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1. Introduction

The Athens case study report presents a summary of the main findings on fiscal consolidation measures implemented in the municipality of Athens in the period 2011–2013. It is based on three kinds of source: statistical data and information from secondary sources on the socioeconomic and political context of the city, 226 texts from the press and the municipality (newspapers, press releases, municipal documents) in the period 1997–2014, and nine interviews with actors (June to October 2014 and March 2015) who have an important role and say in the municipal fiscal problem. The nine actors interviewed are: 1 the Mayor, 2 the General Secretary, 3 the Mayor’s financial adviser, 4 two opposition councilors (one of them the former Vice Mayor for Fiscal Matters), 5 the director of the financial department of the municipal administration, 6 two journalists from the national press reporting on municipal affairs in Athens, and 7 a journalist from the municipal radio station.

The last part of the report presents the (new) actions related to social cohesion on the one hand and to economic development on the other hand. This section was written in December 2016; for this subsection, seven interviews were conducted in April 2016. The interviews were conducted with: 1 CEO of Technopolis. Innovathens, 2 Manager of Innovathens, 3 President of City of Athens Homeless Shelter, 4 Coordinator of Solidarity Now, 5 Sociologist, NGO Arsis, 6 Member of the Social Self-Organized Structure of Health in Exarcheia (ADYE), 7 Member of the self-managed initiative “Nosotros” Social Centre.

The theoretical framework of this study is based on the ‘actor-centered institutionalism’ as it has been approached by Scharpf and Mayntz (1995)¹, the interpretative approach and the approach of Heinelt and Lamping (2015) and their concept of ‘knowledge orders’.² The second and third parts of the report refer to the socio-economic and political context of the city and the emergence of the municipal “debt.” Parts four and five present the actors’ perception and assessment of the problem and the causes and outcomes (evaluation, performance, impact) of the measures implemented in the period 2011–2013. These parts are purely descriptive and based on data and selected quotations derived from the MAXQDA analysis. Part six highlights the local public discussion/debate on the municipal debt.

The seventh part of the report illustrates our interpretation of how local actors take decisions and implement actions. It focuses on the dimensions of the local political system, namely on the legitimacy and transparency of the political culture, policy style, types of knowledge and leadership prevailing in the urban context of Athens. The eighth part of the report presents the actions related to social cohesion and to economic development. In the final conclusions section (part nine), we sum up our main arguments on the specificity of the Athens case in combating municipal debt and we draw some useful lessons for policy recommendations (parts ten and eleven).

¹ See Mayntz and Scharpf 1995, Scharpf 2000.

² For the theoretical framework of REPOS project see Stolzenberg et al., *Cities in Times of Crisis...*, pp 20-32. See also Thermi Municipality case report, pp 2-3 and Thessaloniki Municipality case report, p 3.



2. Socioeconomic Environment

2.1 Basic Figures

The city of Athens is the capital of Greece and the center of a vast metropolitan area that has a permanent population of 3,828,434 people spread over 58 municipalities.

The municipal territory includes the historic center of Athens and its surrounding districts and consists of seven municipal communities, which are subdivisions of the municipality. As the seat of the national government, Athens is also the cultural, financial and political heart of Greece. Most of the national public services and many regional headquarters of transnational corporations are located here and every year the city accommodates thousands of students because it is the seat of many academic and research institutions.

Demographic development (2001–2011)

The City of Athens is the most populous municipality in Greece, and despite the fact that compared to the 2001 census the city experienced a population decline of 15.85 percent, according to the latest 2011 census Athens has a permanent population of 664,046 inhabitants, which makes it the most highly populated Greek municipality. However, the officially registered population has declined from the highest figure of 885,737 inhabitants in 1981 to 772,072 in 1991, then to 745,614 in 2001 and, finally, to 664,046 in 2011, reflecting the fact that the city lost no less than approximately 25 percent of its population in 30 years. Of this decrease, nearly one-third occurred between 2001 and 2011, which means that there has been a dramatic acceleration of this dynamic. The greater portion of the Athenians who left their city simply moved to the suburbs, just as has happened with many other centers of large agglomerations all over the world. However, what is striking in the case of Athens is the fact that these losses of permanent population have not been in any way “counterbalanced” by increased work and leisure activities in the city center. In fact, a large number of workplaces, businesses, shopping and leisure activities have also moved away from the center of the agglomeration (nearly identical with the city of Athens). A large part of the city has been transformed into low-price and low-rent territory that was gradually becoming a kind of “ghetto” with high rates of crime and neglected urban infrastructure. Central governments and even municipal governments did not react appropriately, and even the major event of the Olympic Games did not succeed in reversing this development, since a relatively small part of the city benefited from urban regeneration initiatives and new infrastructure, while the rest was abandoned to the



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process of decline. Today, more than 20 percent of the available buildings in Athens are empty and a substantial proportion of old buildings have simply been “abandoned” by private owners and are literally collapsing. In view of this situation, the Municipality of Athens could be described as the first “shrinking” big city of Greece, and probably the only emblematic historical city in the “old” European Union which has been abandoned in this way. In addition to this development, which has been ongoing for 35 years, from 2008 onwards due to the economic crisis the City of Athens, has been facing acute problems of poverty because of the weak networks of social solidarity, in contrast with the Greek provinces where close social ties act as a protective safety net. Furthermore, the City of Athens has become the home of many thousands of “immigrants without legal documents,” not only due to the anonymity that a big city offers, but also because of the practice of Greek border authorities that send nearly every immigrant or asylum seeker arrested for illegal entry to the “Greek melting pot” of Athens.

As a result of “new poverty” and the uncontrolled immigration flows, the number of homeless people (a figure nearly unknown up to the early 1990s in Athens) is constantly growing. Specifically, based on social status data, it is estimated that about 1,700 people identified as homeless live in the city center, while NGO reports estimate that the number of homeless people exceeds 3,000 people (and some report much higher numbers), while quite a few homeless persons find shelter in abandoned, often dangerous, buildings.

The poverty and delinquency has repercussions on the economic activity of business enterprises. According to data from the ACCI, 2010 was the year with the highest rate of business closures in the municipality of Athens in relation to the next three years. Throughout the years 2010–2012 the number of newly established enterprises generally followed a downward trend.

Primary/declared income in euros per capita (2011)

The declared income at constant 2005 prices (in euros) for the economic years 2011–2013 decreased significantly in the three-year period, probably due to the horizontal cuts in salaries and the increase in unemployment across the country.

Table 2 Primary/Declared Income

Athens	2011	2012	2013
	17.691.5	16,155.9	14,133

Source: Ministry of Economics, compilation by Y. Psycharis

Employment status in the Municipality of Athens and share of employees in economic sectors

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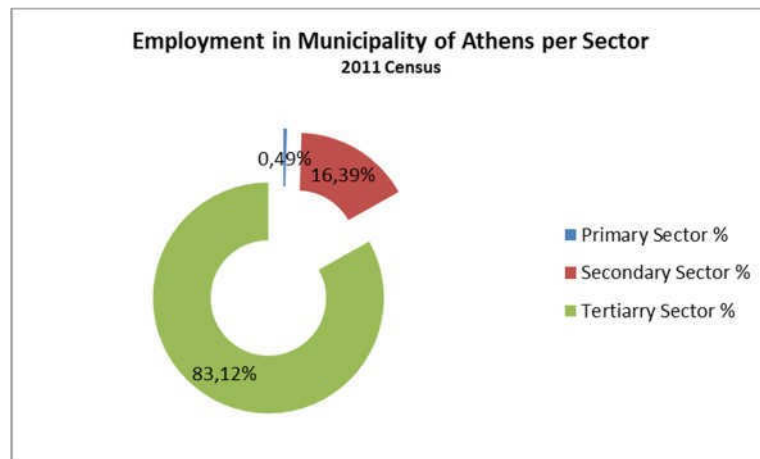
The next figures shows employment status in the Municipality of Athens, based on the 2011 Census of the Hellenic Statistical Authority, compared with the region of Attiki and the whole country.

