

# **Thermi municipality case report**

## **Maria-Artemis Kolliniati**

**November 2016**

REPOS 2

### **Contents**

1. Introduction	2
2. Socioeconomic features of the municipality of Thermi	4
3. Municipality of Thermi: Political leadership and the fiscal problem	6
4. Problem Perceptions and Causes	7
5. Scope and means of action: Evaluation, performance, impact	10
6. Public debate	15
7. Political system: Legitimacy and transparency, political culture, policy style, knowledge, leadership	18
8 Social cohesion, social policy, economic development: New actions, innovation	19
9. Conclusions	22
10. Policy recommendations	23
References I	24
References II	26
Figures	27
Tables	27

## 1. Introduction

The Thermi case study report gives a provisional summary of the main discourse which derives from the empirical findings on the challenges faced by the municipality of Thermi, as well as describing the new actions which have taken place both in the field of social cohesion and the field of economic development. This case study was selected as an example of a municipality which, as opposed to the other REPOS case studies, is not categorized among the heavily-indebted municipalities and is also a municipality which was amalgamated with the former Mikra Municipality and Vasilikon Municipality, under Law 3852/2010 (Kallikratis program). In 2011, Thermi was not burdened with severe debt as a municipality, which means that it does not number among the so-called “red” municipalities. Thus, the decision was made to scrutinize the extent to which the fiscal and social policies of a municipality which in principle is not facing fiscal challenges have been affected by other exogenous or endogenous causes and what actions have been taken to address challenges of this kind. Moreover, I selected Thermi as an example of a “Kallikratis” municipality, a municipality which has been affected by exogenous causes, i.e. national legislation, directly. The report is based on four types of sources:

- i. statistical data of the Hellenic National Statistical Authority and the Ministry of the Interior, concerning the socioeconomic and political context of the city,
- ii. primary sources of review in annual reports, balance sheets and budgets (2011-2013),
- iii. nine interviews with local actors from the Thermi Municipality (period of interviews: May 2016). The actors interviewed are: 1 Mayor, 2 Secretary General, 3 Deputy Mayor for Finance, 4 Municipal Councilor-Leader of “Citizens’ intervention of Thermi Municipality”, 5 Municipal Councilor-“Citizens’ intervention of Thermi Municipality”, 6 Municipal Councilor-Leader of “Laiki Syspirosi”, 7 Volunteer in the Social Dispensary in Thermi, 8 President of the Social Welfare Centers - Care & Preschool, 9 Journalist-“Thermis Dromena” local newspaper.
- iv. A total of 105 texts from the local press, the national press, the Master Plan of Thessaloniki, documents from administration and interest groups, party manifestos and council minutes, KEDE minutes, the MTFS report on the draft law “Medium Term Fiscal Strategy Framework 2012-2015” (June 2011), the explanatory report on the draft law “Medium Term Fiscal Strategy Framework 2013-2016” (October 2012), Law 3852/2010 (“Kallikratis program”), Law 4093/2012, 12-11-2012/ΦΕΚ 222 (Approval of Midterm Fiscal Strategy Framework 2013-2016), and academic studies, for the period 2011-2013.

I used the MAXQDA software for organizing and classifying the nine interviews and 105 documents.

The theoretical framework of this study is based on the ‘actor-centered institutionalism’ as it has been approached by Scharpf and Mayntz<sup>1</sup> and the interpretative approach. From the perspective of ‘actor-centered institutionalism’, fiscal policies and local choices are affected

---

<sup>1</sup> See Mayntz and Scharpf 1995, Scharpf 2000.

by institutional factors, non-institutional and actor-centered factors. In our study, the non-institutional factors refer mainly to socio-economic features and the political culture of the municipalities. Institutions refer mainly to 'rules'; in these terms, 'rules' without firmly specifying the actors' actions, they "enable or restrict" their leeway.<sup>2</sup> The actors-centered features concern individual actors such as mayors, municipal councilors and administrators on the one hand, and complex actors such as supervisory authorities and municipal enterprises.<sup>3</sup> Actors' actions are guided by their skills, such as their knowledge, and at the same time how they use such skills is affected by their orientations. In 'actor-centered institutionalism' approach, actor's orientation is classified into preferences on the one hand and problem perceptions or cognitive orientations on the other hand. This study focuses on the problem perceptions, namely how actors explain and define political problems and how they evaluate the impact of actions.<sup>4</sup>

However, opposed to 'actor-centered institutionalism', this study is not seeking to find "explanations", but the objective of our study is to identify 'stories' or 'narratives' of actors, 'counter-stories' and 'non-stories' of the actors, constructing a 'meta-narrative'. In these terms, this study adopts also an interpretative approach that conceives problems as social constructions, not as right or wrong problem perceptions.<sup>5</sup> This study also adopts the approach of Heinelt and Lamping (2015) and their concept of 'knowledge orders'; in these terms, our role as researchers is not to identify "objectively true causalities", but our role is "to identify the actors' perceptions of causalities, normative appropriateness and mechanisms which guide" their actions.<sup>6</sup> From this perspective, a 'process of knowledge selection' influences problem perceptions, policies and actor orientations. Thus, actions are not directly and exclusively affected by the so-called 'non-institutional' or 'institutional' factors (i.e. rules, attributes of the community); on the contrary, "actors have to be aware of constraints and opportunities for them to become relevant for actions".<sup>7</sup> Nevertheless, this study does not adopt a radical constructivist theoretical framework, for it accepts that institutional and non-institutional factors influence somehow the actions. In these terms, a researcher cannot overlook the intense impact of institutional factors (e.g. 'rules', legal framework) on the actions, actors' decisions and policies at the local level.

---

<sup>2</sup> Stolzenberg et al., *Cities in Times of Crisis...*, p 20. See Mayntz and Scharpf 1995, pp 43-45.

<sup>3</sup> *ibid*, p 21. See Scharpf 2000, pp 101-107

<sup>4</sup> *ibid*, p 21.

<sup>5</sup> *ibid*, p 31. See Saretzki 2009, pp 442-443.

<sup>6</sup> *ibid*, p 32. See Heinelt and Lamping 2015, p 39.

<sup>7</sup> *ibid*, p 32. See Heinelt and Lamping 2015, p 36.

## 2. Socioeconomic features of the municipality of Thermi

Thermi Municipality is a hilly, lowland area in Northern Greece, on Thermaikos Gulf near the Choriatis and Cholomonta mountain areas. Thermi is located in the southeast of the Prefecture of Thessaloniki. In the west, Thermi is adjacent to Chalkidiki Prefecture.<sup>8</sup>

The Municipality of Thermi is an administrative area of the Central Macedonia Region (Periferia Kentrikis Makedonias) and of the decentralized regional administration of Makedonias-Thrakis. The administrative structure of Thermi Municipality results from the amalgamation of three municipalities: the former Thermis Municipality, the former Mikras Municipality and the former Vasilikon Municipality. Thermi consists of the communities of Thermi, Neou Rysiou, Neas Redaistou, Tagaradon; Mikra consists of the communities of Trilofou, Plagiariou, Kardias, Kato Sxolariou; Vasilikon consists of the communities of Vasilikon, Ag. Paraskevis, Ag. Antoniou, Libadiou, Sourotis and Peisteras. The base of the municipality is located 15 km from Thessaloniki and the total area of the region is 385,321.80 acres. Thermi Municipality has 53,201 permanent residents (2011 census); the former Thermis Municipality has an area of 100,200 acres and has 25,145 permanent residents (2011 census); the former Mikras Municipality has an area of 85,221.80 acres and it has 18,145 permanent residents (2011 census); and the former Vasilikon Municipality has a surface area of 200,100 acres and has 9,911 permanent residents (2011 census).<sup>9</sup>

Activities in the primary sector (agriculture) of Thermi have been decreasing in recent years compared with the period before 2000. As agricultural areas have decreased, residents have sought employment mainly in the secondary sector (industrial) and tertiary sector (services). In Thermi, secondary-sector activities include industrial (BIIIA) and Invasive/Nuisance Plants (EMO).<sup>10</sup> Other companies in the municipality are the casino and the Hyatt Hotel; other important activities near the Municipality of Thermi are the Macedonia airport, the Technological Museum, TEFA, EKETA, EFET, the Americal Farm School,<sup>11</sup> and the International Hellenic University.

