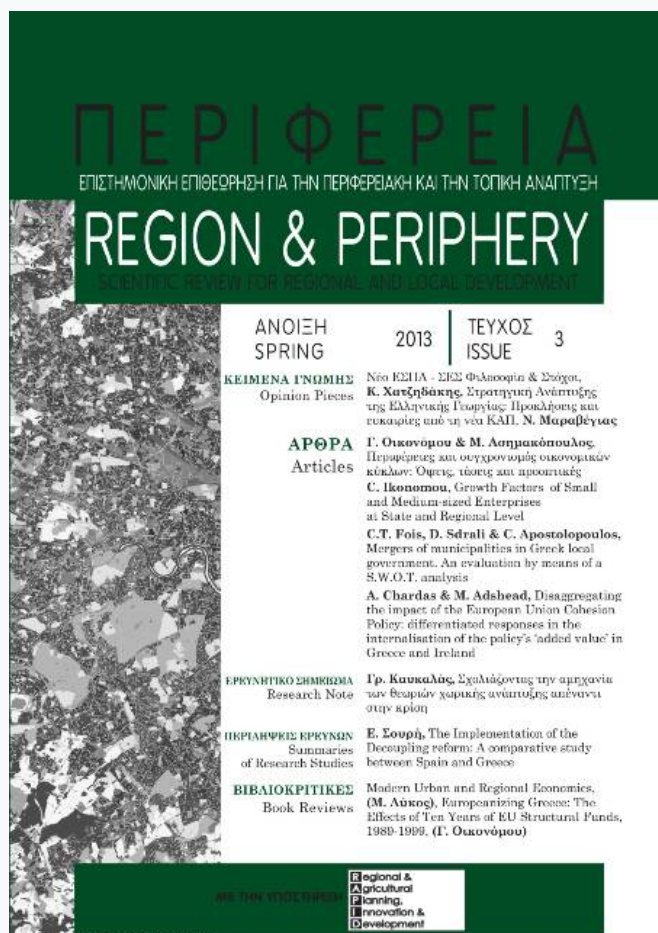


## Περιφέρεια | Regional Integration: Politics, Economics, Governance

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**Οι συνενώσεις των δήμων στην τοπική αυτοδιοίκηση της Ελλάδος. Μια κριτική προσέγγιση μέσω της S.W.O.T. ανάλυσης**

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## **Mergers of municipalities in Greek local government. An evaluation by means of a S.W.O.T. analysis**

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### **Abstract**

The aim of this paper is to evaluate the reforms in local government that took place in Greece during the last fifteen years. The aim of the reforms was the creation of strong local government entities, i.e. powerful and efficient local authorities, able to plan and implement local development policies, and to provide effective and qualitatively superior services to citizens. SWOT analysis is used in order to identify the advantages and disadvantages, opportunities and threats of the “Kallikrates” Program. Results indicate that the new reform offers to local government new powers and resources and therefore leads to improved effectiveness; reduced operating costs and promotion of the active participation of citizens in public affairs, by means of local referendums. However, there are also threats created for the reform, which are related to the broader financial crisis, the disputes of political powers on the substance of the reform, the boundaries of new municipalities and the needs in personnel.

**KEYWORDS:** local government, municipal mergers, SWOT analysis, Kapodistrias program, Kallikrates program

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### **Οι συνενώσεις των δήμων στην τοπική αυτοδιοίκηση της Ελλάδος. Μια κριτική προσέγγιση μέσω της S.W.O.T. ανάλυσης**

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### **Περίληψη**

Σκοπός της συγκεκριμένης εργασίας είναι η κριτική προσέγγιση και η αξιολόγηση των μεταρρυθμίσεων για την τοπική αυτοδιοίκηση, οι οποίες συντελέστηκαν στην Ελλάδα κατά την τελευταία δεκαετία. Στόχος των μεταρρυθμίσεων ήταν η δημιουργία ισχυρής τοπικής αυτοδιοίκησης, δηλαδή ισχυρών και αποτελεσματι-

κών δήμων, ικανών να σχεδιάζουν και να υλοποιούν πολιτικές τοπικής ανάπτυξης, καθώς και να παρέχουν αποτελεσματικές και ποιοτικά αναβαθμισμένες υπηρεσίες στους πολίτες. Για την επίτευξη του σκοπού της εργασίας χρησιμοποιείται η μέθοδος της S.W.O.T. ανάλυσης, προκειμένου να εντοπιστούν τα πλεονεκτήματα και τα μειονεκτήματα, οι ευκαιρίες και οι απειλές του Προγράμματος «Καλλικράτης». Από τα αποτελέσματα της έρευνας προκύπτουν τα θετικά στοιχεία της μεταρρύθμισης, που τα κύρια είναι: η ενίσχυση της τοπικής αυτοδιοίκησης με νέες αρμοδιότητες και πόρους και επομένως η βελτίωση της αποτελεσματικότητάς της, η μείωση του λειτουργικού κόστους και η προώθηση της ενεργούς συμμετοχής των δημοτών στα κοινά, με την πραγματοποίηση των τοπικών δημοψηφισμάτων. Από την άλλη, προκύπτουν και απειλές για τη μεταρρύθμιση, που σχετίζονται με την ευρύτερη δυσμενή οικονομική συγκυρία, τις διαφωνίες των πολιτικών δυνάμεων για την ουσία της μεταρρύθμισης, τα όρια των νέων δήμων και τις ανάγκες σε προσωπικό.