Table 3 Greek Demographics

2011 Census	Athens	Attiki	Greece
Labor Force	327,510	1,771.874	4,587,827
Total Employed	260,711	1,452.300	3,727,869
Unemployed	66,799	319,574	859,958
Primary Sector	1,273	17,530	372,281
Secondary Sector	42,725	246,617	654,454
Tertiary Sector	216,713	1,188,153	2,701,134
Unemployment Rate	20.40%	18.04%	18.74%
Employment Rate	79.60%	81.96%	81.26%
Primary Sector %	0.49%	1.21%	9.99%
Secondary Sector %	16.39%	16.98%	17.56%
Tertiary Sector %	83.12%	81.81%	72.46%

Source: Hellenic Statistical Authority

Graph 3 Employment per Sector



Source: Hellenic Statistical Authority

The clear majority (83 percent) of the Athens workforce is involved in the tertiary sector (service industries such as tourism, information technology, legal professions, education, etc.). By contrast, only 1,273 citizens are involved in the primary sector (i.e., agriculture, forestry and mining) due to the lack of entrepreneurship in these areas. The remaining workforce (16 percent) is involved in the secondary sector (i.e., industrial and construction

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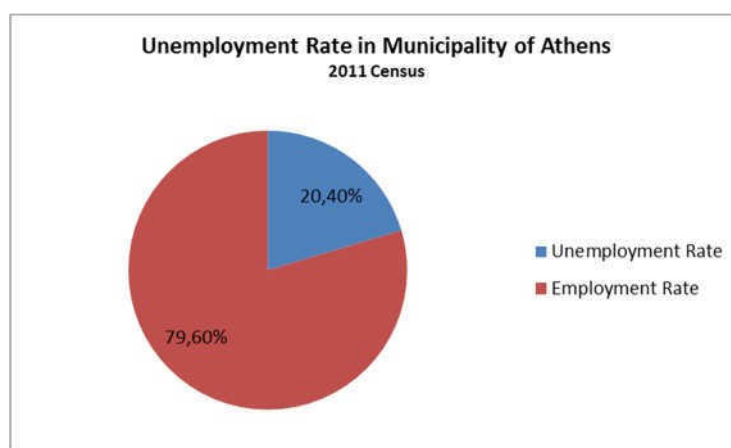

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Graph 4 Unemployment Rate



Source: Hellenic Statistical Authority

The unemployment rate in Athens is high at 20.4 percent (in 2011, today it is even higher). Compared with the unemployment rate in the region of Attica in 2011 (18.04 percent) and the rest of Greece (18.74 percent), the unemployment rate is higher in Athens. This is due to the absence of the primary sector and the economic crisis that led to the collapse of many businesses.

2.2 Municipal Administrative Organization

On the January 25, 2012 the Municipality of Athens, after evaluation of its structures, implemented a new administrative organizational structure by reducing the number of organizational units (directorates and departments) by about 30 percent in relation to the number in 2011.

Today the administrative structure of the City consists of:

- Three general directorates (the General Directorate for Administration, the General Directorate of Finance¹ and the General Directorate for the Quality of Life),
- 23 directorates instead of the former 34 in 2011
- 132 departments instead of 182
- In the new administrative organization 10 offices were phased out.

The Legal Entities of the Municipality of Athens

On January 1, 2011 the Municipality had a total of 18 legal entities in public and private law. By contrast, today the Municipality has 11 legal entities of public and private law. These are specifically:

¹ More details in Annex I



Table 5 Municipal Legal Entities

<i>January 1, 2011</i>	<i>Today</i>
4 legal entities in public law	1 legal entity in public law
1 foundation	1 foundation
1 legal entity in private law	1 legal entities of private law
2 utility enterprises	no utility enterprises
8 SA corporations	6 SA corporations
1 civil non- profit organization	1 civil non- profit organization
1 municipal radio station	1 municipal radio station
<i>Total number of legal entities : 18</i>	<i>Total number of legal entities : 11</i>

Source: Municipality of Athens

3. Municipality of Athens: Political leadership and fiscal problems

3.1 The political leadership of the municipality

The local elections for the Municipality of Athens are highly political.

From 1975 onwards mayoral candidates are de facto nominated by the national political parties (although official party candidacies are not allowed by law) – ND, PASOK, SYRIZA, KKE – and the elections are considered to be a barometer for the national elections.

In the municipal elections of 2010, Nikitas Kaklamanis (supported by the ND party) obtained the highest proportion of votes in the first round with 34.97 percent and Giogos Kaminis (supported by PASOK and other left parties) followed with 28.38 percent. In the second round Kaminis was elected as mayor, reversing the results of the first round and managing to obtain 51.95 percent vs 48.05 percent for his political opponent Kaklamanis.

In the local elections in 2014 the election was highly political, especially after the results of the national elections in 2012, with the predominance of SYRIZA as the second political party, the collapse of PASOK, and the ND–PASOK coalition.

The municipal election debate on that occasion was not between center-left and center-right (ND and PASOK) parties but center-left and radical-left parties (PASOK/DHMAR - SYRIZA). The center-right party (ND) was split between two candidates (Kaklamanis and Spiliotopoulos), of whom only Spiliotopoulos had the official nomination of the political party.

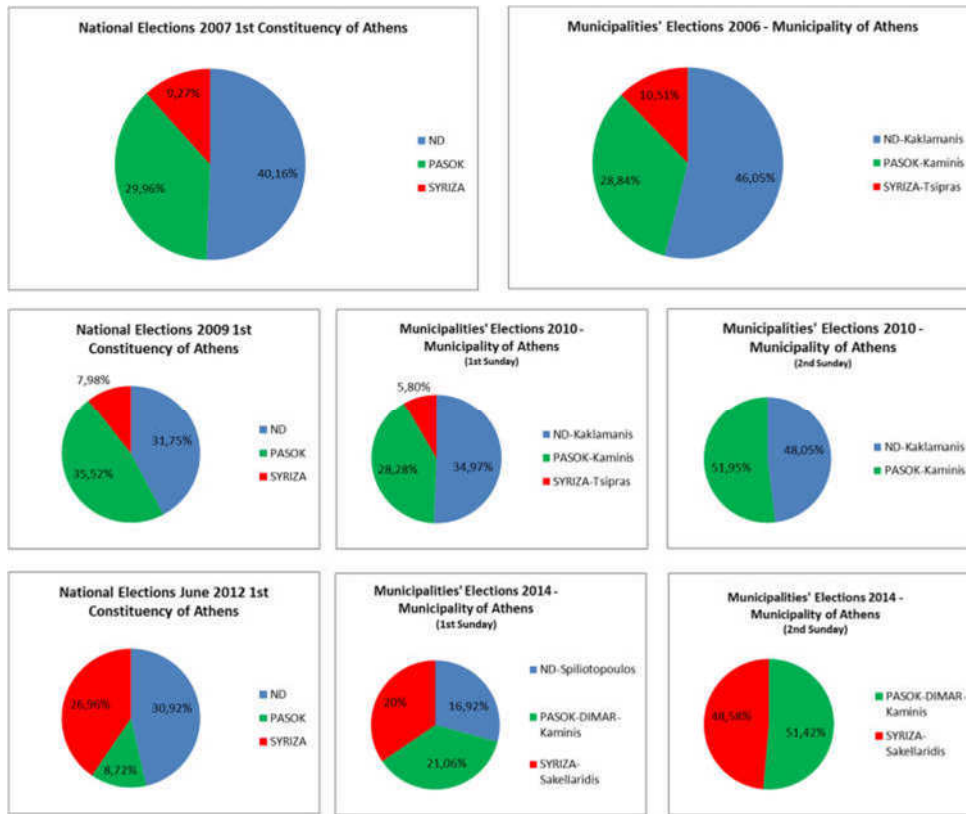
In the first round Kaminis (who was supported by center-left parties) led Sakellaridis (SYRIZA candidate) by 1.06 percent, but in the second round he obtained 51.42 percent compared with

48.58 percent for Sakellaridis. The narrow victory by Kaminis over the SYRIZA candidate in the Municipality of Athens and the victory of the SYRIZA candidate in the Attica region was the main reason why the parliamentary opposition called for national elections, which finally took place in January of 2015. In this election, the SYRIZA political



party was the winner. In Figure x there is an obvious and direct relationship between the results of national and local elections.

Graph 5 National and Municipal Elections



Source: Ministry of Interior, compilation by the authors

3.2 The fiscal problem

Looking at the absolute figures for debt, we can distinguish some critical points during the period 2002–2014.

First of all, there was a huge increase in the debt exposure of the municipality in 2003 which is, of course, associated with the preparations for the Olympic Games of 2004. After that, there seems to have been an effort to reduce debt levels, but this effort stopped in 2007, when a substantial increase occurred again.

Leaving aside the slight decrease from 2008 until 2010, the total debt amount remained relatively high, and was never successfully brought back down to the 2002 level.

The year 2011, the first year of the present mayor’s term of office was the starting point for the municipality’s effort to achieve a gradual decrease in total debt. This can be seen in the rightmost column in Figure x showing the percentage movement of total debt from year to year.



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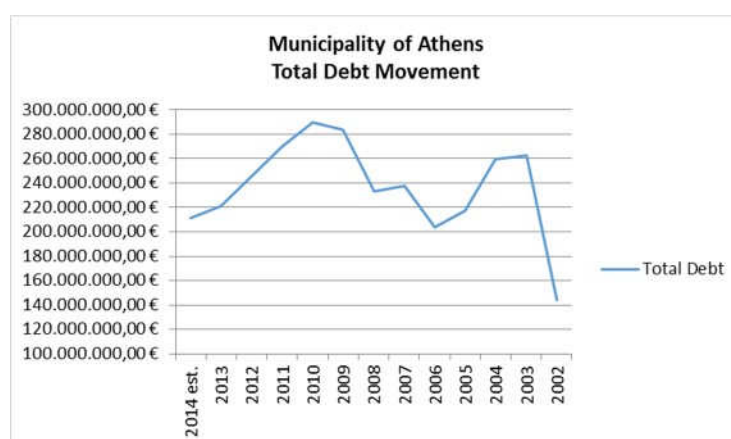
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Table 6 Total Debt Movement

Year	Total debt	Movement based on previous year's figure
2014 est.	€211,577,460.00 €	-4.39%
2013	€221,288,317.20 €	-10.01%
2012	€245,910,801.01 €	-8.86%
2011	€269,807,852.57 €	-6.78%
2010	€289,426,389.60 €	1.93%
2009	€283,948,949.50 €	21.62%
2008	€233,462,819.73 €	-1.85%
2007	€237,857,811.68 €	16.84%
2006	€203,569,692.67 €	-6.50%
2005	€217,715,345.99 €	-16.06%
2004	€259,375,283.80 €	-1.09%
2003	€262,231,794.43 €	82.25%
2002	€143,883,837.55 €	-

Source: Published and audited financial statements of the Municipality of Athens

Graph 6 Total debt movement



The percentage of the “over-indebtedness” of Athens in 2011 (the percentage of debt to annual municipal income) was 52.1 percent. As a result of the implementation of consolidation measures this decreased to 47.3 percent in 2013.