According to the Hellenic Statistical Authority, in 2011 there were 19,743 inhabitants in the Thermi Municipality who were employed. In 2011, employment by economic sector was: 1,040 inhabitants in the agriculture, forestry and fishing sector, 1,004 inhabitants in the construction sector, 4,339 in wholesale and retail trade— repair of motor vehicles and motorcycles, 899 in transport and storage, 870 in the accommodation and food services sector, 476 in the sector of administrative and support services, 1,734 in the public administration and defense sector, 2,193 in the education sector, 1,558 inhabitants in the human health and social work sector, and 5,630 inhabitants in unclassified employment.<sup>12</sup>

---

<sup>8</sup> Strategic Plan of Thermi Municipality 2011-2014, p. 17.

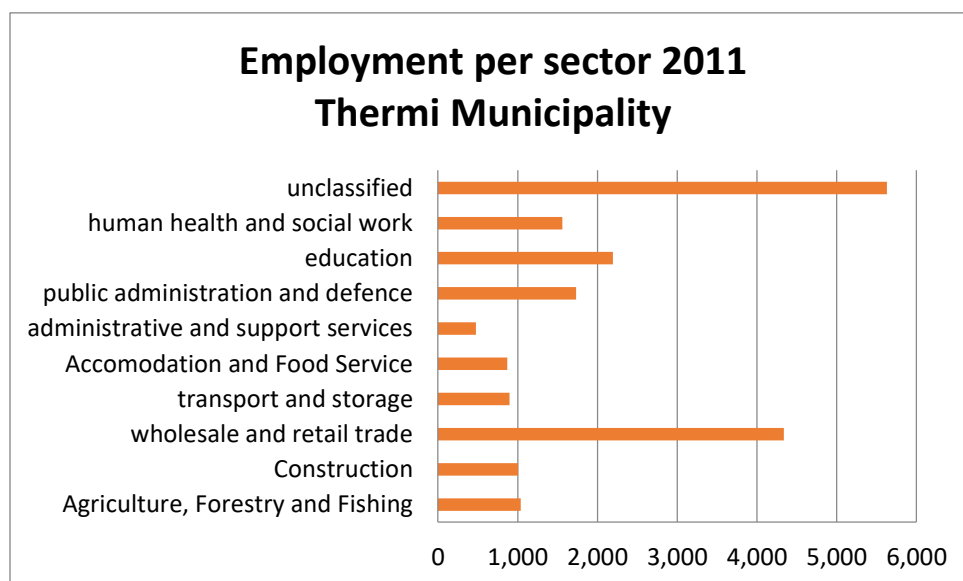
<sup>9</sup> Strategic Plan of Thermi Municipality 2011-2014, pp. 17-18.

<sup>10</sup> Strategic Plan of Thermi Municipality 2011-2014, p. 28.

<sup>11</sup> Strategic Plan of Thermi Municipality 2011-2014, p. 28.

<sup>12</sup> Source: Hellenic Statistical Authority, 2011 census.

Figure 1 Employment per sector 2011, Thermi Municipality



Source: Hellenic Statistical Authority / compilation by M.A. Kolliniati

### Administrative structure

The Thermi Municipality has an administrative structure consisting of nine directorates, a Legal Services Division, and four independent departments. Thermi Municipality has four legal entities; the social welfare centres, day care and preschool, the Municipal Corporate Enterprise of Culture, Environment and Sport of Thermi, the Municipal Enterprise for Water and Sewerage of Thermi (DEYATH/Δ.E.Y.A.Θ.), and the S.A. Municipal Enterprise for Forest Development and Utilization of Real Estate of the Municipality of Thermi (Δ.A.E.Δ.E.A.A.Π.Δ.Θ).

Table 1 Legal Entities of Thermi municipality

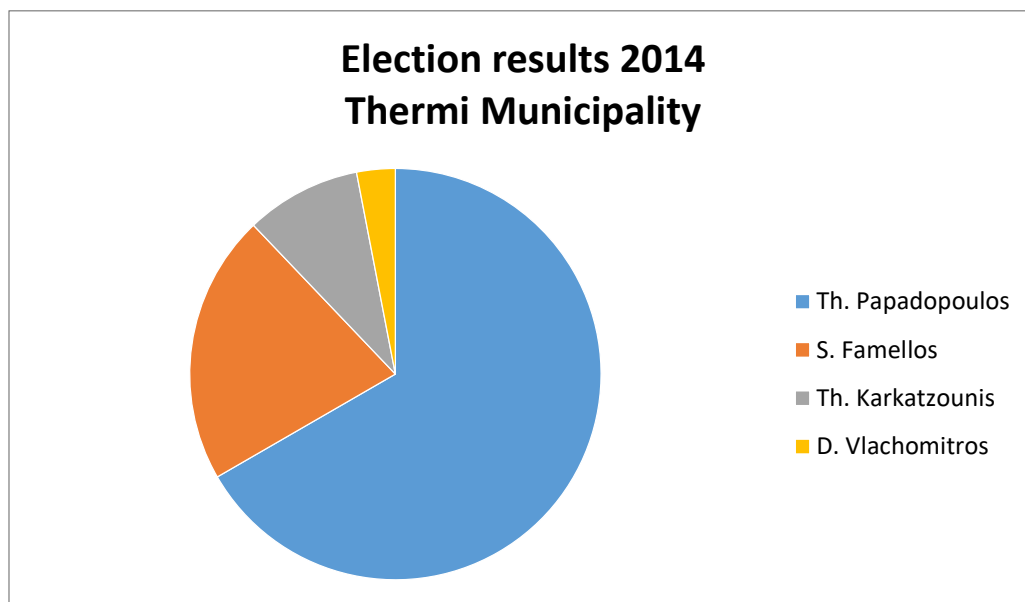
Legal Entities of Thermi Municipality
Social Welfare Centers - Care & Preschool (Merged Legal Entity under Law 3463/2006)
Municipal Corporate Enterprise of Culture, Environment and Sport of Thermi (Corporate Enterprise under Law 3463/2006)
Municipal Enterprise for Water and Sewerage of Thermi (DEYATH/Δ.E.Y.A.Θ.)
S.A. Municipal Enterprise for Forest Development and Utilization of Real Estate of Municipality of Thermi (Δ.A.E.Δ.E.A.A.Π.Δ.Θ)

Source: Municipality of Thermi / compilation by M.A. Kolliniati

### 3. Municipality of Thermi: Political leadership and the fiscal problem

Since 1998 Thermi Municipality, has been governed by the “Democratic Unity” Party and the mayor Theodoros Papadopoulos, who was initially supported by the social-democratic party PASOK, but in the 2010 elections was an independent with the support of some members of the left-wing party SYRIZA. In the municipal elections in 2014, Theodoros Papadopoulos was re-elected mayor for the newly amalgamated Municipality of Thermi. In 2014, Th. Papadopoulos secured 22 seats (66.89%), Sokratis Famellos<sup>13</sup> (“Citizens’ intervention in Thermi Municipality”), who was supported by the left-wing party SYRIZA, secured 7 seats (20.82%), Theofanis Karkatzounis (“Laiki Syspirosi“) who was supported by the Greek Communist party KKE, secured 3 seats (9.87%), Dimitrios Vlachomitros (“Metopo Riksis kai Anatropis”) who was supported by the left wing party ANTARSYA secured 1 seat (2.42%).

Figure 2 Election results 2014. Thermi Municipality



Source: Ministry of Interior / overview M.-A. Kolliniati

<sup>13</sup> During our research, Sokratis Famellos was Deputy Minister for Environment and Energy, and thus he was not a municipal councillor in Thermi. Since the 1<sup>st</sup> of November 2015, he has been replaced by Apostolos Pratanos, who was elected as leader of “Citizens’ intervention of Thermi Municipality” in a plenary decision of this faction.

## 4. Problem Perceptions and Causes

### The discourse of the “problem” by the actors

The Municipality of Thermi, like Thessaloniki, does not belong to the so-called over-indebted municipalities. According to the Ministry of the Interior, the evaluation of 2011 shows that Thermi Municipality was a “green” municipality, for Thermi’s total debt was 29%, as a percentage of debt to annual municipal income (including the funding *Earmarked Investment Grants* (SATA/ΣATA)). Nevertheless, the empirical study shows that the central government imposed horizontal measures not only on over-indebted/“red” municipalities, but also on “healthy” municipalities, the so-called “green” ones. During the period 2011-2013 the horizontal measures derived from the provisions of the signed Memoranda and their application via the “Medium Term Fiscal Strategy Framework 2012-2015” (June 2011) and the “Medium Term Fiscal Strategy Framework 2013-2016” (October 2012) and legislation such as Law 4093/2012 (12-11-2012/ΦΕΚ 222).

