positive contribution to spatial justice and democratic empowerment.

The research is based on **33 case studies** in **13 different European** countries that exemplify development challenges in terms of spatial justice. The cases were chosen to allow for a balanced representation of different institutional contexts. Based on case study findings, project partners will draw out the factors that influence the impact of place-based approaches or actions from a comparative perspective. The results are intended to facilitate a greater local orientation of cohesion, territorial development and other EU policies.



The RELOCAL project runs from October 2016 until September 2020.

Read more at <https://relocal.eu>

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