According to Kallikratis criterion 2, the municipality’s total amount of debt should not exceed 60 percent of annual revenues. According to this criterion the fiscal situation substantially improved from 2011 to 2013, because debt was 52 percent of annual revenues in 2011 and by 2013 that figure had dropped to 47.3 percent

Table 7a Debt to annual municipal income 2011–2013

2011	2012	2013
52.1%	58.2%	47.3%

Source: Yiannis Psycharis

Table 7b Total debt per capita (euro/per inhabitant)

2011	2012	2013
406.00	370.00	333.24

Source: Published and audited financial statements of the Municipality of Athens, Hellenic Statistic Authority, compilation by the authors

Another important figure in the financial statements of Municipality of Athens is the debt due to banks.

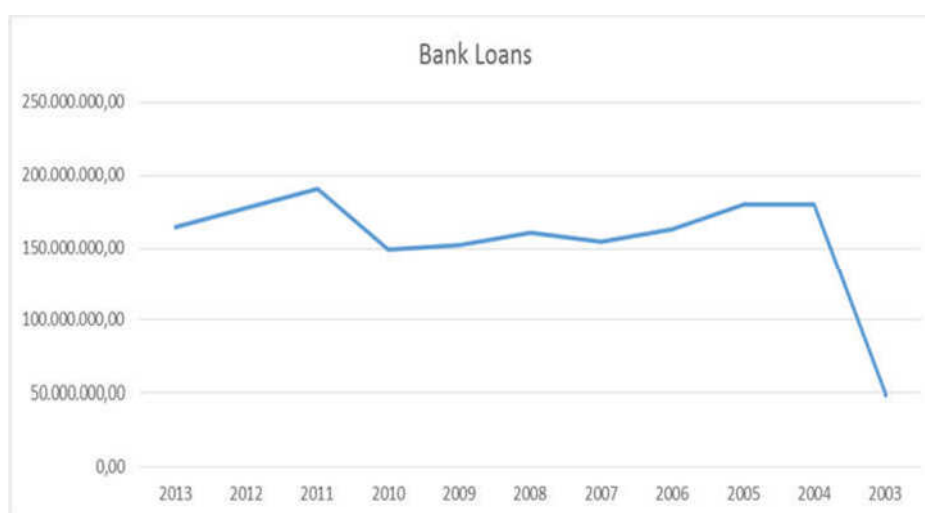
Bank loans constitute the largest figure among the long term liabilities of the Municipality of Athens and hence the largest amount within its total debt. As we can see, the loan debt was minimal in 2002 but since the Olympic Games of 2004 has been on average about €165 million.

Table 8 Bank loans(millions of euros)

2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
150.74	164.93	177.72	190.51	149.57	152.53	161.04	154.54	163.05	180.03	180.03	48.77

Source: Published and audited financial statements of the Municipality of Athens

Graph 7 Bank Loans



The next table shows the amounts for short term liabilities of the Municipality of Athens with “suppliers” being a key figure. Other short term liabilities refer to tax liabilities, the short-term component of long-term liabilities, public insurance liabilities and other creditors (amounts in euros).


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Table 9 Short Term Liabilities

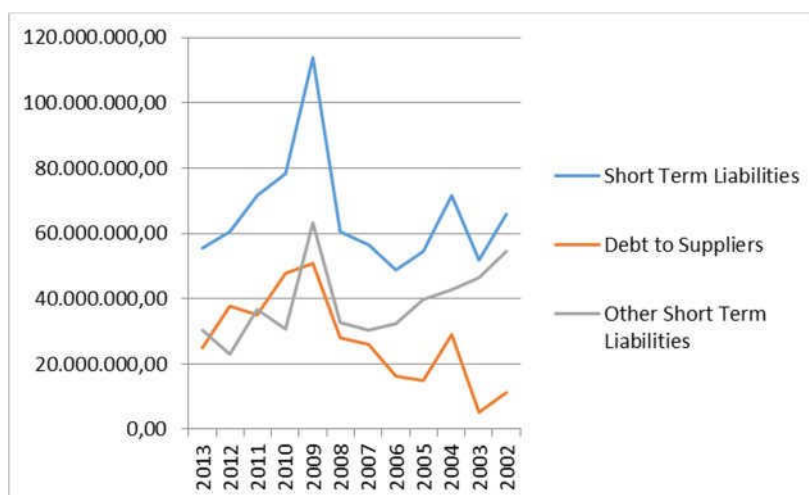
Year	Short Term Liabilities	Debt to Suppliers	Other Short Term Liabilities
2013	55,631,300.45	25,132,979.19	30,498,321.26
2012	60,521,457.76	37,604,618.99	22,916,838.77
2011	71,627,222.26	35,023,926.50	36,603,295.76
2010	78,456,199.13	47,801,576.68	30,654,622.45
2009	113,924,912.87	50,678,189.81	63,246,723.06
2008	60,471,127.22	27,905,967.26	32,565,159.96
2007	56,358,862.18	26,074,247.08	30,284,615.10
2006	48,866,897.01	16,417,283.99	32,449,613.02
2005	54,506,952.83	14,761,829.03	39,745,123.80
2004	71,745,037.46	28,835,034.17	42,910,003.29
2003	51,648,256.04	5,203,449.42	46,444,806.62
2002	65,763.430.48	11,253,112.95	54,510,317.53

Source: Published and audited financial statements of the Municipality of Athens

The worst figures for the total debt to suppliers were again in 2009 with a debt of €51 million and in 2010 with a debt of €48 million. There had been a decrease of 33 percent in debt to suppliers between 2012 –2013, reaching the closing figure for the fiscal year 2013 of €25 million.

All these figures are shown in the next graph. The highest level of short term liability was about €114 million in 2009, while the lowest was about €49 million in 2006.

Graph 8 Shortterm liabilities



Administrative expenses (wages of staff and contributions to social security organizations) were at their maximum level in 2009 following a notable increase from 2008 of almost 32%. Today's administrative expenses are around €109 million. This corresponds to **€164 in administrative expenses (personnel costs) per inhabitant**.



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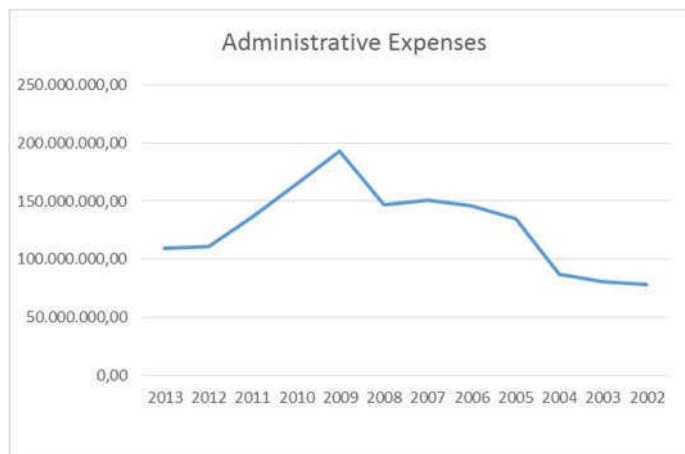
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Table 10 Administrative Expenses (€million)

2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
109.24	110.74	136.31	163.96	192.93	146.33	150.81	145.93	134.91	87.21	80.23	77.76

Source: Published and audited financial statements of the Municipality of Athens

Graph 9 Administrative Expenses



Municipal fees paid through electricity bills are the main source of revenues and constituted on average 42 percent of total municipal revenues for the years 2005 to 2013. The second main source of revenue remains the Central Autonomous Grants which constitute on average 34 percent of total revenues. Finally, the municipality’s own resources (not collected through the bills of the Public Power Corporation – PPC) come third with a rate of 19 percent of total municipal revenues. It is worth mentioning that the municipality’s own resources collected through PPC bills (which constitute the most important share of revenue in Athens) include: municipal cleaning and street lighting fees (Law 25/1975, approx. 60 percent of revenue from this category), the tax on electrified spaces (art. 10 Law 1080/1980) and the “fee” (in reality it should instead be labeled a “tax”) on real estate (Art. 24 Law 2130/1994).