Moreover, the provisions of Law 3852/2010, namely the Kallikratis program (institutional factor), had a direct impact on this case. Thermi Municipality faced challenges related to the amalgamation of Thermi with two municipalities (Mikras and Vasilikon), under Law 3852/2010, Art. 1 (Kallikratis program). The challenges faced by Thermi Municipality, and related to exogenous causes are: a. the varying financial level and different infrastructure needs (e.g. drainage, culture and sports facilities), of the amalgamated municipalities and the deficits of Mikra Municipality and Vasilikon Municipality, b. cutbacks in *Earmarked Investment Grants* (SATA/ΣATA) and cutbacks in the *Central Autonomous Grants* (KAP/KAI) by the central government, c. internal staff movement, d. social policy, e. infrastructure, f. bureaucracy, too many laws, g. the crisis of capitalism. According to one actor, Thermi Municipality is facing a challenge which is related to an endogenous cause: the distribution of revenues; one actor interviewed pointed out that the municipality spends more than 80% of its funding on operational expenditures, and a proper prioritization of expenditure is needed.

Table 2: Segments; interviews

Actor	Segment	Document group
Interview 1	“The Thermi municipality is not indebted. The debt from old loans for infrastructure projects, loans inherited from others, is relatively low; it is approximately 2.5% of the municipality’s annual revenue. Thus, it is a very small debt. This is the reason why the municipality can even still invest in infrastructure using its own resources. There are few municipalities that can invest from their own resources for infrastructure projects.”	Interview
Interview 2	“The Thermi Municipality is not indebted. ... And there is no deficit because it must be said that the other two municipalities amalgamated	Interview

	with Thermi were deficient, but it was the surplus of the old Thermi Municipality that offset the situation.”	
Interview 5	“Thermi Municipality was not a “red” municipality. ...the cutback in the state grant... was not a consolidation, it was a Memorandum order.”	Interview
Interview 2	“After the Kallikratis program we faced the following major challenge which result from joining three municipalities with three completely different growth rates. We would say that the Municipality of Thermi was more developed than the two others, and had more revenue. [...] The new municipality of Thermi, after Kallikratis, paid close to €6,000,000 from its own funds, I mean funds of the old Thermi Municipality, to repay debts of the former municipalities of Vasilikon and Mikras.”	Interview
Interview 3	“The municipality came from its three former municipalities of Thermi, Mikras and Vasilikon in 2011. Former Thermi Municipality has a financial strength of the order of more than €14-15 million. From this money, we repayed obligations in the first year; we made a consolidation that should have been made by the State. But through Kallikratis indirectly and plausibly the state consolidated its debts, and so in the first year we payed at least around €7 million for the other former municipalities.”	Interview
Interview 4	“No, fortunately the Municipality of Thermi is one of the municipalities that do not face financial problems and a problem of lack of resources, because by happy coincidence previously we had enough own revenue, beside state support, which of course have shrunk today. But Thermi’s own revenue helped to avoid borrowing, or at least at a level that we could not repay. [...] The problem is that in the Municipality of Thermi the state subsidy has gone down by about 65%, and our own resources have been limited, so that work cannot be continue at past levels.”	Interview
Interview 4	“The Municipality of Thermi spends more than 80% on operational expenditure and the percentage that remains for investments and projects is less than 20%. [...] From our point of view, there is disagreement concerning how these revenues were used, which were large in the past, because according to our perspective there must be an emphasis on building infrastructure and not on so-called operational expenditures, which mainly evaporate without leaving any benefit. Okay, I will say that [...] and it sounds harsh and hard and unfortunately affects all who were involved with politics in Greece [...] but I would say that the two-party actors creating say the patronage system which was maintained to an extent through the municipalities. There is no mismanagement in our municipality, and I do not think that anybody could blame the Municipality of Thermi for mismanagement; but I would say that a different resource utilization could be made. We have different views on this issue, but it is a matter of great debate.”	Interview
Interview 6	“We would say that the most important challenge is the social benefits [...] For example, kindergartens. [...] infrastructure [...] fifteen missing fifteen school buildings in Thermi Municipality. [...] flood control projects. We face control issues, earthquake proofing, say, public buildings, schools and so on. They are basic infrastructure. [...] Another challenge is the general decrease in state funding, or other decisions. For example, about four-five months ago a decision was taken by the government, about which entities such as airports or bodies that are integrated into HRADF (ΤΑΙΠΠΕΔ) are exempt from	Interview



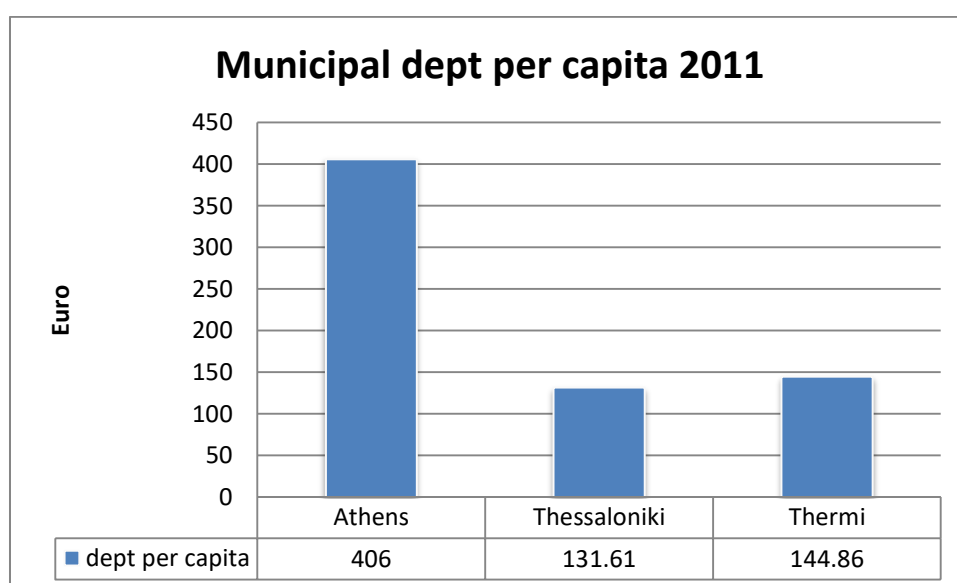
	paying municipal taxes for cleanliness and so on; that implies that the municipality is reducing revenues. [...] We are debating whether we can pay the employees, whether there will be schools for the children, what to do in order to prevent a school being flooded, or a house, when it rains...”	
Interview 2	“The municipal police were also suspended and too many mayors shed crocodile tears. We did not cry. And we did not cry because although we lost 9 municipal policemen who did some work, we know very well that the Municipality of Thermi needs 40 municipal policemen to work properly.”	Interview
Interview 8	“Institutional funds are those which no longer come to the government. It has institutionalized a removal of resources which traditionally belong to the local government. For example, it may not seem large, but that does not matter; for the first time in many decades, the beer tax does not exist any more, and it used to be a statutory tax for the local government, this is an abstraction via legislation.”	Interview
Interview 2	“Before Kallikratis, before the merger of the municipalities, the regular subsidy to Thermi Municipality was €350,000-400.000 a month, and from a single property we were getting €400,000 euros a month as well. Now the whole municipality is getting 450,000 regular subsidy from the state. Thus, we receive the same subsidy we used to receive as one single municipality. [...] But we still get money. We have some resources of our own and our mind is constantly on how to use our real estate.”	Interview
Interview 1	“In Greece the local government functions is not independent. [...] Mostly the central government treat us as tax collectors. I will give an example: They treat us as private institutions, not as local government. Namely, when we develop our property - which is a direction coming from the central state, since all other resources of income have been minimized due to the crisis – the state taxes us as individuals, and we are asked to pay taxes in advance for our own property. For instance, the Hyatt Hotel was built, with a long-term lease. We receive as rental income €400,000 per year. From this amount we pay 30% taxes. Namely, €120,000 is tax. On this amount we are called to pay an additional 70% as a deposit for the following year. This is close to € 80.000. Thus, a total of €200,000 goes for taxation. To this amount we have to add €116,000 more which represents the ENFIA (a new property tax). All of the taxation for this single property adds to €316,000. As a result from the €400,000, we actually collect a net sum of €84,000.”	Interview
Interview 9	“The main impact is the reduction in state funding, which in the five year Memorandum amounts to a reduction of more than 60-70%.”	Interview
Interview 8	“But of course there is the obligation of healthy municipalities to contribute to a great extent in order to save the red ones.”	Interview
Interview 6	“We are experiencing the effects of a crisis, which in our opinion has a name, the crisis of capitalism. This is affecting the larger part of society. There is also a section of society that is gaining in the crisis conditions. The larger part of the society is suffering, and in our own municipality it is doubly affected at the local level. Namely, on the one hand there are cutbacks in wages, pensions, many people are unemployed and struggling to cope with the difficulties, and simultaneously there are cutbacks in social benefits, or at least people are being asked to pay contributory basic social benefits again, which creates major problems in society. There is often difficulty in operating	Interview

