

Conference Paper

Governance Innovation and Entrepreneurship in Greek Local Government: Towards the Limits of Europeanization?

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1. Introduction: The Odyssey of Public – Private Partnerships in Greece: between Centralization and Local Innovation

The evaluation of the participation of private sector in Greek local government comprises a rather complex task, as it is directly linked to the special configuration parameters of the national model of local governance. Although such model of local governance has gone through significant reforms over the last 20 years, mainly in the promotion of democratization, decentralization of responsibilities and municipalities uniting, however, it remains largely monopolistic and distinctive for its limited efficiency. The monopolistic provision of municipal services still features in the Greek local government, despite its distinctive significant efficiency issues, and also the vast number of regulatory initiatives for the promotion of the alternative provision that have been introduced. Such promotion initiatives of the alternative provision of municipal services have already been promoted since the mid-80s, through actions such as scheduled contracts, inter-municipal co-operation, concessions and PPPs [28], Greece: review of the central administration. In [22], *The Limits of Europeanization: Structural Reform and Public Policy in Greece*, London: Macmillan press, Qualitative and quantitative results of the empirical research. In [6], expert reports on the Greek public administration, Athens: Papazisis Publications. In [5], the three waves of public administration reform in Greece, Athens: Papazisis Publications. In [1], "New relations between private and public sector in the production and operation of high scale infrastructural projects in Greece. Trends and developments in the 1980 and 1990 decades.", Panteion University). However, these have eventually produced limited results, due to the regulatory complexity that characterized their operation, increased bureaucracy in respect of their supervision, limited administrative capacity of local partners and the inability of their integration to the wider development planning of local government.

Those scattered initiatives aimed at the improvement of efficiency of municipal services, through the promotion of local consultation and the development of co-operation with the private sector. The reform axes of the provision of municipal services, combined with decentralization of responsibilities and upgrading of the strategic

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and economic planning procedures of municipalities, aimed at the overall improvement of efficiency and quality of municipal services. In particular, promotion of consultation aimed at the promotion of the participation of social and economic local actors and citizens in planning and decision-making procedures of municipalities via institutionalization of a significant number of actions (Paraskevopoulos C (2000), Social capital and public – private distinction in Greek Regions, *Journal of European Public Policy*, 19(2), pp. 302 – 319. Karakatsoulis P. (2011), regulation, deregulation and reform of public policy, Athens: Sideri Publications. In [8], Fiscal decentralisation: theory and practice, Athens: Tipothoto Publications. In [28], Greece: review of the central administration). Indicatively, such actions are referred to as municipal and regional consultation committees, local councils, the citizen supporter, consultation via the e-government portal, consultative meetings of the operational programs of municipalities and public reports of municipalities. The effectiveness of the institutions promoting consultation at municipal and regional level, however, ranged at low level, due to the lack of their essential support by the majority of the elected local government, the unwillingness of the involved municipal authorities to implement them, the limited participation of citizens, economic and social actors and also, their broader distrust against the utilization and integration of the outcomes of consultation in the management of authorities.

Similar limited results, although in a more complex environment of regulation and operation, emerged through the vast number of initiatives promoting private participation. Regulation of private participation in the Greek local government is however characterized by a series of failures and overlap issues, due to the lack of promotion of a coherent national policy for the deregulation of monopolies in the local government and the promotion of co-operation with the private sector. Such convoluted regulatory framework consists of 15 different - and in some instances overlapping - Acts for almost all the areas of the provision of municipal services. The volume of these Acts creates uncertainty and ambiguity in terms of legality and the context of the development of private participation, and also barriers against the effective supervision and promotion of competition, inhibiting therefore the development of a viable and attractive investment national market.