After 2010, the Central Autonomous Grants were decreased substantially and they are now at their lowest level. This is 55 percent less than the 2009 figures.

The next table shows the absolute figures for the main sources of revenue from 2005 to 2013, and Figure x shows revenue-participation rates for each category.


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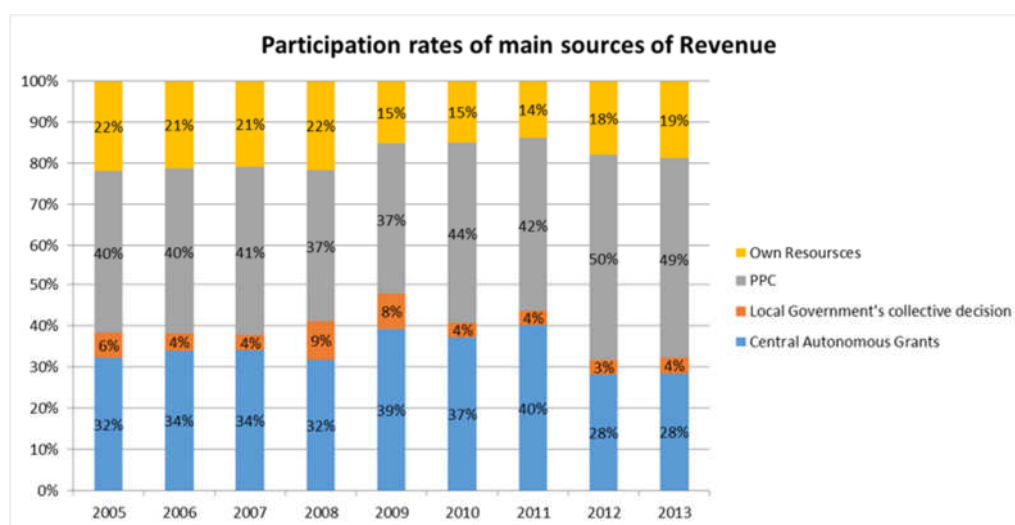
Table 11 Main Sources of Income

Year	Central Autonomous Grants	Local Government's collective decision	PPC	Own Resources	Total Revenues
2005	120.59	23.09	149.17	81.98	374.83
2006	130.48	16.83	155.89	82.23	385.43
2007	134.82	14.49	164.28	82.37	395.96
2008	146.86	43.64	172.60	100.23	463.33
2009	181.44	39.39	172.25	70.44	463.52
2010	143.30	13.50	169.95	58.06	384.81
2011	152.79	13.71	161.99	52.83	381.32
2012	87.87	10.77	157.01	56.14	311.79
2013	87.60	11.73	151.40	58.09	308.82

amounts in million €

Source: Data from the Municipality of Athens

Graph 10 Main Sources of Income



Per **Capita figures in euros** for 2013 (data provided by the Municipality of Athens) were €466 (total revenue per capita), of which €132 came from *General Grants (KAP)*, €18 from *Earmarked Investment Grants (SATA)*, €228 from the municipality's PPC-collected own revenues, and €87 from its own resources (fines, fees, taxes, etc.) collected by municipal services. **This overview reveals that Athens receives a comparatively low share of state grants and relies mostly on its own resources – a situation that is not typical for Greek municipalities.**



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4. Problem Perceptions and Causes

Table 12 Endogenous and Exogenous Causes

Code	Subcode 1	Subcode 2	Subcode 3	
Endogenous causes				56
	Irrational spending			3
	Local Government's dependence on state			7
	Lack of programming and strategy			2
	Lack of control and rules			3
	Operation of municipal enterprises			3
	Loans			5
	Mismanagement of finances			5
	Failure to collect revenues			3
	Municipal operational costs			1
	Personnel costs			4
Exogenous causes				6
	Upper-level government			1
		European level		0
		National/federal level		13
			Bureaucracy	5
		Federal state level		
	Socio-economic conditions			
		Corruption		2
		Extraordinary and non-operating expenses		2
		Financial crisis		8
		Failure to collect municipal taxes		9

4.1 Endogenous Causes

Selected statements of different groups of actors on the problem and the causes² of municipal debt (local politicians from the majority party, institutional actors, opposition, administration, journalists, press and media releases).

² More details in Annex II

Citations from the majority party

- *“There was excessive fat as regards municipal personnel.” (mayor)*
- *“The bureaucracy stems from the lack of confidence in local institutions, the lack of confidence imposes more administration and judicial controls on local authorities, and creates more corruption, more wasted money.” (mayor)*
- *“In the municipality of Athens the practice of favoritism in recruitment had triumphed. Nowadays there is the political “hostage” of hundreds of workers with fixed-term contracts and the municipality was used as a political springboard without any gesture the other way.” (mayor)*
- *“If there had been rudimentary administrative and political accountability the Municipality of Athens would be in much better condition. Resources would be available and there would not be debts to suppliers of €47 million, loans would have been directed to infrastructure and substantial projects, and would not have been spent on useless activities.. (mayor)*
- *“It is infuriating that... (the former mayor) is commenting on the financial management of the Municipality of Athens, who as mayor, increased borrowing by €70 million in just four years. A few weeks before the end of the municipal period he had to take a loan to pay the salaries of employees. He is the same man who was funding the municipal radio station of Athens, 9.84, with €15,300,000 in 2010, in the middle of the crisis, whereas now the radio station is funded with €4.3 million.” (mayor)*
- *“The municipal legal entities did not have double entry systems. You cannot control their overtime payments, their rents.” (mayor)*
- *“In 2011, the Municipality of Athens will draw up its first real budget, because before then the municipal budgets were not usually realistic.” (mayor)*

Citations from the General Secretary

- *“During the years 2004 to 2009, the municipality hired 4,000 employees without following the procedures of the Supreme Council for Civil Personnel Selection (ASEP). It was a means of political patronage.”*
- *“The municipality’s loans were a real headache. There was also an amount of €230 million in uncollectible receivables, which in fact were never collected and a substantial debt to suppliers of almost €50 million.”*
- *“There was no formal procedure for spending money on purchasing materials until 2011. Everyone could buy whatever he or she liked!”*

Citations from the financial consultant

- *“There was excessive spending of millions of euros, due to fake employ overtime and overspending on cleaning materials and vehicles parts. Some employees were thieves as well.”*
- *“Every ‘responsible’ authority has no intention of changing the status quo and always takes minimum action. There is a physical tendency towards ‘nothing’!”*



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- *“Most problems come from misbudgeting; what resources there will be and how much they will be, and where the money will be spent. The loan debt is manageable and is getting better from year to year.”*
- *“There was no distinctive budget line for the loans, in order to monitor their level. Being hidden within a general budget account they eventually disappeared.”*

Citations from the opposition

- *“Studies estimate municipality property at about €360 million. With proper use, this property could provide the conditions for an inflow of extra resources.”*
- *“In 2003, under (former mayor), in full agreement with the key opposition party, the municipality took out two loans for the Olympic Games: one of €150,000,000 from DEXIA Luxembourg and the other €28,450,000 from the Agricultural Bank, guaranteed by the Greek Government. The money was lavished on the great scandal of the Olympic Games, which increased the country’s debt without any benefit for the city or its residents.”*

Citations from the administration

- *“The lack of expertise and the lack of staff lead to expenditure that should not have been made. The municipality’s services that make suggestions for budgeting are used to inflate the numbers for each budget code.” (Chief Financial Officer)*

Citations from journalists

- *“Throughout the last 25 years, seven out of ten traffic fines remain uncollected! An amount of about €90 million is transferred each year to the municipal budget as municipal claims from ‘previous years,’ inflating them but keeping alive patronage and a ‘mechanism of favors’ to debtor citizens.”*
- *“The municipality operated 18 municipal enterprises, many of which served some official’s rich salaries and ‘favors.’”*

Citations from the independent auditors’ report 2009

- *“There is no internal control department and a lack of a unitary financial division, which resulted in untimely and improperly informed accounts of the municipality.”*
- *“There is an accumulation of stocks and spare parts of cars, which largely remain in storage. The result is a substantial loss of funds that could be used more productively”.*
- *“There is a significant amount of uncollected parking fines..*
- *“The previous year’s receivables are collected very slowly.”*

Citations from the media and press releases

- *“The municipality borrowed 25 billion drachmas from the National Bank, which will begin to be repaid by 1998 in 20 quarterly instalments with an interest rate of around 15 percent and with an agreement to postpone the first two instalments of 4.5*

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billion drachmas for 2003, increasing the instalments in the new municipal period.”
(press, year 1997)