**ΛΕΞΕΙΣ-ΚΛΕΙΔΙΑ:** τοπική αυτοδιοίκηση, συνενώσεις δήμων, S.W.O.T. ανάλυση, πρόγραμμα Καποδιστριας, πρόγραμμα Καλλικράτης.

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## Introduction

For European local government, decentralization and institutional recognition of the significant role of local authorities in local development is a strategic choice for the strengthening of democracy, the reliability of representative and participatory institutions, the competitive economic intervention, the sustainable development and the achievement of social cohesion. Local government, based on the international and European context, and mainly on decentralization issues, on regional development and on strengthening the regional institutions is the strategic goal of Greece in the course of designing and implementing a new round of reforms focused on local government; reforms that will lead to institutional integration, will harmonize local government with the needs of citizens and will give it the characteristics of a modern political organization in a decentralized administrative system (KEDKE, 2005).

The formation of the new administrative structure in primary local government has already emerged as a topic of debate. Common ground is to reduce the number of municipalities and as a result to form larger geographical units in terms of space and population, with the potential to develop a stronger administrative system, in order to satisfy two main objectives: Municipalities to become strong centres of democratic planning and simultaneously to emerge as more effective operators of services, including aspects related to daily life of citizens and its quality.

The merging of municipalities is a reform that can create sustainable local authorities, able to upgrade the local political system, ensure social consensus in their actions, plan the development of their area, ensure and manage the resources concerning the development of local communities, coordinate local public investments, ensure transparency and social control in their action (Provatas, 2003).

The emerging new municipalities should be able to contribute to the development of their area. Key to success is the overcoming any diverging views expressed during the planning stage and the decision about the location of the new municipality's headquarters. However, it is imperative for the local population to realize that the development of the region is their own business and that the new municipality should primarily serve their own interests. The formation of new municipalities evolves into an environment of keeping the functional tools and procedures which applied before the reform (Katsoulis, 2003).

Nowadays the new municipalities, especially the small ones located in rural areas, are required to overcome the limited horizons of the old communal administration and create, all over rural Greece, new organizational structures, aimed at improving infrastructure and developing new activities, especially in the social sector, of the kind which the local communities and especially vulnerable groups, such as the elderly, especially need (Hatzopoulos, 2003).

In conclusion, it can be said that the reform is intended to offer a significant opportunity for the modernization and the functional integration of local government in the country. However, it is argued that the rearrangement of size units of primary local government by itself, without any combined transfer of (financial and human) resources and responsibilities, would be a meaningless task (Hlepas, 2009).

Having said these, there is obviously a need to evaluate, both the first phase of municipal mergers (I. Kapodistriasis Program) and the second one (Kallikratis Program). In particular, there is a need to identify the effects (whether positive and negative) of the municipal mergers on the resident's quality of life and on local development. Moreover, the effectiveness of the reforms, their strengths and weaknesses, it should be examined, so that by means of this procedure we can contribute toward the improvement of the legislative framework and the exploitation of the emerging prospects.

The purpose of this work is to evaluate the reforms in local government which took place in Greece during the last fifteen years. Among the specific objectives of this paper is to record and analyze the strengths, weaknesses, opportunities and threats identified in the Kallikrates Program using the SWOT analysis.

## Literature Review

There is a variety of works at international level dealing with issues of assessment of administrative reforms in local government. In the case of Denmark, for instance, priority issue of the reform was that larger administrative units are better able to manage and assist in the reduction of spatial inequality expressed in terms of variety and quality of availability and distribution of public services (Garner, 1975). In that case, it was not the aspect of area planning which was proposed as the basic point of administrative reform, but rather the effective transfer of responsibilities in such a way that their provision to citizens be more cost-effective and socially more efficient. The administrative reform was not either prepared offhanded or implemented forcibly nor under the pressure of local interest groups or political party interests (Christiansen, 2008).

In the Netherlands (Kraaykamp et al., 2001) it is argued that the political and administrative capacities of local governance are strengthened by mergers, intra-municipal problems are more easily solved and that mergers are intended to solve spatial problems, particularly those arising from the lack of space available for residential construction. However, the disadvantage that is acceptable to all, is that mergers increase the distance between voters and their elected representatives, leading to political alienation.

In Sweden there were two phases of administrative reform which have drastically reduced the number of municipalities. The main objective of the first reform was to form municipalities with more than 2.000 residents, in order to increase the efficiency of local government and to exploit economies of scale in order to provide better public services. Hanes (2001) showed that the cost reduction is decreasing as the size of the municipality to be merged is increasing, so it is more efficient to implement mergers between small municipalities.