Both in the case of the operation of local governance structure and in the case of promotion of private participation in the provision of municipal services, two basic determinant and interdependent components can be identified, i.e. national constraints of social capital and ineffectiveness of centralized planning of the Greek public administration. In particular, inter-community trust and co-operation in the Greek local government possess among the lowest rates of the European Union and the OECD. The lack of inter-community trust is referred to as both the development of co-operation among members of the civil community, and the development of partnerships between local government and the entrepreneurship community⁶. Incomplete development of co-operation and inter-communal trust at a local level is further enhanced by the lack of confidence of citizens and enterprises in the local government. Local government possesses the second lowest rate of confidence of citizens in the Greek administration, comprising one of the lowest rates around Europe. The low level of trust and inter-communal cooperation also emerges from the lack of tradition and incorporation of

consultive and collaborative arranging procedures of local issues and services provision in the Greek self-governing system.

The issue of corruption is directly related to the low confidence of citizens in the local government. Corruption in the LGOs is the largest in the Greek public administration. In essence, corruption comprises the negative effect of the incomplete democratization of the local government in Greece, where the promotion of democratization, without developing the required supervision structure or enhancing the administrative capacity of the LGOs, increased corruption and customer relations at a local level. Further limitation is imposed by labour and social factors composing the profile of the elected local government, due to the absence of the elements of entrepreneurship, and also of the qualitative features of business culture at a national and local level. The qualitative features of entrepreneurship are low both in the private and public sector, while the local government is positioned even lower. Those qualitative features include partnership development, promotion of innovation and change, leadership, trust and the assumption of business risk [3], state in transition, Athens: Sideris Publications. In [28], Greece: review of the central administration. In [5], the three waves of public administration reform in Greece, Athens: Papazisis Publications).

The implementation issues of strategic planning are directly connected with the restrictions imposed on the local capital in Greece, in terms of the promotion of the local government. The effectiveness of the strategic planning is diminished by the lack of structure and consultation procedures, centralization in the decision-making process and the deficit of multi-level co-ordination among stakeholders, political competition among different levels of government, increased bureaucracy, and also the insufficient integration of principles and evaluation procedures of municipal services. Incomplete implementation of the strategic planning comprises an amalgam of restrictions, emerging from the dominant national culture, which distinguishes for the resistance to change, the degradation of co-operation and also the centralized decision-making procedures in public policies [28], Greece: review of the central administration. In [17], subnational governments in European Union, Paris: Dexia Press. Agranoff R. (2004), Collaborative Public Management: New Strategies for Local Government, New York, SUNNY press. Dollery J. (2007), reform and leadership in public sector: a political economy approach, Sydney: Oxford university press).

As a consequence of the above, the dominant model of local governance in Greece continues to preserve its monopolistic elements in terms of the provision of municipal services, while co-operation and participation of the civil community and the private sector is characterized as fragmented and with limited range of application. The restrictions of the existing model of local governance, which have been addressed through a series of reform initiatives by almost all Greek governments, in order to promote private participation in the Greek local government, particularly during the last 20 years.

2. Methodological Framework for the Assessment of Private Sector Participation in Greek Local Government

Based on the above mentioned factors determining the efficiency of municipal services in Greece, current empirical research analyses efficiency issues in respect with the institutional choice of the alternative models selection by municipalities [1], "New relations between private and public sector in the production and operation of high scale infrastructural projects in Greece. Trends and developments in the 1980 and 1990 decades.", Panteion University). The empirical and evidenced based analysis of the efficiency of the alternative provision in Greek local government comprised a complex task. A complex and difficult task of efficiency assessment, due to the inadequate record keeping of performance and management data from the Greek municipal authorities, the restricted publicity and accessibility of the data and the lack of previous relevant empirical research. The extent of the research sample concerns 31 municipalities and totally 49 PPPs projects and proposals of Jessica program enforced during the period from 2010 to 2014. In terms of the institutional models examined, four particular forms of alternative provision are evaluated under the scope of the research, such as concession contracts, public – private partnerships and hybrid partnerships with private and public partners.