- *“According to a report of the municipal cash service, the municipal economic program until the end of 1997 shows a deficit of about 16 billion drachmas.”*
- *“The 2004 municipal budget, although considered more realistic compared with other years, still remains unrealistic because it records significant revenues from previous financial years.”*
- *“At the end of the municipal period (2006–2010) the municipality decided to take a loan from Piraeus Bank with an interest rate of around 7.8 percent and a repayment period of five years, on the basis that the revenues of the municipality from the Central Autonomous Grants and Local Government’s Collective Decision, have fallen by 40 percent and are paid with a delay. In the last 3.5 years the municipality has paid €53 million in repayments and must ‘resort’ to borrowing to repay suppliers who have completed their work in the municipality.”*
- *“Over the last 25 years in the Municipality of Athens, seven in ten fines remain uncollected! An amount of about €90 million is carried forward from year to year as debts from past years, ‘inflating’ budgets, but keeping alive a mechanism of favors.”*
- *“From the first day the new municipal authority has been attempting to find out where €50 million lent by the European Central Investment Bank have been spent. It is a question that the new administration has failed to respond to.”*

4.2 Exogenous causes

Citations from the Majority Party

- *“And we would do a lot more if our hands, the hands of the municipalities, were not tied, if we didn’t have, as a country, the most complex supervision system. If the hundreds of laws, presidential decrees, the thousands of pages of jurisprudence and hundreds of circulars, the outdated legal framework and all this incredible bureaucracy, did not, ultimately, favor the development of corruption, instead of ensuring transparency and removing unjustified and long delays.”* (the mayor)
- *“The population of Athens, on the basis of which the Central Autonomous Grants are determined, is falling, but Athens has needs; the whole country uses its infrastructure”.*
- *“Instead of shielding and strengthening local government, the municipalities, which paid the highest price in the economic crisis, due to the extreme reduction in state grants, are the target of an incomprehensible war, economic and institutional. They are threatened by cuts, and are faced with extreme and autocratic actions which do not entail streamlining and reforms.”* (the mayor)
- *“The reduction of 30 percent in the revenues from municipal fees, due to unpaid electricity bills, is associated with the citizens’ economic hardship.”* (the mayor)
- *“The bankruptcy was the responsibility of particular local elected representatives,*



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complicity of the state's political leadership, audit mechanisms and the considerable tolerance of the citizens. The method is simple: We waste money today and wait for help from the 'deus ex machina.' The help either from the 'generous' hand of the Minister of the Interior, who 'after action' by local members of parliament would provide extraordinary funding, increasing municipal taxes, or waiting for the redemption of the elections and the delivery of the highly indebted municipality to the new mayor. (the mayor)

Citations from the general secretary

- *“The state does not help the municipalities to collect their own revenues, saying “under the table” that if someone owes money to the municipality he/she probably owes it to the state too, so I want the state to collect first and if anything is left over, it can be collected by the municipality.”*

Citations from the financial consultant

- *“We do not know how much money will come from state charity ... such as the revenues from electricity bills receivable.”*
- *“The reduction of state grants is very large ... about 60 percent compared with 2009, 40 percent compared with 2010–2011.”*

Citations from the administration

- *“I would prefer the that the state cut 70 percent of the grants, rather than the municipality being a constant beggar. I prefer to have the ability to receive whatever belongs to me.” (chief financial officer)*

Citations from the opposition

- *“The state wants to control municipalities. The state receives the revenues and distributes them in order to manipulate the mayors.”*
- *“In September 2010 the ‘Kallikratis reform’ cut €54 million from our estimated revenues ‘within a day’. The adjustment could be milder.”*
- *“The municipalities’ debts were created by the reduction of government grants for the responsibilities transferred to them. The state transfers the responsibility, in the beginning the government provides money for a short time, and then says “I do not care!” The State forced us to take out loans.”*

Citations from journalists

- *“The poverty of the state, the hundreds of padlocks in stores and thousands of Athenians unable to pay fees, rents, fines and electricity bills, led to a sharp decline in revenues, four times higher in 2011 than in 2010.”*
- *“Economic distress is ‘drying up’ the funds of the largest municipality in the country.”*
- *“€74 million out of €78 million lost in 2010 were due to cuts in government grants, as a result of the ‘stability program’ and the requirements of the EU/IMF. Only €4 million was lost due to the empty pockets of citizens.”*



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- “The municipality took the loan for the Olympic Games. It was charged to the budget of the Municipality of Athens and not to the general budget of the state. To repay this the municipality was to receive another loan, so that there was a vicious cycle of refinancing.”

Citations from the media and press releases

- “With or without a crisis, in Athens there are always drivers who trust the monster of bureaucracy, hoping that the fines will never find ‘their way’ to their house. From 1984 to 2007 there were €90 million gambling debts from parking fines. We would say that at that time every citizen of Athens represented an unpaid fine!”
- “It is characteristic that €74 million out of €78 million ‘lost’ in 2010 was due to cuts in government grants and only €4 million was lost due to the empty pockets of the citizens of Athens. In the first eight months of 2011 the financial situation in Athens suddenly got worse and of the ‘black hole’ of €28 million €11 million were ‘lost’ due to government cuts, while €17 million were lost due to the economic poverty of the citizens.”
- “‘I will not pay,’ the mayor said yesterday in his own way, referring to the damage of €800,000 caused by the violent events of June 2011. The state must take the responsibility for the cost of the damage. Otherwise, the municipality will take legal action to have the civil liability of the state recognized.”

5. Scope and means of action: Evaluation, performance, impact

Table 13 Implemented and proposed means codes and number of codes

Parent code	Code	All coded segments	All coded segments %	Documents
Means	New loans	3	0.66	3
	Rationalization of cost categories	7	1.55	6
	Utilization of municipal assets	3	0.66	3
	Merging municipal enterprises	4	0.88	4



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	Management of personnel	3	0.66	3
	Maintaining social service	1	0.22	1
	Utilization of EU funds	16	3.54	16
	Management reforms	9	1.99	8
	Revenues increase	5	1.11	4
	Cutbacks	23	5.09	17

Selected statements of different groups of actors assessing the measures³ implemented, their effects and impact (local politicians of the majority party, institutional actors, opposition, administration, journalists, press releases, media)

The municipality has managed to reach an operational surplus and service its debts to banks and suppliers, despite 60 percent reductions in state funding since 2009.

According to interviews with the mayor, the general secretary, the financial consultant and the chief financial officer, the main consolidation measures adopted by the municipality were on its own initiative and not as a result of the state's enforcement. The municipal authority emphasized the reduction of operating expenses, the cutting of excessive spending on materials and supplies, and the collection of receivables. Additionally, there was a reduction in the number of legal entities without this being imposed by related regulations (unlike other similar cases).

As regards the reduction in personnel, we can see that despite the fact that it was a basic municipal target which came as a result of regulations, retirements, fixed term contracts which ended and were not renewed and, of course, the elimination of the municipality's police department. Only in the case of the municipal radio station 9.84 was the personnel reduction an initiative by the mayor. In the other municipal legal entities their rationalization ("structure simplification") was not accompanied by personnel reductions and wages costs remained unchanged. According to the mayor the reduction in municipal personnel was imposed by the state without assessment. This situation deprived the municipality of capable and experienced staff and inflicted harm on the municipality.

There was also a significant reduction in municipal grants for its legal entities. However, according to the mayor's financial consultant the reduction was not a result of the rationalization of expenditures but corresponded with the general reduction of the municipality's resources, cutbacks in salaries, restriction of overtime payments, etc.



The majority party and the municipality's institutional actors say that the reductions in state grants and the repayment of loans did not lead to reductions in social services. The counterweight was the mayor's successful use of European grants (ESPA), while all infrastructure projects were also financed by European grants.

Reductions in excessive spending in contributory services led to a small reduction in related fees, but the strict legislative framework prohibits the use of those fees in other fields where they would be more useful and effective. The same problem can be seen with the European Union Resources, which can only be spent in certain fields.

Furthermore, the municipality is unable to collect its receivables regularly. There is no place for economic programming and autonomy, since the reduction in Central Autonomous Grants leads the municipality to concentrate on covering its fixed expenditures such as wages and debt, which become its main and only focus. Thus, while the municipal authority regards the state's interventions in the rationalization of municipal finances, such as the monitoring of the budget through the Observatory, positively, it notes that the implementation of many of these consolidation measures leads to more bureaucracy, because they are not associated with a flexible monitoring system that gives incentives for municipalities to continue streamlining.

The mayor severely criticizes the consolidation measures imposed by the state, considering that no proper preparation and assessment of their implementation had been carried out and that there was no prevention of repercussions. This affected the viability and quality of municipal services, eventually increasing the cost.

As a result, the municipality's austerity measures seem to have been forced on it by the reduction in Central Autonomous Grants, in order to cover the fiscal gap, but we can also see that the municipality used this situation as an opportunity and took its own initiatives, without relying solely on Central Autonomous Grants. The municipal authority emphasized the collectability of its receivables, and implemented rational and sustainable management of municipal finances and a significant restructuring of the administration.

On the other hand, the Opposition states that the austerity measures were imposed by the "Troika" and argues that the loans' refinancing by the Consignment Deposits and Loans Fund (CDLF), which is under Central Government control, leads to a vicious cycle because it charges a very high lending interest rate, as happened for the refinancing of the loan which has been used to finance projects related to the Olympic Games (which were the central state's responsibility). The reduction of Central Autonomous Grants, which originate from the public's tax payments, also leads to double taxation of citizens through the increase of municipal fees. The opposition also criticized the municipality for blocking "tax clearance" of citizens with a debt to the municipality of over €1,000. Finally, it is the view of the opposition that measures such as the scrutiny and close monitoring of municipal budgets by the state lead to the elimination of local government autonomy.