	social structures.”	
Interview 8	“The internal staff movements, in order that one department supports another without taking new people through renewals of temporary contracts. This is an issue.”	Interview
Interview 2	“Look, from my perspective, no measure will succeed if other problems are not resolved [...] other problems which are related to the autonomy of local government, to bureaucracy and to too many laws.”	Interview
Interview 9	“A challenge is the transformation of the urban landscape. [...] how the urban landscape can be created in a way which is sustainable. [...] It made a great effort to combine sustainability with urban expansion. [...] Moreover, we demand more sports facilities.”	Interview
Interview 9	„There are villages which were amalgamated with Thermi, under the Kallikratis program, which do not have drainage.”	Interview

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

According to the statistical data of the Hellenic National Statistical Authority, in 2011 after the amalgamation of the municipalities of Mikras (18,145 permanent inhabitants), Vasilikon (9,911 permanent inhabitants), and Thermi (25,145 permanent inhabitants), the new municipality of Thermi has 53.201 permanent inhabitants. According to the Bank of Greece, in 2011 the debt of the new Thermi Municipality was €7,706,844. Thus, in 2011, the debt per capita in Thermi Municipality was €144.86. In 2011 the debt per capita in Athens municipality was €406.00 and in the municipality of Thessaloniki the same period the debt per capita was €131.61.

Figure 3: Dept per capita 2011. Athens, Theesaloniki, Thermi.



Source: Published and audited financial statements of the Municipality of Athens/  
Hellenic Statistic Authority and Bank of Greece / compilation M.-A. Kolliniati

## Financial Year 2013

According to the balance sheet for the financial year 2013, in the new municipality of Thermi proposed expenditure is €39,530,000.00, the revised 2012 expenditure is €50,348,307.21, and the approved expenditures for 2013 reached €23,946,727.33. As far as revenues are concerned, the proposed revenue was €39,530,000.00, the revised 2012 revenue was €50,094,307.21 and the revenues collected in 2012 reached €25,202,059.62.

### Expenditure

Proposed expenditure: €39,530,000.00

Revised version 2012: €50,348,307.21

Approved 2013: €23,946,727.33

### Revenues

Proposed revenues: €39,530,000.00

Revised version 2012: €50,094,307.21

Collected 2012: €25,202,059.62

In Greek local government during the period 2011-2013 horizontal measures were implemented in connection with Greek municipalities, irrespective of whether a municipality was facing a “fiscal problem” or not. The “Medium Term Fiscal Strategy Framework 2012-2015” (MTFS) Report for a draft law (June 2011), indicates that the aim of the MTFS was reductions in expenditures, such as reduction of staff salaries and investment expenditure, and an increase in revenues via increases in fees, tolls, and the introduction of tax compliance certificate for local taxes.

“The target savings for local government under the MTFS of approximately €1,500 million over the period 2012-2015 involved increases in revenue and reductions in expenditure: Reassessment of LGs<sup>14</sup> spending, aimed at savings of €905 million. Measures aimed at increasing revenues from tolls, fees, rights and other revenue streams due to the economy of scale resulting from the larger revenue collection systems following the merging of local administrations. The increase is estimated at €500 million over the period 2012-2015. Policy measures aimed at increasing revenues by at least €100 million by 2015 through the introduction of tax compliance certificate for local taxes.”<sup>15</sup>.

In 2013, before the implementation of the horizontal measures, expenditure by local government for staff salaries was expected to be €2,832 million, whereas the Medium Term Fiscal Strategy (MTFS) measures were aiming to decrease expenditure on staff salaries to €2,271 million. In 2015, after the implementation of the MTFS measures, the expenditure on

---

<sup>14</sup> LGs = Local Governments

<sup>15</sup> “Medium Term Fiscal Strategy Framework 2012-2015” (MTFS) Report for draft law (June 2011), p. 70

staff salaries would decrease to €2,113 million. The goal set by the MTFS measures was to decrease investment expenditure too. In 2013, investment expenditure was to decrease from €1,327 million to €1,261 million. In 2015, investment expenditure should decrease, because of the MTFS measures implemented, from €1,275 million to €1,209 million. As far as revenue is concerned, according to the MTFS 2012-2015, the Grants from Ordinary Budget should increase from €3,959 million in 2011 (Baseline scenario: before measures), to €4,450 million in 2015 (after MTFS measures) and other revenues should increase from €2,670 million euros in 2011 (Baseline scenario: before measures), to €3,369 million in 2015 (after MTFS measures).

**Table 3: Local Government Balance, Medium Term Fiscal Strategy 2012-2015**

Local Government Balance										
	2011		2012		2013		2014		2015	
	BS	MTFS	BS	MTFS	BS	MTFS	BS	MTFS	BS	MTFS
<b>REVENUE</b>	<b>7,359</b>	<b>6,989</b>	<b>7,461</b>	<b>7,611</b>	<b>7,577</b>	<b>8,041</b>	<b>7,574</b>	<b>8,310</b>	<b>7,601</b>	<b>8,475</b>
Social security contributions	0	0	0	0	0	0	0	0	0	0
Interest	30	30	28	28	26	26	24	24	22	22
Grants from ordinary budget	3,959	3,659	4,039	4,150	4,132	4,386	4,103	4,450	4,110	4,450
Grants from PIB	700	630	700	634	700	634	700	634	700	634
Other revenues	2,670	2,670	2,694	2,799	2,720	2,995	2,747	3,202	2,769	3,369
<b>EXPENDITURE</b>	<b>7,923</b>	<b>7,361</b>	<b>8,193</b>	<b>7,266</b>	<b>8,279</b>	<b>7,000</b>	<b>8,285</b>	<b>6,629</b>	<b>8,324</b>	<b>6,307</b>
Staff salaries	2,531	2,193	2,875	2,434	2,832	2,271	2,791	2,160	2,754	2,113
Pensions	0	0	0	0	0	0	0	0	0	0
Interest	100	100	110	110	110	110	120	120	120	120
Investment expenditure	1,382	1,312	1,354	1,288	1,327	1,261	1,301	1,235	1,275	1,209
Other expenditure	3,910	3,756	3,854	3,434	4,011	3,357	4,073	3,114	4,175	2,866
<b>Deficit(-)/Surplus(+)</b>	<b>-564</b>	<b>-372</b>	<b>-732</b>	<b>345</b>	<b>-702</b>	<b>1,041</b>	<b>-711</b>	<b>1,681</b>	<b>-722</b>	<b>2,169</b>

B.S. = Baseline Scenario (before measures), MTFS = Medium Term Fiscal Strategy (after measures)

Source: MTFS Report to draft law: “Medium Term Fiscal Strategy Framework 2012-2015” (June 2011), p. 70.

According to the “Medium Term Fiscal Strategy Framework 2013-2016” (October 2012) and Law 4093/2012 (institutional factors), the main horizontal measures implemented in 2012 at the local level are: a. the Independent Financial Observatory for local government, which is responsible for monitoring the implementation of all municipalities’ budgets on a monthly basis<sup>16</sup>, b. the cutbacks in the *Central Autonomous Grants* (CAG/KAI) and in the *Earmarked Investment Grants* (SATA/ΣATA) by €210 million between the years 2013-2016<sup>17</sup>, c. cutbacks in municipal employees’ salaries by €67 million between the years 2013-2016<sup>18</sup>, d. a freeze on recruitment of permanent staff for the period 2013-2016 (the legal

<sup>16</sup> See “Medium Term Fiscal Strategy Framework 2013-2016,” p. 43

<sup>17</sup> See “Medium Term Fiscal Strategy Framework 2013-2016,” pp. 32, 44, 58 and Law 4093/2012, 12-11-2012/ΦΕΚ 222, Appendix I, Chapter B, p. 5630

<sup>18</sup> See “Medium Term Fiscal Strategy Framework 2013-2016,” p. 32 and Law 4093/2012, 12-11-2012/ΦΕΚ 222, Appendix I, Chapter B, p. 5630

entities of the municipalities are excepted from this rule)<sup>19</sup>. Last but not least, Law 3852/2010 (Kallikratis program delegated responsibilities of the central government to local government.