Overcoming the restrictions specified previously on finding empirical data, the comparative analysis between municipal and alternative – private provision of municipal services, was based on the quantitative and qualitative analysis of a series of specialised independent and dependent variables assessing the alternative provision of municipal services. Variables emerged from the extensive analysis of international bibliography and their harmonisation with the particular environment of organisation and operation of the Greek local government [14], the determinants of variations in local service contracting, *Urban Affairs Review*, 34(1), pp. 150 – 163). The selected independent and dependent variables of the research analysis based on both quantitative and qualitative data. Apart from the quantitative data and official evidences, a qualitative research was conducted between 2011 – 2015 for the analysis of independent and dependent variables and factors affecting the performance of alternative provision in Greece. In the context of qualitative research, 61 semi - structured interviews and 2 focus groups were conducted, while 192 questionnaires were filled in by involved parties and recipients of services, with a response rate of 32%.

3. The Regulation of Private Sector Participation in Greek Local Government: JESSICA Program as the Exit of the Labyrinth?

During the period from 2000 to 2004 commences the first substantial era of institutionalised and systematic promotion of the participation of the private sector in local governance in Greece. Such participation will be marked by the passing for the first time of a specialised institutional framework for PPPs, the 3389 Act. Also by the

Act	Sector of implementation
3463/2006	Waste management, municipal real estate
334/2000	Municipal real estate
59 / 2007	Energy production, water management
2160/1993	Tourism development, port facilities development
1739/1986	Waste management water management
2052/1992	Urban infrastructures
2244/1994	Alternative energy production
2773/1997	Alternative energy production
2545/1997	Port facilities development, tourism development, urban infrastructures
3468 / 2006	Alternative energy production, waste management
3581/2007	Municipal real eastet

TABLE 1

same time Greek government implement for a first time of a specialized program for the improvement of the operational capacity of municipalities and prefectures, the Theseus program, included the finance of actions for the development of PPP projects. Nevertheless, despite euphoria and governmental rhetoric about promoting local development through co-operation between public and private sector, preservation of increased bureaucracy - in terms of their inclusion in relevant legislation and PPP development by municipalities, combined with increased centralization, lack of consultation and incomplete operation of multi-level structures of governance, led to particularly limited policy implementation. This problematic implementation is demonstrated by the particularly limited number of PPP project initiatives, assumed by municipalities that have eventually implemented. Although the development of PPP project initiatives was vastly funded by the Theseus program, nevertheless, increased bureaucracy and many-year delay of licensing, led to project cancellation or their development through alternative regulatory channels.

Regulatory dualism in the development of PPPs in the Greek local government emerged by the insuperable existence of bureaucratic barriers for municipalities, resulting to the option of alternative regulation for co-operation development with the private sector. Regulatory dualism is detected by two main characteristics in terms of its development in the Greek local government. The first characteristic concerns the increased number of Acts, more than 15, which enable municipalities to develop hybrid partnerships with individuals in areas such as waste treatment, utilisation of municipal property, alternative electricity generation and maintenance of municipal infrastructure. These Acts were not enacted or were abolished through the enactment of relevant PPP regulation in 2005 and, due to their greater flexibility in the development of co-operation with the private sector, where selected by municipalities as an antidote to bureaucracy and delays imposed by the official regulatory framework.

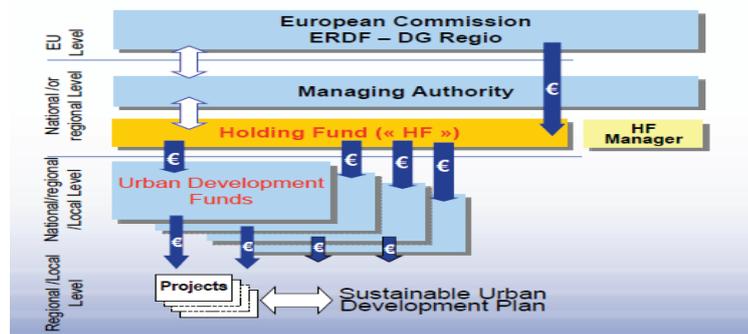


Figure 1

A second parameter of that peculiar type of regulatory dualism, of particular interest, is the relevant effective operation of partnership projects between municipalities and private sector, in a large number of projects. The effective alternative provision of municipal services contributes towards cost constraint of services provision and preservation, or even, improvement of their quality, in the majority of cases, in areas such as waste treatment, cleaning, feeding, maintenance of municipal infrastructure and equipment and exploitation of municipal property. Improvement of efficiency and quality of municipal services, however, emerges beyond the line of formal PPP legislation on condition that a series of factors are present, such as strategic development, effective supervision, mutual co-operation and environment of trust between municipalities and private contractors.