Finally, the press emphasizes the mayor’s success in rationalizing the municipality’s expenditures, without repercussions for social policy, but also states that the debt refinancing leads to a vicious cycle of debt.

6. Public discussion/debate

Table 14 Public discussion/debate – codes and number of codes

Code	Documents	All coded segments	All coded segments %	Actor group	Position	Opposition/ majority	Party
Journalist	76	76	16.81				
Anoixti Poli	4	4	0.88	Local party		Minority	Left
Kontostathakou Eva	1	1	0.22	Local politicians	Vice mayor	Majority	Centre / Left
Kaminis Giorgos	14	14	3.10	Local politicians	Mayor	Majority	Centre / Left
Kaklamanis Nikitas	8	8	1.77	Local politicians	Former mayor	Majority	Right
Vafeiadis Nikos	7	8	1.77	Local politicians	Former deputy mayor	Majority	Right
Bakogianni Dora	3	4	0.88	Local politicians	Former mayor	Majority	Right
Skilakakis Theodoros	2	2	0.44	Local politicians	Former deputy mayor	Majority	Right
Avramopoulos Dimitrios	1	1	0.22	Local politicians	Former mayor	Majority	Right

Citations from the Mayor

- “Our budget is online in real time.”
- “We failed to achieve real participation. There was pressure of time and we did not pursue it as we should have.”



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Citations from the general secretary

- “The budget operation of the municipality is online in real time. Right now everyone can read about the Varvakeio market: For example, I have registered €906,000 in revenues (municipal claims for receivable revenues), and I have received only €222,000.”

Citations from the administration

- “The municipality of Athens – as the municipality of the capital or the largest municipality in the country – often receives great publicity. It is a ‘politicized’ municipality.”
- “The economic figures, as reflected in the balance sheet and income statement, are discussed by law at a special meeting of municipal council.” (chief financial officer)

Citations from the opposition

- “There is great publicity of municipal issues, especially due to the economic crisis.”
- “Some facts receive great publicity such as the closure of the town hall, the abolition of the municipal police and the dismissal of school guards.”

Citations from journalists

- “In the beginning of ...(present mayor) government there was a primary dialogue on all budget issues through the media. In this period of 2011 the M mayor had to face the ‘hot potato’. In the election period each candidate revealed his or her aspirations and analyzed the financial issues. During the municipal election period the public discovered that the debts were not only a problem of the state but also of municipalities.”

7. Political system: Input, throughput and output legitimacy, political culture, knowledge, leadership

The following section focuses on the local political system and our interpretation of how local actors take decisions and implement actions involving fiscal consolidation measures in Athens. On the basis of various sources (qualitative evaluation of different actors’ perceptions, behaviors and logic), we analyze the main features of legitimacy and transparency,⁴ the political culture and policy style,⁵ as well as the knowledge⁶ and leadership⁷ styles prevailing in the urban context of Athens.

7.1 Input legitimacy

The degree of input legitimacy in Athens corresponds to the main variables: a) the involvement of the council and the influence of the opposition and the councilors in the decision making process and b) the activation of deliberative bodies (such as economic and consultation committees) and the influence of societal groups.



Because of the rigorous economic monitoring by the central government, decisions of the city council regarding the financial affairs of the municipality are prescribed by law and the instructions of the ministries. For this reason, the finance department of the municipality is responsible, because of its expert and managerial knowledge, for making relevant suggestions and then the political leadership and the city council, decide. In any case, the financial departments implement the policy of the mayor and raise objections against the non-implementation of the institutional framework and in connection with legal issues.

In particular, in the municipality of Athens input legitimacy is high. All councilors are informed about the financial situation of the municipality and measures specified by the state have to be implemented.

The councilors have confidence in the financial department of the municipality and the disagreements expressed are not intended to dispute the correctness of municipal decisions but to express their political disagreements due to the different policies they represent.

Consolidation measures adopted by the municipal authority on its own initiative have been predefined, in principle, by a narrow core of members (mayor, secretary general, financial counselor and administration) and then they are voted on by a majority after a public discussion in the municipal council or in the press or media. Although the majority municipal faction is inclusive and despite disagreements which may be expressed, councilors eventually fall into line with the mayor.

“As regards financial themes, the mayor listened to the proposals of financial services and did what was possible to implement them. In making decisions, first the financial services make proposals, and then the political leadership decides. In any case, there is always the mayor’s vision.

The decision-making system is mixed, a combination of the mayor’s vision and the participation of municipal advisers. In this municipal period the personal influence of each municipal councilor is non-existent.” (chief financial officer)

In the Municipal council a conflicting political culture prevails, but in some cases after intense pressure the opposition tolerates and facilitates decision making in the council in crucial decisions, indirectly recognizing the correctness of the majority’s choices.

“As regards financial issues in the municipal council there is controversy only for political reasons. Municipal councilors have full confidence in the recommendations of the finance department.” (chief financial officer)

⁴ More details in Annex IV ⁵

More details in Annex V ⁶

More details in Annex VI

⁷ More details in Annex VII



The municipal authority involves all municipal statutory bodies in decision making. It makes a particular effort to establish the institution of the “consultative committee,” which is a deliberative body introduced by the “Kallikratis” law and consists of representatives from social and economic local bodies. Despite the efforts of the municipality to build up the institution, its function was problematic as a result not of municipal actions but of the reluctance of citizens and the lack of political culture to express their views collectively through a statutory body.

Throughput legitimacy

The degree of throughput legitimacy of the consolidation policy in Athens has been assessed by two variables. The first variable involves the transparency, the fairness and the accountability of local decisions concerning the means of fiscal consolidation, including the justification of local choices in the representative and deliberative bodies. The second variable concerns the open access and uncensored flow of information to the public (communication strategy of the municipality) and the role of the press (publicity).

In the case of Athens, transparency and accountability are high. Because of the wide publicity given to the largest municipality in the country, the knowledge of both citizens and councilors of the municipal financial situation and the causes that brought the situation about since the outbreak of the financial crisis in 2009, ... , does not allow opacity and secrecy. The new municipal authority, because of the large deficits it had to face, faithfully followed the consolidation measures imposed by the state. In this effort it had the support of both the majority party and the citizens who demanded financial reorganization of the municipality. The municipal majority, despite the fact that it was a catch-all union of different ideological groups, always supported the mayor, and for that reason he did not seek wider collaboration with other municipal factions.

Unfortunately, the municipal opposition parties remained loyal to their strict party political principles which undermine the consensus.

“All (the opposition) understood the difficulties, but they did not vote for the budget. However, they voted for specific fiscal consolidation measures because they know that we run them well.” (the mayor)

The municipal authority has used broad coalitions with civil society to support its social actions, and while streamlining municipal expenditure managed not to increase council fees, all of which satisfied the citizens. In parallel, it rationalized the municipal organization structure in consultation with employee representatives. Moreover, it invested in the transparency of municipal finances. The municipality of Athens has created an application on its website "www.cityofathens" allowing anyone to monitor the implementation of the budget, on a budget code basis, along with related statistics. In order to combat bureaucracy, it created civil service points, with electronic transactions, in order to fight corruption and delay.

Regarding the open access of the consolidation measures to the public, the municipality,



publicizing the bad practices that the previous municipal authority had followed, especially in the fields of hiring surplus employees with fixed-term contracts and wasteful grants to municipal enterprises, and managed to communicate the new financial changes to the citizens effectively. In his public relations with the media and the press the mayor presented his profile of conforming with legal statutes, impartiality and consensus, also mentioning his previous successful post as ombudsman. The media, based on the mayor's characteristics just mentioned, found a new style of politician who has no political dependencies.

Despite the substantial municipal efforts in the field of social policy, the municipality failed to communicate its social work as effectively as it did with the implementation of economic consolidation measures. This outcome was contributed to by the great needs of an unprecedented humanitarian crisis experienced by the citizens of Athens due to the economic crisis, a humanitarian crisis whose weight was too great for the municipality of Athens to bear on its own.

Output legitimacy

Output legitimacy reflects the degree of effectiveness of the consolidation goals that were imposed, the measures of local economic development, the social policy measures and the broader framework of the “Kallikratis” reform.

Following the consolidation measures imposed by the state the municipal authority managed to reduce its loan debt, its debt to suppliers and its total debt, not only avoiding the creation of new deficits but also achieving an accounting surplus. The municipality has also introduced its own initiatives to streamline municipal administrative organization, reducing the number of organizational units, merging municipal legal entities, although this was not mandatory by law, as there was no amalgamation with another municipality, and limiting grants to municipal legal entities. The municipality also significantly reduced its staff numbers, deciding not to renew fixed-term contracts that expired.