According to the “Medium Term Fiscal Strategy Framework 2012-2015” (June 2011) “by implementing “Kallikratis” significant responsibilities of the state have been delegated to local government.”<sup>20</sup>.

Table 4: Horizontal measures implemented at the municipal level by the Midterm Fiscal Strategy Framework 2013-2016: Cutbacks (in million euros)

<i>In million euros</i>	2013	2014	2015	2016	2013-2016
CAG/ΚΑΠ Cutbacks	<b>10</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>60</b>
SATA/ΣΑΤΑ Cutbacks	<b>40</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>150</b>
Cutbacks in salary expenditures at the municipal level	<b>55</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>67</b>

Source: Medium Term Fiscal Strategy Framework 2013-2016, p 32 / compilation by M.A. Kolliniati

Table 5: Horizontal measures implemented at the municipal level by the Midterm Fiscal Strategy Framework 2013-2016: Employees

<b>Municipalities &amp; Their Legal Entities</b>	2012		2013		2014		2015		2016	
	Retirements/resignations	Recruitments	Retirements/resignations	Recruitments	Retirements/resignations	Recruitments	Retirements/resignations	Recruitments	Retirements/resignations	Recruitments
	<b>3,558</b>	<b>0</b>	<b>3,048</b>	<b>81</b>	<b>3,108</b>	<b>79</b>	<b>3,108</b>	<b>79</b>	<b>2,072</b>	

Source: Medium Term Fiscal Strategy Framework 2013-2016, p 35 / compilation by M.A. Kolliniati

According to the Annual Action Plan of Thermis Municipality, the implementation of administrative reform as designed by Law 3852/2010 (Kallikratis program) faced numerous difficulties. More specifically, the “ELL.A.D.A” program was not implemented and as a result the municipalities did not receive the necessary funds for the new responsibilities transferred to them. During the period 2009-2012 the municipality’s grants from the state budget for operational expenditures decreased at a consistent rate of almost 60%, and for investments there was a reduction by 55%. The Annual Action Plan of Thermis Municipality

<sup>19</sup> See “Medium Term Fiscal Strategy Framework 2013-2016,” p. 34

<sup>20</sup> MTFS Report to draft law “Medium Term Fiscal Strategy Framework 2012-2015” (June 2011), p. 69

indicates that in 2009 monthly funding of the municipality reached €900,000, whereas the newly combined Thermi Municipality receives €340,000 in grants from the state budget.<sup>21</sup>

“Obviously the huge seizure of funds from local government has led to collapse of the proper functioning of the municipalities, the dissolution of social structures and services developed so far with great success (kindergartens, centers for elderly people-KAPI, KDAP, the social grocery and many others). Unfortunately, the lack of these structures will affect weaker social groups, and will certainly hit all their employees. In this difficult economic period a unique source of project financing is European Union funds. The departments focused all their efforts on not losing any opportunity of participating in EU project programs.”<sup>22</sup>

According to the Deputy Mayor for Finance, the decrease of the staff salaries did not have a positive outcome, because the main issue is the decrease in the state funding to the municipalities; in these terms, the reduction in expenditures resulting from the decrease in staff salaries had only a negative impact in the society, not a positive one in the municipality’s budget. At the same time, the municipality’s revenue was dramatically decreased because of the cutbacks in state funding<sup>23</sup>.

**Table 6: Segments; interviews**

Actor	Segment	Document group
Interview 9	“The impact of Memorandum policies is reducing benefits. ... Success cannot exist. The only word that would come to mind is the word “management”.”	Interview
Interview 6	“There is great difficulty in meeting even basic needs, especially social services, infrastructure. ... The cutbacks in Central Autonomous Grants (KAP/KAI), namely in state funding to municipalities, that have taken place in the last five to six years have reached 70%, i.e. the funding is now reduced by 70% compared with 2009. This reduction in grants exceeds the “debt issue” as reported. With this concept we think that the reduction in grants is the key issue. ...The reduction in resources (is the key issue), because it really leads to economic suffocation and, in our opinion, is not random; in other words, it is not a purely fiscal choice. The reduction in resources is not only a matter as everyone says of “what is to be done? The state does not have any money. It cannot give us any.” On the contrary, we think that it is a class selection of governments, both the previous and the present ones, in the sense that, as a rule, to a considerable extent the funding of municipalities concerns social benefits. When there are cutbacks in funding the individual citizens themselves have to pay for the	Interview

<sup>21</sup> Annual Action Plan of Thermis Municipality 2013, p. 10

<sup>22</sup> *Ibid*, p 10

<sup>23</sup> Bogiatzis, Antidimarxos Oikonomikwn, May 2016.

	services offered. When several departments of the municipality are no longer able to operate, their functions begin to be granted to private initiatives. And we say that, especially in large cities, this opens the way for major monopolistic enterprises to begin running whole sectors ... This is a key issue, for example it is the case for waste disposal services.”	
Interview 4	“There should not still be a confusion of responsibilities... responsibilities are transferred without any transfer of funds to the respective municipalities. As a result, municipalities are often incurring responsibilities disproportionate to their means, without receiving the corresponding resources.”	Interview
Interview 5	“The Memorandum policies destroyed the economy and raised the recession.”	Interview
Interview 7	“For example, the cultural center of Thermi carried out redundancies. This means reductions in students, fewer opportunities for engaging in culture. The parents assumed a greater burden of the tuition fees of music teachers, dance, painting and so on, with the result that some families cannot pay for these activities. Consequently, there are negative impacts on families and the leisure time of children.”	Interview
Interview 8	“Memoranda or recessionary policies have a twofold impact on social policy; on the one hand, because they create needs and the municipality has to act, and on the other hand, because Memoranda or recessionary policies take away resources from the municipality.”	Interview

## 6. Public debate

The public debate concerning the Municipality of Thermi is vivid. The empirical findings of this research, based on 105 different documents, show that during the period 2011-2013 in the local public debate the discourse was mainly shaped by eleven topics: 1 The closure of the Municipal Corporation Enterprise of Environment, Culture and Sport of Thermi (DEPPATH), 2 The absence of sewer drainage in some communities and the construction of a sewage network in the amalgamated Thermi Municipality, 3 The resistance against the privatization of the water in general and in particular against the privatization of the Municipal Enterprise for Water and Sewage of Thermi (DEYATH), 4 The unified pricing policy on contributory cleaning charges and electric and municipal tax which was applied throughout the new amalgamated Thermi Municipality, 5 The operation of the social grocery, 6 How the municipal budget should be allocated, 7 The amalgamation of the municipalities of Thermi, Mikras and Vasilikon and the debt of the other two municipalities which must be repaid by Thermi, 8 The horizontal measures implemented by the central government; i.e. cutbacks in state funding (KAP, SATA), staff movement and freezing of new staff hiring, 9 The delay by the Thermi Municipality in 2012 in repaying third parties within the deadline imposed by the central government, 10 The increase in water price, 11 The profits and revenue decreases from the Casino and the Hyatt Hotel.