The solution to those issues of low regulatory quality and ineffective implementation of national policy regarding PPPs in local governance was expected to be provided by the EU Jessica program, through complete regeneration of urban areas [20], Report on Jessica instruments design and implementation: country Greece). This EU program for the regeneration of urban areas and the promotion of entrepreneurship inside them, aims at co-operation between public and private sector, as a tool to leverage financial resources of the program, the construction and operation of urban regeneration projects and the provision of high quality services to citizens and enterprises. More specifically, the available resources of the program of around 300 million euros aim at the funding of projects in fields of transportation, water supply, waste and wastewater treatment, energy generation, exploitation of municipal property and regeneration of downgraded urban areas, aiming at an overall local development ([20], Report on Jessica instruments design and implementation: country Greece. Qualitative and quantitative results of the empirical research). These project schemes constitute an ideal scope for the development of PPP projects at a local governance level, while diffusion of the alternative institutional form of municipal services provision comprised a priority of the Jessica program.

In addition, participation of the private sector in the design and implementation of the Jessica program is reflected by the organizational design of the initiative and the innovative decision-making procedures introduced for funding of urban development projects. The central state, regional authorities, local municipalities, banks and private enterprises – consultants of funding, all participate in the management of the local

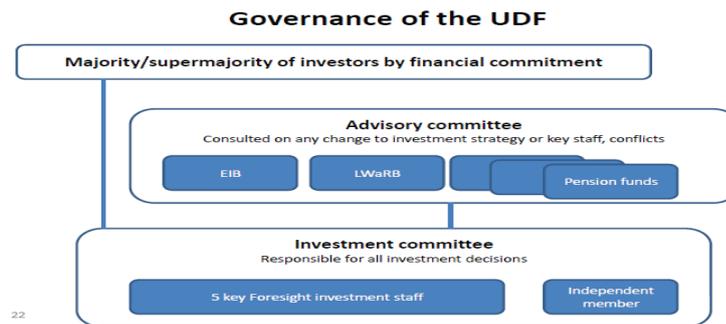


Figure 2

development funding for the implementation of the program at a regional level. This participatory model of governance of the program aims both at the complete and constant co-operation between public and private sector and also the participatory specialisation of the program implementation at a regional level, according to the actual needs of local governance authorities and the investing priorities of private investors. Accordingly, on a PPP project funding basis, collection of the Jessica program funding necessitates parallel payment of funds by partners, contributing also that way towards the creation of mutual incentives among partners, ensuring their real participation in the capital of projects, a field where issues were raised over the past years in respect with private participation. Co-operation between public and private sector, with equal participation of local governance, was opted in order to remedy previous failures in promoting participation of the private sector in urban governance in Greece. Those failures emerged due to the increased centralisation, at a central governance level, in respect of decision-making, lack of consultation infrastructure and limited participation of local government authorities in project design and development.

4. Beyond the Rhetoric of Public – Private Collaboration: Red Tape Impact on JESSICA Performance

Despite these innovative and participatory decision-making procedures of the Jessica program, however, issues of implementation and effectiveness of PPP policy in local governance still remain unsolved. More specifically, 5 years after the commencement of the program, its implementation rate remains particularly poor, except from the region of Crete, which will be examined below ([20], Report on Jessica instruments design and implementation: country Greece. [21], Evaluation of Jessica program implementation in Greece: final report. Qualitative and quantitative results of the empirical research. [23], Understanding Contracting Performance: An Empirical Analysis, administration & society, 41(1), pp 183 -193. Wollmann H. (2008), the provision of public services in Europe: between state, local government and market, London: Macmillan press). Despite the political consensus around the implementation of the program and the increased participation of all stakeholders, this poor implementation rate of the program appears to be the consequence of three key determinant factors. The first and most important factor relates to the negative effects of the economic crisis,