At the same time, the municipal authority has effectively gained the support of the European Funds for the Implementation of Developmental Policy (it succeeded in obtaining financing of €120 million from the ERDF and the ESF to implement the operational program “Project Athena” for the period 2012–2020), and secured resources, donations and sponsorships to strengthen its social work and activities (such as social market, social pharmacy, the programs “solidarity to family,” “social housing,” “help at home,” etc.). The municipal authority developed better functioning of the “Welcoming and Solidarity Center” in order to help more people in need, and set up the “hub of mutual help by citizens” for immediate collection of food and basic needs from the citizens. In order to motivate the civil society's volunteer activity the authority set up the portal www.synathina.gr, which helps the citizens to organize their common beneficial actions for the city. The mayor aims to attract new donations and sponsorships at an integrated level, and believes that he has convinced the people that the municipality has “clear” management.



7.2 Political culture

In the municipality of Athens, despite the fact that the mayoral caucus was all-inclusive, the mayor's choices prevailed. Decision-making in the city council is confrontational and only in exceptional cases is there a consensus, which is achieved with difficulty. For example, on the question of refinancing the loan from the Agricultural Bank the opposition agreed only after intense pressure, although it had suggested the same thing in the previous period when it had formed the majority. Especially consolidation measures are discussed in the municipal council but decided by the majority.

Of course, there is the perception on the part of the administration that the antagonistic relationship between the parties of the majority and the minority are feigned for political reasons. The municipality of Athens is visible nationally as an arena of party competition and rhetoric polarization. The "plague of being the capital city" highlights party symbolism and impedes consensus on local policies.

Relations between the municipal administration and the mayor's consultants are not confrontational, but energy is wasted when officials can receive orders from different people participating in the broader political leadership of the municipality. The Municipal Finance Services supported and implemented the consolidation measures, but in drawing up the budget they failed to make rational proposals to the local politicians to assist the municipality in drawing up a realistic budget. Moreover, the municipal services are not motivated, on their own, to make proposals that help the municipality to overcome its problems (wastage, collection of receivables, etc).

According to the journalists, during the term of office of the former mayor the majority party showed solidarity in making decisions, whereas during the term of office of the present mayor (2011 onwards) there have been disagreements, as a result of the fact that his ruling caucus is a catch-all union of different ideological groups.

8. Municipality of Athens. Social cohesion, social policy, economic development: New actions, innovation

The municipality of Athens has different "faces" expressed from heterogeneous different actions which all take place in the city of Athens: on the one hand, there are actions aiming to promote entrepreneurship networking, on the other hand several actions take place aiming to confront poverty and finally there are also some actions aiming to face inequality and to promote freedom and collaboration.

According to some actors, in the field of economic actions, in the city of Athens innovative actions take place and are run mainly by Innovathens. Innovathens acts as a platform and provides networking and its buildings for new initiatives. First of all networking is provided which, according to the Director of Innovathens, "today, networking is the most expensive and scarce commodity in the needs of modern business." Furthermore, infrastructure is



sponsored by Samsung which has all the necessary technical equipment. Innovathens has structures and has a team that organizes all these and networking. It has many dimensions: Namely, it brings universities together with companies and researchers, invites foreign researchers, and organizes festivals.

In the field of social cohesion there are actions both from the municipality and from individuals. The municipality organizes actions in order to confront poverty; in some cases such actions run in collaboration with NGOs or/and Solidarity Now-Athens. At the same time, in the city of Athens informal structures exist and several dynamic groups of people organize many different initiatives aiming to promote freedom, or to face inequality and poverty.

Some actors pointed out that the actions run by the municipality, Solidarity Now and NGOs, as well as some of the individual initiatives, came up in order to face the increasing needs resulted by the Memorandum measures. This is the case for the 'Athens Homeless Shelter' run by the municipality of Athens and for the 'Social Self-Organized Structure of Health in Exarcheia' (ADYE) run by the neighbours of Exarcheia. According to the actors, the 'Athens Homeless Shelter' had to develop its actions in order to serve the needs of a broader amount of people who are in need because of the austerity measures implemented since 2010. At the same time the 'Social Self-Organized Structure of Health in Exarcheia' (ADYE) came up in order to serve the needs that the national health care system was unable to serve, for since 2010 there were several people who do not have access to the national health care system, because they are unemployed and as a result do not have health insurance.

Moreover, nowadays, between the municipality of Athens, Solidarity Now and other NGOs a co-ordination has begun. According to some actors this co-ordination is innovative, because similar actions were detached from each other until recently; however, nowadays they run together, the actors of these organisations exchange their knowledge and are able to coordinate their actions avoiding overlaps.

Parallel to these actions, self-organised initiatives take place in Athens not because of the recent economic crisis; such actions have begun by individuals several years ago, aiming to organize cultural and political actions which bring together several members of the community. For example, these actions are organised by 'Nosotros' in Exarcheia. Their innovative aspect is that they do not adopt a philosophy of 'charity', but they do promote 'mutuality' and a 'collaborative' way of life. These actions did not come up because of the economic pressure of the Greek financial crisis, but they were created as an initiative which was seeking to bring in the Greek society something alternative, criticizing since ages consumer societies that are totally dependent on the currency, loans and charity. Such initiatives do not aim to run kitchen soups, or charity events. Such actions, rather than that, aim to promote freedom, collaboration and an alternative way of life which is detached by materialistic societies, organising actions based on "exchange" services.

Nevertheless, some actors point out that the collaboration between the municipality and the self-organised initiatives of the people, still, does not exist; in some cases, the inhabitants-



actors of the city of Athens share the view that the actions run by the municipality do not meet the real needs of the residents, and there is no deliberation among the inhabitants and the decision-makers of the municipality. More than that in some cases the municipality put barriers in some of the initiatives organized by the individuals, confirming that, in some cases, the municipality is unable to strike a fair balance between the interests of the local community as a whole and the interests of the municipality (institution).

According to the actors interviewed, there are five main new actions in relation to social cohesion: 1. City of Athens Homeless Shelter (KYADA), 2. Athens municipality’s Citizen’s Mutual Help Center (phone: 15422), Social Pharmacy and Social Grocery, 3. During the cold weather/exceptional weather conditions, a 24-hours service for homeless people (phone: 1595), 4. Collaboration between the municipality of Athens and Arsis, Praksis, and Solidarity Now. According to the most of the people interviewed, the actions run by the Athens Municipality and related to poverty and homeless people have a relatively new form, but these actions cannot be characterised as innovative.

Some of the actors interviewed share the view that, in the field of economic development there are several innovative actions in Innovathens. In the field of social cohesion, according to some of the actors, the innovative actions are mainly the following: 1. “Open schools” run by the Athens Municipality, 2. A mobile school run by the NGO ARSIS, 3. Self-organization of citizens, 4. Actions in abandoned urban spaces. In these terms, one of the main innovative actions in the field of social cohesion in Athens is the Navarinou Park in Exarcheia; it was “built” in 2009 as a citizens’ initiative despite the fact that the action faced obstacles imposed by the municipality of Athens. Other innovative actions in Athens related to social cohesion are the self-organised structures of health, such as self-organised structures of health in Exarcheia, the Drakopoulou Freehold (since 2009), the self-organised park in Kuprou and Patision Street (since 2009).

Actor	Segment	Document group
Interview 1	“Innovathens has many dimensions; for example, it organizes festivals like the signs festival that took place last week and had 30,000 visitors, 180 bodies which presented technological advances in everyday life and six to seven world-class speakers, and generally gave a boost to the city around the issue that, to put it in simple words, is the only prospect for a young person to find work.”	Interview
Interview 1	“All these actors had never met each other. The 4 ‘Innovation Divisions’ of the Universities had never sat at the same table. In Greece it is very difficult for entrepreneurs to meet researchers and for researchers to meet entrepreneurs. Needless to say, it is equally difficult for young people to have access to entrepreneurs and	Interview

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	researchers.”	
Interview 2	“We (Innovathens) are operating at the moment mainly under the sponsorship of Samsung and are seeking other sponsors to support two business acceleration cycles.”	Interview
Interview 3	“In fact, the memorandum measures affected all citizens, and especially the weaker ones who currently come to us asking for help.”	Interview
Interview 3	<p>“The institution was founded in 2005 by the name City of Athens Homeless’ Reception Centre since its main purpose at the beginning was to care for the homeless population of the city.</p> <p>As time went by though, its services spread also to our fellow people who may not be homeless but lack the sources to cope with everyday life.</p> <p>Thus, in 2010, it was renamed to City of Athens Reception and Solidarity Centre.</p> <p>In the meantime we started developing quite a few programmes to support our beneficiaries (today we support more than 26000 people). One of them was the very successful –while it lasted- “Social Grocery Store” which started in 2007 in collaboration with the company Marinopoulos S.A. (a supermarket chain) which unfortunately ended in 2016 due to the company’s financial collapse. Of course through time we have been developing lots of other programmes that allow us to keep aiding these people.”</p>	Interview
Interview 3	“At the City of Athens Solidarity Hub, which is our main structure, amongst other services (Social Pharmacy, Grocery, Social Laundry etc) we also run a “boutique” for women, men and children. The Solidarity Hub is an exemplary structure that works with a priority system, logistics and a well-organized database and causes the admiration of everyone visiting it.”	Interview
Interview 4	“Our strategy is to involve NGOs, government agencies, the municipality, to produce a strategic result. Because we believe that this is the way we will respond and will stand in the economic crisis; we do not want to provide piecemeal actions that can be destroyed from one day to another. All that is in our strategic plan, so the involvement in one action of more and more players and the municipality’s involvement of course, is a key strategy for us, so yes we cooperate.”	Interview