**Table 7: Segments; documents**

<b>Actor</b>	<b>Segment</b>	<b>Document group</b>
Journalist	“No to the closure of the municipal enterprise,” says a statement of the Municipal Corporation Enterprise of Environment, Culture and Sport of Thermi.”	D1
Journalist	“The construction of the sewage network in Vasilika is starting.” The budget of the project is €11,000,000. A large and chronic problem is finding its way to a solution. The sewers of Vasilika is a vital project for the region, and is finally being carried out.”	D2
Journalist	“The Municipal Enterprise for Water and Sewage of Thermi (DEYATH), applying earlier decision of the municipal council to “apply the same pricing policy throughout the new Thermi municipality,” raised water tariffs by 10% to more than 100% in proportion to consumption.”	D3
Journalist	“The same pricing policy throughout the new Thermi Municipality on contributory cleaning and electricity charges and municipal taxes throughout the municipal area was decided by the majority of the municipal council. Last year, the total amount of €5,595,487.43 was collected for contributory cleaning and electricity charges and municipal tax. The ex-municipality of Thermi collected €3,473,047.84 in contributory cleaning charges and municipal taxes, the ex-municipality of Mikras collected €900,092.69 in contributory cleaning charges and €122,740.05 in municipal taxes. The ex-municipality of Vasilikon collected €673,162.94 from contributory cleaning charges and €83,961.72 in municipal taxes. The Mayor of Thermis, Theodoros Papadopoulos pointed out that the policy of the same level of municipal taxes throughout the new Thermi Municipality is necessary, because there had been huge differences in municipal taxes among the amalgamated municipalities of the ex-municipalities of Thermis, Mikras and Vasilikon for services which come from the same cleaning service.”	D4
Journalist	“When the social grocery opened, there were 80 beneficiaries. The number gradually increased, and by the end of 2010 there were 120 beneficiaries. On 1 January 2011 in the amalgamated Municipality of Thermis the number of beneficiaries increased and the grocery now offers packages to 192 needy people every 15 days. It is expected that the number of beneficiaries will increase and reach 300 people in 2012.”	D5
Journalist	“The member of the municipal council, Theodoros Ignatiadis, spoke about “mandates” which are received by municipal political leaders from the state. He talked about accumulating money in business groups. He said that the budget for sports is not sufficient. ... He pointed out that the only serious investment is the buying of press containers. ...He noticed that state funding is decreased in the budget, and the citizens’ “burden is increasing”.”	D6
Leadership	“As the successor to the three municipalities which were amalgamated, the new Thermi Municipality assumed the rights	D7



	and obligations of these municipalities. ...Liabilities of approximately €2 million, created by the Municipality of Mikra, related to plans and projects that have been completed or are about to be completed. For the municipality of Vasilikon, repaid liabilities amounting to €4,000,000 of which €2,160,000 deducted from the funds of the Municipality were confiscated. These obligations involve urban study, supplies and services.”	
Leadership	“The municipalities grant from the state budget for operating expenses decreased by 60% and for investments (SATA, etc.) by 55% in the period 2009-2012. The freeze on hiring and the prohibition of the hiring of fixed-term contract employees and two-months contracts are leading to particular problems in serving daily needs; 140 contractors are needed to cover contributory services (e.g. cleaning), but today the Municipality of Thermis employs only 11 people.”	D8
Journalist	“There are overdue invoices to third parties with a delay of more than 90 days for the months from March to July 2012. ...The municipalities contained in this report, discrepancies identified in one or more reference months of the test period... The municipalities below should act: ...Thermi Municipality.”	D9
Leadership	“The response of the Municipality of Thermi is intense and negative to putative stop operating plans of the Municipal Enterprise of Culture, Environment and Sport (DEPPATH) and other useful and necessary bodies of local authorities in our country. ... The DEPPATH included in local business listings (Eleutherotypia newspaper, publication on 1 and 2 December) are at risk of permanent closure because they have many workers!!”	D10
Leadership	“Despite the fact that major European cities such as Paris and Berlin, take back management of their water from private companies which had concessions, the Greek government failed to honor the public commitment of the Prime Minister in TIF (DETH) 2009 that “water resources will not be privatized,” by going ahead with complete privatization of EYATH, a profitable corporation company without debt obligations.”	D11
Leadership	“The expressed position of the Regional Association of Municipalities of Central Macedonia (RAM-CM /ΠΕΔ-ΚΜ) against the privatization of the company Water Supply and Sewerage of Thessaloniki (EYATH /ΕΥΑΘ) and against water commercialization as a public and social good, and the parallel proposal for inter-municipal water management were the main topics of the special seminar workshop organized by the RAM-CM and the Citizens Coordinating Bodies and SOS8 the WATER bodies in the Town Hall at the Municipal Council rooms of Thessaloniki Municipality. ...The proceedings of the conference were opened by the vice president of RAM-CM /ΠΕΔ-ΚΜ, Theodoros Papadopoulos – Mayor of Thermis municipality, mentioning the actions initiated by the RAM-CM and municipalities in order to “prevent what the government has announced: the privatization of water.”	D12
Leadership	“The president of RAM-CM /ΠΕΔ-ΚΜ pointed out that today water management throughout the country, except in Thessaloniki	D12

	and Athens, is the sole responsibility of local government, and to this end it has developed the institutional framework for the operation of DEYA.”	
Deliberation Committee	“Why is there an increase in water charges/price? They are unfair invoices. Adverse impact on private urban green areas.”	D13
Journalist	“The operations of the casino and the Hyatt Hotel are located within the borders of Thermi Municipality and they should therefore pay 2% of the monthly turnover to the Municipality of Thermi. This, according to Mr. Papadopoulos, amounts to €120,000 – €130,000 per month. ... Charges/taxes in recent years have reduced to 1/3.” In the past we used to receive fees of €350,000 or €400,000 per month. This was important revenue which helped us to carry out several projects over the past years,” said Mr. Papadopoulos. ... Indicative of the situation is the fact that the company requested the Thermi Municipality to reduce the rent which is paid for the space located in the hotel of the Casino by 50%. “Eventually the reduction agreed was 20%, which corresponds to €370,000 a year,” Mr. Papadopoulos explained.	D14

## 7. Political system: Legitimacy and transparency, political culture, policy style, knowledge, leadership

In Thermi municipality, there is top-down decision making. Citizens and other social actors, like the Deliberation Committee, take part in decision making, but their role is not decisive and can hardly influence the decisions of political leaders. However, there is co-operation between the Municipality of Thermi and other municipalities, associations or local stakeholders, such as Klamarias Municipality, the “Development Agency of Eastern Thessaloniki “ANATOLIKI S.A.” and organizations such as ‘Elpida’, OKANA-Organisation Against Drugs, and SYPPAZATH association for stray pets. In the municipal councils, decision making is often marked by conflicts and party politicization. In many cases, decisions are taken by the majority. Input and throughput legitimacy are relatively high, for meetings of the mayor and the citizens have been organized and the involvement of the Economic Committee and the Deliberation Committee is encouraged; however, the performance of these Committees is not active.

Table 8: Segments; interviews and documents

Actor	Segment	Document group
Leadership	“The Mayor of Thermis invites all residents to participate in open discussions in order to inform them of developments in local government, to listen to their proposals on issues concerning every aspect of citizens’ daily lives and their neighborhoods, to discuss social and economic problems which the crisis has brought, and to seek solutions together.”	D15
Interview 4	“The electoral law must be changed, in order to abolish the mayor-centered system, because nowadays everything depends on the mayor. Collective bodies of the city such as the council and its committees should be strengthened. Of course, the participation of all parties in key institutions such as the Executive Commission of the municipality and so on is needed.”	Interview
Interview 4	“In my view the consultation committees operate, superficially, and since citizens have realized that they no longer participate. Namely, the Deliberation Committee or several such bodies do not function effectively.”	Interview
Journalist	“The member of the municipal council, Nikolas Papafilippou, mentioned that there is no concern for the sport services of Vasilikon.”	D16
Journalist	“The member of the municipal council, Sofia Vasiliadou, pointed out that the budget is not developmental, but only management oriented, and is not at all participatory.”	D17
Journalist	“The member of the municipal council, Vassiliki Gakoudi, said that in some cases the budget gives money irrationally and generously.”	D17

## 8 Social cohesion, social policy, economic development: New actions, innovation

Since 2011, co-operative actions concerning social cohesion have been taking place in the municipality. They are aimed at facing the socio-economic problems which appeared after the horizontal measures imposed by the central government and the signed Memoranda. In these terms, according to the people interviewed, in Thermi Municipality there are five new actions concerned with social cohesion: 1. the social dispensary, 2. the social grocery of the municipality, 3. the new policy with respect to homeless people, 4. the highly organized form of deliberation on specific new topics, introducing the system of regulations, 5. the social support within schools, environmental education, energy education and gender equality education in kindergartens.