which limited the liquidity both of banks that participate in the regional funding of the program, and private investors, suspending a considerable number of scheduled PPP investments (Qualitative and quantitative results of the empirical research). A second category of inhibiting factors is the increased bureaucracy and administrative burdens on approving PPP proposals.

Those increased administrative burdens arise due to centralisation of the program administration by the Ministry of Development and the Special Secretariat of PPPs and also the lack of effective co-ordination and co-operation between them and the regional funding of the urban development of the program. The lack of co-ordination and co-operation resulted due to the maintenance of non-apparent centralisation in the final stage of PPP project approval by the Ministry of Development, causing conflicts and disagreements in terms of the orientation and reciprocity, or not, of the PPP projects of the program. That occurred despite de-centralisation, at a regional level, of the implementation and development of the program and the different cultures among participating public bodies, i.e. The Ministry of Development and Prefectures and private partners, such as banks and technical advisors of regional development funds.

In accordance to the problems of co-ordination and centralisation between regional development funding and licensing agencies of the central government, the existence also of increased administrative burdens and project licensing delays, led to years of delays before project licences were granted, as well as the creation of increased and costly compliance obligations for PPP development from the perspective of partners ([23], *Understanding Contracting Performance: An Empirical Analysis*, administration & society, 41(1), pp 183 -193. Wollmann H. (2008), *the provision of public services in Europe: between state, local government and market*, London: Macmillan press. In [20], *Report on Jessica instruments design and implementation: country Greece*. Qualitative and quantitative results of the empirical research). Compliance requirements restrict the participation in the program of the local government authorities, particularly of medium and small municipalities, which comprise the majority of the Greek local governance, due to their restricted administrative capacity to develop PPP projects and to fund necessary schemes, an outcome caused by their limited funding by the central government, and their low lending by banks.

A third factor causing limited implementation of the Jessica program, comprises the political option to prioritise the funding of large regional waste treatment units, a choice of particular political weight and environmental sensitivity, which resulted in many cases, in social opposition and the collapse of local consensus that had been built around the program, particularly at a level of local government and enterprises. Local consensus and support from local government authorities and local enterprises, which was downgraded, and in several cases suspended, due to the substantial inhibition of a series of projects of small and medium scale municipalities, in the areas of environment, waste treatment, energy generation and saving, due to the promotion of wider regional PPP projects. Fragile social consensus at local level, the degradation of which highlights the political competition between Prefecture and municipalities in respect of program management, the lack of regional consultation for the selection

of a unified development strategy, as well as economic competition between multi-national, national and regional economic actors for the construction of PPP projects, contribute to limited performance of the program [20], Report on Jessica instruments design and implementation: country Greece).

The limited implementation of the Jessica program, due to the increased administrative burdens relating to the participation of municipalities in PPP projects, is highlighted by the low rate of contractualisation and project operation regarding the submitted proposals of municipalities, which are subject to a many-year evaluation regime, compared to the initial investing interest around PPP projects that had been expressed by local government authorities, during consultation on the program and evaluation of the investing opportunities for the development of PPP projects. That picture of limited integration of co-operation between public and private sector, as a tool for the implementation of the Jessica program, is confirmed by the limited number of PPP projects, out of the total implemented or under evaluation projects, compared to the initial planning and investing interest. The low rate of PPP projects, underlines the restrictions being imposed by national culture in terms of co-operation between public and private sector, as well as the diffidence of both private and public partners in taking mutual business risks regarding the provision of a service. The limited co-operation, between public and private sector, comprises essentially the outcome of the lack of trust among partners and co-operation culture in the Greek local government and more widely.