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Interview 4	“The creation of the City of Athens Solidarity Center is an innovative action. It has characteristics that are hard to find, even in other European countries. Namely, it is housed in the same building municipal services, there are NGOs on the same floor; and there is also a state service – the Asylum Service is housed in the next room to us. This does not generally exist, namely municipal services and purely state services and agencies belonging to the Ministry of Justice and NGOs being housed all together in the same building. ... Its innovative aspect is that they are working together under the same roof, with the same purpose.”	Interview
Interview 5	“There is the action ‘Open Schools’... which is something very innovative and run by the municipality of Athens.”	Interview
Interview 5	“We are collaborating with the Athens municipality work in this field. The municipality of Athens with ARSIS and various other organizations participate in two networks. One network is the Network for the Right to Housing and the House, so we talk about homelessness, and the other network is fighting against poverty.”	Interview
Interview 5	“(The new social policies of the Athens Municipality) are not only food programs, but also programs for helping people who are suffering poverty or are homeless.”	Interview
Interview 5	“We started the ‘mobile school’ in Thessaloniki and brought it to Athens. ... The group that works in mobile school is trained in Belgium by the institution that has established and created the mobile school ... in Belgium there is a group called ‘Mobile School’ who has invented and created this action.”	Interview
Interview 6	“I think what is innovative is the self-organization of citizens at this time. [...] There are plenty of activities in Athens nowadays. [...] There are immigrants hubs, there are movements for providing health services to immigrants, there are self-regulated occupations that house immigrants, there are self-organized places that offer free lessons, there are several self-organized dispensaries – not only the Social Self-Organized Structure of Health in Exarcheia. I think that a highly innovative action is ASYRMATOS with the self-organized conservatory.”	Interview
Interview 7	“In Navarinou Park, the municipality of Athens not only did not help, but it was the other way round. [...] As in Park Cyprus and Patision the municipality opposed that action. At that time in Athens there was another mayor; it does not matter. [...] finally, the Navarinou Park and the Park in Cyprus and Patision, were not turned into parking space the way they were originally planned. [...] I mean that sometimes there is no interaction with the residents in	Interview



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	decisions taken by municipalities. Again, I want to point out that I am not particularly referring to the current mayor, or to anyone else in particular. This is a pathogenesis in general and is a pity [...] because structures such as municipalities, i.e., the local government, there could be a greater cooperation with the residents.”	
Interview 7	“There are several actions, e.g. in Drakopoulou freehold [...] a lot. If you search in Google you will find them. You will find specific information. Namely, there are citizens who take difference with the plans of some municipalities; I am not referring exclusively to the municipality of Athens. There are several such actions in other areas too. [...] For example, in Chalandri, in Vironas, in Lampidona [...] there are several.”	Interview
Journalist	“The Initiative Committee of Residents of Exarchia, which has been engaged in this area for one-and-a-half years, informed the neighbourhood, the citizens were mobilized and immediately sought the conversion of the land into high green space. On March 7, 2009 with the collective group ‘We, here and now, and for all of us,’ is organizing an event where people, enthusiastic and dynamic supporters, united. They occupied the space and demanded the obvious; the parking lot should become a park! [...] bringing trucks with soil, planting trees and flowers, and celebrating. The response and the dynamics of the people was beyond any expectation and the park was born.”	Web Blog: https://parkingparko.espivblogs.net/about/
1	Konstantinos Bitzanis	CEO of Technopolis. Innovathens, April 2016
2	Antonis Oikonomou,	Manager of Innovathens, April 2016
3	Eleni Katsouli	President of City of Athens Homeless Shelter, April 2016
4	Georgios Karagiannis	Coordinator of Solidarity Now, April 2016
5	Argiro Dimopoulou	Sociologist, NGO Arsis, April 2016
6	Member of the Social Self-Organized Structure of Health in Exarcheia (ADYE)	April 2016
7	Member of the self-managed initiative “Nosotros” Social Centre	April 2016

9. Conclusions

The central government imposed on municipalities strict financial rules in order to control the implementation of the budgets of the municipalities. These measures are welcomed, but need to be complemented by extending the capacity of municipalities to collect their receivables and establish their own income.

There are separate views between majority and minority parties on the causes of the financial crisis, as the party of the majority focuses on endogenous causes, while the minority (and partly identifying with the former leadership of the municipality during the period of debt growth) focuses on external causes.

The reduction of operating costs and excessive spending, as well as the reduction of personnel through retirements and termination of temporary employment contracts were certainly a result of cuts in state funding, and were imposed as part of central government policies. Another unwelcome incentive was the inability to collect receivables (overdue claims of the municipality), but it should also be the result of targeted cost-cutting.

Radical cutting of expenses was the main tool used by the municipal authority to deal with the problem. This policy must be strengthened by making better use of human resources, more aggressively applying for state grants and intensive use of municipal property.

In particular, from 2002 onwards it has been obvious that operational expenditures of the municipality cannot be covered by its own revenues. Therefore, a reduction of other operating expenditures which do not have a developmental character (reduction in consumables, supplies) is needed. The municipality is obliged to seek grants from the state to address the costs associated with the metropolitan character of the municipality and the fact that it is the country's capital. Moreover, the municipality has to harness innovative ideas for more efficient use of private assets (real estate, equities).

10. Micro-level policy recommendations

- The ruling caucus must achieve consensus with the minority parties, publicizing to the citizens the problems and the proposed solutions. The participation of the citizens in the decision-making system will increase the accountability and responsibility of all elected municipal officeholders.
- All municipal actors should make considerable attempts to enhance local democracy through public debate and more open and more transparent decision-making procedures.
- To take the societal groups' interests seriously: Deliberation between societal groups and municipalities before the implementation of measures that directly affect the local society (e.g. measures related to urban spaces).



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- Municipal staff should be used more efficiently. In addition to municipal leaders staff must be trained to understand the municipality's goals in order to achieve them.
- Municipal financial consolidation requires efficient prioritization of operating costs and cutting of wastage.
- Strategic planning of the municipal budget is required, that is realistic and learns from the problems and weaknesses of budgets in previous years.
- There is a need for a better documentation of the duties of deputy mayors and better cooperation with municipal managers.
- The municipality needs to become a more outward-looking organization. The mayor should communicate the work to the citizens and mobilize them on a volunteer basis with social bonuses.

11. Macro-level policy recommendations

- The central government must⁸ deliver the resources allocated to local governments in a timely manner, so that municipalities can make reliable estimates of their income and formulate their own plans.
- The central government needs to diversify the means of stabilization, depending on the size of the municipality, the needs and the degree of fiscal adjustment.
- The central government should provide incentives to the municipalities, such as the reducing of austerity measures when the municipality achieves its short-term and medium-term objectives.
- The transfer of responsibilities to local governments must be accompanied by sustainable resources in perpetuity.

⁸ Local actors' macro-level policy recommendations in Annex VIII.

ANNEX I

After the reorganization of the Municipality of Athens, the General Directorate of Finance is composed of four directorates:

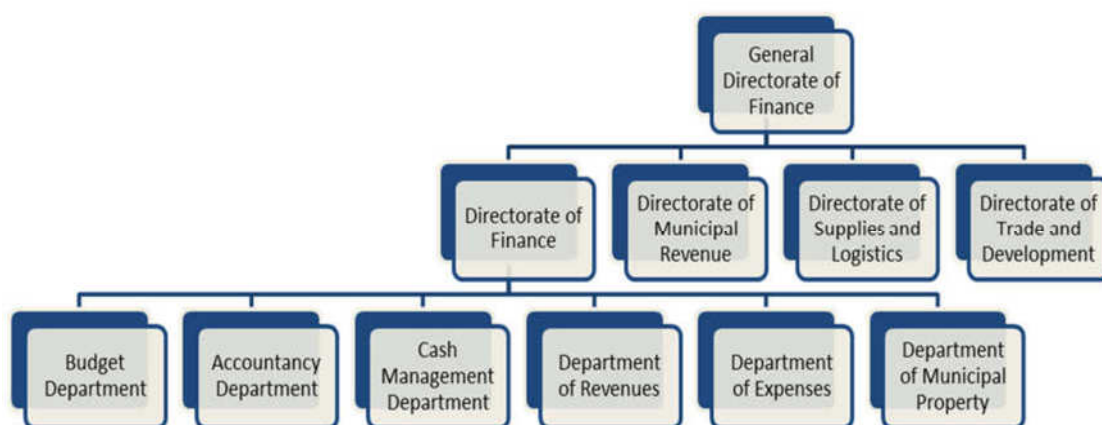
The Directorate of Finance,

The Directorate of Municipal Revenue,

The Directorate of Supplies and Logistics,

The Directorate for Trade and Development

The Department of Finance, which is the heart of the financial management of the municipality, is composed of six departments:



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