As far as economic development is concerned, the people interviewed focused on nine new or innovative actions: 1. the strategic action plan for energy and the creation of an energy center, 2. the “smart city” program through the project “People,” 3. the technical plan for projects for water, environmental protection, and water recycling (organic), 4. the composting plant materials program and sorting center for recyclables, 5. underground bins, 6. revenue from leases of the property of the municipality; e.g. quarrying leases, casino, 7. a concession was made for the construction of the Hyatt Hotel, and the revenue accruing from this (approximately €370,000). One of the goals of Thermi Municipality is the promotion of the municipality’s mountain tourism and religious tourism.

Table 9: Segments; interviews and documents

Actor	Segment	Document group
Interview 7	“It is true that unemployment and poverty do not exist to the same extent as in other areas, e.g. Western Thessaloniki. Here, things are a little better compared with there. ... However, the need is obvious and exists, so this is the reason for the existence of the social grocery of the municipality, the social dispensary in Thermi and all these structures here which support these people.”	Interview
Interview 7	“When we began running the social dispensary someone said, “you should have an opening party” and we said, “We will not do anything at all. We regret that we are starting up. We will hold the celebration when we close,” because these services should be offered by the state and not by us.”	Interview
Interview 5	“The initiative for the social dispensary came from the residents of the municipality. It is run by volunteers.”	Interview
Interview 8	“A new social policy is related to the homeless people; this did not exist in the past.”	Interview
Interview 7	“Nowadays, the state has passed a law related to health services, according to which everyone can go to the hospitals and health centers without charge, as long as they have an SSRN (Social Security Number), but we will see whether it will work.”	Interview
Interview 8	“A new social policy is also the more organized way of consultation on specific new topics. For example, we pass regulations.”	Interview
Journalist	“Essentials and food are offered by the social grocery of Thermi Municipality, which began operating in 2010 and today serves more than 120 people.”	D18
Interview 8	“We were among the first municipalities which created an energy center (and did not merely signed the contract of mayors on energy saving). This is innovative.”	Interview
Interview 2	“We made the social grocery and pharmacy which helps people in	Interview

	need.”	
Leadership	““The Municipality of Thermi in collaboration with the Institute of Information Technologies and Communications and Research Unit URENIO of the Aristotle University of Thessaloniki administers the mobile version of the innovative application “improve my city”.”	D19
Interview 2	“We have an application “smart city,” which began in our municipality.”	Interview
Interview 2	“This smart cell phone is very successful... the digital mall is not yet as successful, because the people have not yet “welcomed” it.”	Interview
Journalist	“The PEOPLE program aims at developing pilot applications of smart urban ecosystems in four European cities: Bilbao in Spain, Vitry sur Seine in the region Isle de France in Paris, Bremen in Germany and Thermi in Greece.”	D20
	“The PEOPLE program “Intelligent urban open innovation ecosystems to promote future digital services” aims at developing pilot applications of smart urban ecosystems in four European cities. ... The objective of the pilot application in Thermi is the development of smart mobility applications and urban management information for citizens and visitors to the region, focusing on trade, recreation and tourism.”	D21
Researcher	“Thermi Smart City. The pilot application for creating a smart city was carried out in the city of Thermi via the European research project PEOPLE. ... The PEOPLE project lasted 27 months (November 2010 – January 2013) and its aim was to accelerate the creation of smart cities through the rapid implementation, deployment and use of innovative web services in the areas of information, environment, security, transport and trade.”	D22
Interview 2	“Thermi has the advantage as a municipality that it is in the vicinity of universities. The International University is in Thermi Municipality. The National Agricultural Research Center is in Thermi Municipality, the Technology Development Center is in Thermi Municipality. They all have a relationship with the municipality. ... you know, the proposals are not always theoretical, they also need an application domain.”	Interview
Journalist	“The new amalgamated Thermi Municipality drafted a technical program of €25 million within three months, and applied for NSRF (ESPA) funding. ... There are many environmental acts in the new technical program, such as water projects, environmental protection, water recycling (biological).”	D6
Journalist	“There are more than 720 participants in the composting plant materials program that the Municipality of Thermi implements. It is noted that the municipality is conceived, nationally as the first one in terms of participation in this program.”	D23
Interview 8	“The underground bins... and the sorting center recyclables were innovative actions.”	Interview

Interview 8	“The social support in the schools was innovative; it concerns adolescent support, vocational guidance, family support, teacher groups. However, this year for the first time it was not approved by the Ministry of Education.”	Interview
Interview 8	„A really innovative action which took place in this city is the water management. It is really innovative and this is the reason why it was funded three times by “LIFE”.”	Interview
Interests groups	“Presentation of the results of the LIFE project and discussion of the action program for the protection of the soil was the purpose of the first open meeting of the LIFE project “Sustainable land management in the hydrogeological area of Anthemountas, taking into account the European thematic strategy for soil”.”	D24
Interview 8	“The educational programs on environmental issues, energy and gender equality in kindergartens are innovative.”	Interview
Interview 3	“Today we can cope with the difficulties, because there are revenues from leases of the former Thermi Municipality; they are called quarrying leases. Or we have revenue from the contributions by companies that are active here, the casino and some other large companies are serious tenants of properties such as the properties of the municipality on the central street, Dimosthenis... One important additional source of revenue is a concession that had been made by the municipality for the construction of the Hyatt Hotel. In few years this will again belong to the municipality, but during this initial period of time the municipality is receiving approximately €400,000 or a little less. Allow me a little inexactness, but it is certainly more than €370,000 a year, plus the municipality fees, which is important because of the hotel.”	Interview
Interview 1	“Another factor that can contribute to development and is a challenge for us is our mountain tourism and religious tourism. Between Souroti and Agia Paraskevi a Monastery is located. There the burial site of St. Paisius is located. This place has around 550,000 visitors a year, of whom about 200,000 are from abroad. The municipality should adopt initiatives so that these visitors, apart from their visit to the monastery, may take a tour of the municipality and visit other religious attractions such as the very old church of St. Andrew in Peristera, where an archaeological monument is situated, and the very old church of St. George in Vasilika.”	Interview

## 9. Conclusions

The empirical findings of this research show that Thessaloniki Municipality faces challenges which are mainly related to exogenous causes. The amalgamation under Law 3852/2010

(Kallikratis program) of three different municipalities with different levels of development can also be seen as an opportunity for the former municipalities Mikras and Vasilikon to develop basic infrastructure, such as drainage. As in the case of Thessaloniki, the horizontal fiscal measures implemented by upper level government, brought two affects. On the one hand, the needs of needy citizens have been increasing and, on the other hand, the municipality which should face this challenge is under fiscal pressure because of the cutbacks in state funding (KAP and SATA). However, in the case of Thermi the proportion of people in need is not as high as in the case of Thessaloniki.

## **10. Policy recommendations**

### **Recommendations for Local Level Actors (Micro-level)**

- Urbanization of settlements of Mikras and Vasilikon.
- Decreasing operational expenditure and increase expenditure for social policy and infrastructures.
- Online publication of analytical fiscal data for the municipality.
- Empowerment of Democracy; continuing the initiative concerning meetings with the residents in neighborhoods. Empowerment of consultation committees.

### **Recommendations for Federal and Federal State Level Actors (Macro-level)**

- Reorientation of EU funding priorities.
- Funding for schools, social infrastructure, kindergartens, welfare facilities.

## References I

### Interviews

#### Thermi Municipality, May 2016

1	Theodoros Papadopoulos	Mayor
2	Dr.Georgios Koulaouzidis	Secretary General
3	Dimitris Vogiatzis	Deputy Mayor for Finance
4	Apostolos Pratanos	Municipal Councilor. Leader of “Citizens’ intervention of Thermi Municipality”
5	Evgenia Agorastoudi	Municipal Councilor. “Citizens’ intervention of Thermi Municipality”
6	Theofanis Karkatzounis	Municipal Councilor. Leader of “Laiki Syspirosi”
7	Spyros Kokkinis	Volunteer in the Social Dispensary in Thermi
8	Anna Michou	President of the Social Welfare Centers - Care & Preschool (Legal Entity)
9	Achilleas Metaloulis	Journalist. “Thermis Dromena” local newspaper