In the same axle of gradual degradation of effectiveness and diffusion of the Jessica program, because of increased bureaucracy and giving up the choice of the PPP institutional form, the outcomes emerging from the development of the institution beyond the program are included. Elaborating on this admission, a significant increase is noted in the number of contracts of municipal services provided by individuals, throughout the implementation of the Jessica program, and particularly, during the last two years of its duration, i.e. 2014 and 2015. According to the findings of the empirical research, this fact is explained by the negative consequences emerging in the development of the PPP model, through the Jessica program, due to increased delays of approval and licensing of PPP projects and high cost of participation in the program, due to bureaucracy and lack of multi-level and decentralised co-ordination, impairing the development and expansion of the PPP model. Promotion of the co-operation between municipalities and private sector constituted the major priority of the Jessica program, however with important problems at implementation level, due to the appearance of increased red tape obstacles, caused the frustration of the majority of the projects, more than 50%.

Furthermore the appearance of red tape in Jessica projects development and approval, especially in the case of PPPs, support the selection of alternative regulatory paths for the implementation of their initiatives [20], Report on Jessica instruments design and implementation: country Greece. In [21], Evaluation of Jessica program implementation in Greece: final report. Qualitative and quantitative results of the empirical research. Wollmann H. (2008), the provision of public services in Europe:

Red tape function	Red tape impact
Cost of participation – transaction cost	30.000 – 90.000 euros (+50 – 140% of the initial planning and government official programing)
Preparation time	9 months to 2 years (+60 – 120% of the initial planning and government official programing)
Licensing time	2 to 5 years (+120 – 420% of the initial planning and government official programing)
Number of licenses for project approval	5 to 12
PPPs Projects canceled	+70% of the initial submitted proposals

TABLE 2

between state, local government and market, London: Macmillan press. In [39] “Applying Market Solutions to Public Services: An Assessment of Efficiency, Equity and Voice,” *Urban Affairs Review*, Vol 19(1), pp 96 – 100). A regulatory labyrinth of 16 different acts, characterized from a questioning quality of their regulation and from the appearance of overlaps and duplications. A risky alternative municipalities’ forced to select due to the participation barriers of the Jessica program. PPP project proposals, which initially municipal authorities had submitted or planned to submit relating to the Jessica program, eventually were implemented by municipalities in the context of a blurred, however quicker, alternative regulatory framework.

5. The Antipodean Experience: JESSICA Program Success and Innovation

In this environment of restricted diffusion and implementation of the Jessica program and the PPP model in the Greek local government, the Prefecture of Crete is an exception. A region where implementation of the Jessica program attains an increased – complete implementation at a rate of 100% of the available resources, while prospects for immediate project implementation reach a 170% rate of the initial program budget for the Prefecture of Crete. This successful implementation of the Jessica program in the region of Crete, beyond the obvious economic benchmark of the program implementation, can be justified by the operation of institutions and procedures of governance in preparing and implementing the policy. This institutional analysis highlights the particularly positive contribution of principles and policies of the new governance in the promotion of local development and the creation of strong collaborative bonds between public and private sector.

The effectiveness of the implementation of the Jessica program in the region of Crete, consists of the amalgam of support of local social and economic actors, the establishment of wider development formations around that choice and implementation of specialised projects of the program. While introducing preparation procedures of the program in the region of Crete, the importance of local consultation and regional

composition of proposals, regarding development priorities of the Prefecture, and the selection of their implementation projects, emerged from the beginning. Consultation and participation of the local and regional stakeholders and actors, which led, at a first level, to the recording of the actual needs to be fulfilled by the program, while at a next level, they contributed towards the consultation of those needs and the adoption of mutually accepted solutions and actions. The consultation subsequently set the foundations for the selection of the PPP method as a model for implementation of a significant number of proposed program projects. The selection is based on the prior establishment of relations of trust and mutual co-operation between public and private partners and local social and economic actors (El [21], Evaluation of Jessica program implementation in Greece: final report. In [20], Report on Jessica instruments design and implementation: country Greece. Qualitative and quantitative results of the empirical research. In [39] "Applying Market Solutions to Public Services: An Assessment of Efficiency, Equity and Voice," *Urban Affairs Review*, Vol 19(1)).