#### List of documents, Thermi municipality

	Source/Actor	Group
D1	Τυπος tis Thessalonikis: Όχι στο κλείσιμο των Δημοτικών Επιχειρήσεων. May 25, 2013	Press and media
D2	Αρρpsi (No. 26): Ξεκινάει η κατασκευήαποχευτικού δικτύου στα Βασιλικά. Έργο προϋπολογισμού 11.000.000 ευρώ. March 2012	Press and media
D3	Αρρpsi (No. 26): “Καίει“ το νερό. March 2012 (26). pp. 1, 3	Press and media
D4	Thermis Dromena (No. 135): Αποφάσισε το συμβούλιο Θέρμης: Την ενοποίηση των ανταποδοτικών τελών καθαριότητας και ηλεκτροφωτισμού και του δημοτικού φόρου σ’όλο το δήμο. 2011 (135). p. 5	Press and media
D5	Thermis Dromena: Κοινωνικό Πρατήριο του Δήμου. October 2011. p. 17	Press and media
D6	Thermis Dromena (Vol. 134): Συζήτηση στο Δημοτικό Συμβούλιο για έγκριση του Προϋπολογισμού: Το Τεχνικό Πρόγραμμα ξεπερνά τα 66 εκατομμύρια. 2011. p. 10	Press and media



D7	Thermi Municipality press release: 'Ακούω, προτείνω, συμμετέχω' σε Θέρμη, Τριάδι, Νέα Ραιδεστό, Νέο Ρύσιο και Ταγαράδες. October 19, 2012. Online access: <a href="http://www.thermi.gov.gr/info/?p=7248">http://www.thermi.gov.gr/info/?p=7248</a>	Parties and lists
D8	Thermi Municipality press release: Έκλεισε ο κύκλος συναντήσεων ανοιχτού διαλόγου με τους κατοίκους των Βασιλικών, Λιβαδίου, Περιστεράς και Λακκιάς. October 30, 2012	Parties and lists
D9	Airetos.gr: ΥΠΕΣ. Σημαντικές αποκλίσεις στα οικονομικά στοιχεία και του Δήμου Νότιας Κυνουρίας! October 25, 2012. Online access: <a href="http://www.leonidion.gr/2012/10/blog-post_25.html">http://www.leonidion.gr/2012/10/blog-post_25.html</a>	Press and media
D10	Thermi Municipality: Να σταματήσουν τώρα τα σχέδια για το κλείσιμο της ΔΕΠΠΑΘ. December 2, 2013	Administration
D11	Thermi Municipality: Ο Δήμος Θέρμης κατά της ιδιωτικοποίησης της ΕΥΑΘ. March 29, 2013	Administration
D12	Thermi Municipality: Ειδική ημερίδα στη Θεσσαλονίκη για τη Δημόσια διαχείριση του νερού. November 18, 2013	Administration
D13	Deliberation Committee: Ελληνική Δημοκρατία, Νομός Θεσσαλονίκης, Δήμος Θέρμης. Δημοτική Επιτροπή Διαβούλευσης. 2013	Interest groups
D14	Karfitsa: Πώς ο Θ. Παπαδόπουλος εκλέγεται εδώ και 20 χρόνια. May 19, 2013	Press and media
D15	Thermi Municipality press release: Ακούω... Προτείνω... Συμμετέχω – Πρόγραμμα ανοικτών συναντήσεων διαλόγου με τους πολίτες. October 11, 2012	Parties and lists
D16	Thermis Dromena. (No. 134): Συζήτηση στο Δημοτικό Συμβούλιο για έγκριση του Προϋπολογισμού: Το Τεχνικό Πρόγραμμα ξεπερνά τα 66 εκατομμύρια, 2011, p 10	Press and media
D17	Thermis Dromena (No. 134) 2011: Συζήτηση στο Δημοτικό Συμβούλιο για έγκριση του Προϋπολογισμού: Συζήτηση για τον Προϋπολογισμό. 2011, p 11	Press and media
D18	Agelioforos tis Kyriakis: Χιλιάδες αιτήσεις για βοήθεια: Σε συσσίτια και κοινωνικές υπηρεσίες των δήμων της Θεσσαλονίκης. April 13, 2012	Press media
D19	Thermi Municipality: «Βελτιώνω την Πόλη μου» μέσω κινητών τηλεφώνων android, December 21, 2012	Press release
D20	Thermis Dromena (No. 139): Πρόγραμμα PEOPLE: Έξυπνα αστικά οικοσυστήματα ανοιχτής καινοτομίας για προώθηση μελλοντικών ψηφιακών υπηρεσιών. 2012 . p. 8	Press and media
D21	Call for submissions for the project: Pilot smart urban Ecosystems leveraging Open innovation for Promoting and enabLing future e-services-PEOPLE	Administration
D22	Tsarchopoulos, Panagiotis, (2013): <i>Intelligent cities: Technologies, architecture and governance of digital space</i> , (Eufyeis poleis: Technologies, archirectonikes kai diakyvernisi tou psifiakou xorou –in Greek), Aristotle University of Thessaloniki: Thessaloniki, pp. 293-390.	Doctoral thesis
D23	Thermis Dromena (No. 135): Ενημέρωση για την κομποστοποίηση φυτικών απορριμμάτων. 2011, p. 7	Press and Media
D24	Development Agency of Eastern Thessaloniki's Local Authorities: Final Report LIFE07, Anatoliki S.A. October 9. 2012	Report

## References II

- Heinelt, H. and Lamping, W., 2015. *Wissen und Entscheiden: Lokale Strategien gegen den Klimawandel in Frankfurt am Main, München und Stuttgart*. Frankfurt/Main et al.: Campus.
- Mayntz, R. and Scharpf, F. W., 1995. Der Ansatz des akteurzentrierten Institutionalismus. In: R. Mayntz and F. W. Scharpf, eds. *Gesellschaftliche Selbstregelung und politische Steuerung*. Frankfurt/Main: Campus, 39-72.
- Saretzki, T., 2009. Aufklärung, Beteiligung, Kritik: 'Die argumentative Wende' in der Policy-Analyse. In: K. Schubert and N.C. Bandelow, eds. *Lehrbuch der Politikfeldanalyse 2.0*. 2nd ed. München: Oldenbourg, 431-456.
- Scharpf, F. W., 2000. *Interaktionsformen: Akteurzentrierter Institutionalismus in der Politikforschung*. Wiesbaden: VS Verlag für Sozialwissenschaften.
- Stolzenberg, P., Terizakis, G., Hlepas, N.-K. and Getimis, P. 2016. *Cities in times of crisis: Fiscal consolidation in Germany and Greece*, Baden-Baden: Nomos-Verlag.
- Strategic Plan of Thermi Municipality 2011-2014

## Legislation

- Law 3852/2010, ΦΕΚ 87Α/7-6-2010. Νέα Αρχιτεκτονική της Αυτοδιοίκησης και της Αποκεντρωμένης Διοίκησης - Πρόγραμμα Καλλικράτης (Kallikrates Program).
- Law 4093/2012, ΦΕΚ 222/12-11-2012. Έγκριση Μεσοπρόθεσμου Πλαισίου Δημοσιονομικής Στρατηγικής 2013–2016 – Επείγοντα Μέτρα Εφαρμογής του Ν. 4046/2012 και του Μεσοπρόθεσμου Πλαισίου Δημοσιονομικής Στρατηγικής 2013–2016.
- MTFS 2011. Hellenic Republic Ministry of Finance, (June 2011), MTFS report to draft Law "Medium Term Fiscal Strategy 2012-2015", Athens.
- MTFS 2012. Hellenic Republic Ministry of Finance, (October 2012), Preamble to draft Law "Medium Term Fiscal Strategy 2013-2016", Athens (in Greek: Αιτιολογική Έκθεση στο Σχέδιο Νόμου «Μεσοπρόθεσμο Πλαίσιο Δημοσιονομικής Στρατηγικής 2013-2016»).

## Figures

Figure 1 Employment per sector 2011, Thermi Municipality _____	5
Figure 2 Election results 2014. Thermi Municipality _____	6
Figure 3: Dept per capita 2011. Athens, Theesaloniki, Thermi. _____	10

## Tables

Table 1 Legal Entities of Thermi municipality _____	5
Table 2: Segments; interviews _____	7
Table 3: Local Government Balance, Medium Term Fiscal Strategy 2012-2015 _____	12
Table 4: Horizontal measures implemented at the municipal level by the Midterm Fiscal Strategy Framework 2013-2016: Cutbacks (in million euros) _____	13
Table 5: Horizontal measures implemented at the municipal level by the Midterm Fiscal Strategy Framework 2013-2016: Employees _____	13
Table 6: Segments; interviews _____	14
Table 7: Segments; documents _____	16
Table 8: Segments; interviews and documents _____	19
Table 9: Segments; interviews and documents _____	20