The effectiveness of the consultation procedures of the program was supported politically by the Prefecture of Crete, which emphasised particularly on consulting with local authorities and the establishment of local consensus for the program. A critical factor for the success of such policy regarding consultation of the program, was the participation of almost all the regional and local stakeholders and actors, academic, economic, social and civil. Moreover, consultation and development of wider consensus and local support was implemented in two additional levels, at local- regional for the acknowledgment of the needs to be fulfilled and regional for the inter-municipal fulfillment of such needs through specific projects, the creation of economies of scale and the lifting of any potential overlaps. The procedures of consultation and local social consensus were supported by integrated strategic planning.

The strategic planning contributed towards the co-ordination of the proposed projects and the optimal choice of institutional form and the field of services provision of the project, i.e. municipal, inter-municipal, regional. In addition, the strategic planning from the perspective of the region of Crete and the regional Jessica development fund, contributed towards the promotion of the PPP model, as the basic institutional form for project implementation, capitalising on local and inter-municipal consensus. Also, the integration of scattered and fragmentary initiatives of municipalities for co-operation with the private sector for the alternative provision of municipal services, aimed at the fulfillment of urgent local needs. The strategic planning resulted in reversing the national experience of developing co-operation with the private sector, beyond the notion of the Jessica program for an increased number of cases, and their integration through municipal, or mainly inter-municipal projects, in areas of municipal interest and private investment interest, such as waste treatment, maintenance of municipal street lighting, co-generation of energy and exploitation of municipal property ([14], *The Determinants of Variations in Local Service Contracting: Garbage In, Garbage Out?* *Urban Affairs Review* 34(1), pp 149-162. In [11], *Factors explaining local privatization: a meta-regression analysis, public choice*, Vol 36 (2), pp. 206 – 228. Qualitative and quantitative results of the empirical research). The application of the Jessica program strategic planning was implemented at regional and local level

jointly, a fact that contributed towards the effectiveness and responsiveness of its actions. More specifically, the strategic planning of the region of Crete was based on the evaluation and synthesis of integrated project proposals of municipal or inter-municipal interest, the development of which was supported by the implementation of necessary studies, through the developing and inter-municipal bodies of the Prefecture. Inter-municipal co-operation incurred perpendicularly the development and specialisation of the Jessica program in the region of Greece and constituted the basis of multi-level governance of the program.

The catalyst of the effective implementation of the Jessica program in the particular region, comprised the perception of the institutional actors of the regional development funding. The perception and actions of institutional actors contributed to the exploitation of the regulatory framework of the regional development funding operation, in favour of social consensus and support of the program. In essence, developed relations of mutual trust and co-operation among the actors of the regional development funding of the Jessica program in the region of Crete, constituted the promoting keystone of the program effectiveness. Co-operation and trust relations were based on the pre-existing successful co-operation among participating partners, openness to activities and business culture of all actors, and also their wider social acceptance, both by local government authorities, and regional and economic actors.

More specifically, the banking institution of the regional development funding, the Pancretan co-operative bank, consists of an extrovert banking institution with significant contribution to the financing of entrepreneurship in the region of Crete, with steady ties with the municipalities of the island. Furthermore, it constitutes a financially healthy banking institution, local to the implementation region of the Jessica program, comprising the only case of the regional development funding of the program. This fact contributed to the exploitation and further development of the already existing trust and co-operation relations with local finance bodies and local government authorities, including the Prefecture. In the same context of openness and investment in establishing strong local relations of co-operation, emerges the Prefecture of Crete, the political leadership of which enjoys high political and social acceptance, beyond political party confines.

Moreover, the policy of the region regarding the development of the Jessica program was based upon continuous and bilateral consultation with stakeholders and actors for the development of wider local and inter-municipal development coalitions. On that basis, it was successfully attempted by the region to acknowledge the views and needs of various social and economic groups, and also to activate and seek participation of all local and regional institutional actors. From the Prefecture's perspective, its policy to promote co-operation with the regional municipality association and the technical and financial support of the municipalities for the development of PPP projects, was of particular significance. Such policy contributed to the lifting of the issues of political competition of first – second local governance level, as occurred in other regions (Qualitative and quantitative results of the empirical research. In [28], Greece: review of the central administration. In [26]. "Privatization and its Reverse: Explaining the Dynamics of the Government Contracting Process." *Journal of Public Administration Research and*

Theory. 14(1)). This policy resulted in increased participation of municipalities in the program through PPP projects and the choice of the Jessica program as the primary finance instrument of their development programs.

Accordingly, the participation of the third actor in the regional development funding of the program, i.e. the consultant company, supported the diffusion of the program through constant co-operation and co-ordination with the Prefecture of Crete and the provision of the required technical support to municipalities for their participation in the program, and also the gradual development of entrepreneurial culture among them. This environment of co-operation and trust among the institutional actors of the regional development funding of the Jessica program, contributed decisively to the adoption of the participatory procedure development of the projects of the program and the settlement of emerging problems and issues. Such collaboration and consultation led to the effective treatment of the two main inhibiting factors of the implementation of the Jessica program in Greece, the delays in granting the necessary approvals and licenses, as well as the participation of municipalities in the program.

6. Beyond the Limits of Europeanization: Public – Private Partnerships and the Emergence of a New Model of Local Governance in Greece

From the comparative analysis of case studies regarding the state of art of alternative provision in Greece, emerges the definite cost reduction of services provision and the improvement of the efficiency level. However, this perspective requires further analysis on a case-study level by taking into account the non-economic factors, which are also found in the Greek case to co-form the degree of efficiency improvement, through private participation and either the successful or the unsuccessful incorporation of alternative institutional arrangement from the municipalities (Bouckaet G, (2011), public management reform: a comparative analysis, Oxford: Oxford University Press). These factors relate to the degree of trust and co-operation among the involved municipal and private partners, and the interconnection of the alternative provision with the emergence of a new model of local governance, based on the inter-sectoral co-operation, the establishment of local consensus and the introduction of innovation in service planning and provision ([3], state in transition, Athens: Sideris Publications).

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

according to the traditional and counterproductive strict accounting evaluation and legal procedures compliance assessment ([12], managing performance international comparisons, London: Routledge. Bouckaert G. – Pollitt C, (2011), public management reform: a comparative analysis, Oxford: Oxford University Press. In [18], the political economy of local government reform: a comparative analysis of advanced Anglo-American Countries, Oxford: Oxford university press. Wollmann H. (2008), the provision of public services in Europe: between state, local government and market, London: Macmillan press. In [34], Privatization and Public-Private Partnerships. New York: Chatham House).

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

Significant contribution towards the promotion of trust between the involved parties regarding the co-operation between public – private sector, is made through the institutionalized participation of municipal authorities in the management of projects, as well as the provision consultative and open procedures of disclosure and publication of their results. Deliberative and participatory processes and mechanisms, improved the quality of the municipal planning and the innovative provision of municipal services. The implementation of these initiatives for promoting the engagement of partners and stakeholders and strengthening public accountability operates positively in terms of the formation of the required alliances and the creation of a supportive environment for alternative provision introduction (Qualitative and quantitative results of the empirical research of the present Paper. In [2], between state and market, Athens: Patakis Publications). Participation and consultation, comprise principles that contribute towards the lift of the common social contradiction and mistrust against municipal authorities and in favor of alternative provision and promotion of trust (Qualitative and quantitative results of the empirical research of the present Paper. Bouckaert G, (2011), public management reform: a comparative analysis, Oxford: Oxford University Press).

An emerging model of local governance that exceeds the narrow limits of public – private spheres and sets under the spotlight the effective regulation of the long lasting local issues and the more efficient accomplishment of citizens' needs, based on the

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

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