According to Blume et al. (2007), local mergers of German municipalities either in the form of mergers at a regional level or by merging a central city with its suburbs, have positive economic effects which outrun the results of the functional partnerships. In the case of municipal mergers at a regional level, the gains due to economies of scale, to the implementation of fiscal balance and to dynamic efficiency overrun costs. In the case of mergers of central cities with their suburbs, the benefits are demonstrated by the high growth rates.

Sorensen (2006), points out that in Norway benefits from the improvement of efficiency are higher for the municipalities with small population. The property rights of municipalities are zeroed with mergers, leading to municipalities with high revenues to be opposed to their merging with poorer municipalities, thus reducing their autonomy.

However, in Finland, the reform of local government had negative effects as well. According to Lehtola (2008), services are deteriorating in the rural communities and in the previous municipal head offices; so the residents of these areas need to travel longer distances in order to use public services. This whole process negatively affects the economic status of the residents as they have to incur additional expenses in order to use the services offered. This has resulted in the deterioration of their quality of life as they spend both more time and more money. It is noteworthy that prior to the reform of local government, the residents were satisfied by the use of these services without paying the additional cost of travelling and wasting their time. In contrast, Lehto et al., (2009) argue that although mergers of municipalities were decided for economic reasons, they constitute a new system of social and rural policy. This change can provide to both local governments and citizens new ways of local participation and better models of service provision.

In Canada, the aim of mergers was to improve efficiency, reduce municipal costs and shrink the number of elected representatives without compromising accessibility to elected local officials. In many cases there were opponents to mergers by residents who believed that larger municipalities would increase taxes without providing additional services and would eliminate the substance of local community (Kushner & Siegel 2003).

In Canada, the analysis of the findings of the research of Vojnovic, (2000) showed that municipal mergers involve the complex reorganization of complicated political structures of local governments. Many of the positive and negative characteristics that emerged, relate to the situations that were prevailing in the existing municipalities. The success of mergers to achieve greater efficiency and effectiveness of local government and of the services provided depends on the time elapsed and on the specific economic and spatial situations. Furthermore, it is noted that the outcome of mergers depends on the previous inter-municipal cooperation, spatial organization, political structure, financial arrangements, collective agreements and, finally, the political will to effect the merger. Finally it is argued that voluntary mergers are more successful than those promoted by the central government with specific time schedules as the latter create obstacles to the success of the entire project (Vojnovic, 1998).

In the case of the State of South Africa, strong emphasis was placed on the role of local government based on the fact that the democratic government will reduce its burden of implementing the reform in the course of sharing of powers and responsibilities, by transferring part of them to lower levels of government. Moreover, the local government should cooperate with local communities in order to find sustainable ways to meet their needs and improve quality of life (Nel &

Bins, 2002). The Zimbabwean government launched an administrative reform associated with the policy of decentralization of rural development. In reality, however, this reform is not only for decentralization of rural development policies. Its motives are the reorganization of local government in such a way as to promote economic development at a regional level and to capitalize on the few administrative and technical capabilities within local authorities (Roe, 1995).

## Methodology

The main aim of this paper is to evaluate the reforms for local government that took place in Greece during the last fifteen years. Specifically, the SWOT analysis is used for an evaluation of the “Kallikrates” plan which is applied in the last two years in the country in order to identify the various parameters of the external and internal environment that they affect the reform, either positively or negatively.

The S.W.O.T. analysis is a theoretical managerial tool that aims at identifying the strengths, weaknesses, opportunities and threats posted in the system being studied (Koutsouba, 2003). Two of the elements referred to the internal environment, are characterized as advantages (strengths) or disadvantages (weaknesses), depending on whether this environment is deemed as strengthening or weakening the efforts of a region, a program or business. The other two elements that complement the framework of analysis, refer to the external environment; these are opportunities and threats arising from a particular external environment (Baser, 2001).

The S.W.O.T. analysis is a general technique to conceive and organize a coherent framework for making decisions that may relate to an institution, a business or a geographical area. In many cases, interventions and actions of this kind, particularly those aimed at structural and permanent changes, have (directly or indirectly) a clearly spatial dimension, since it is attempted to harness local or regional endogenous development and socio-economic resources in relation to the wider environment (Vagianni et al., 2003).

Specifically the S.W.O.T. analysis aims at reducing uncertainty in relation to the implementation of a specific development policy, action or program within a geographic unit with special features. It also aims at the identification of dominant and crucial determinants (internal and external) that affect the success of development policy, action or program. Finally, it aims to specify the evidence supporting a comprehensive strategy for linking development activity, with the endogenous potential of the specific area, as well as with the external environment (Kourtis, 2004).

The strongest advantage of this method is that it helps to highlight the relationship of a program or project with the region and the implementation environment. Also, the method allows the comparison between the factors of the internal and external environment (European Commission 1999). This analysis is a simple and popular technique that can be used in all stages of policy design, which include analysis, design, ex ante evaluation, decision making process, implementation, monitoring and ex post evaluation and, if necessary, redesign (Vagianni et al., 2003).

The S.W.O.T. analysis is widely used in many cases of national, regional or local spatial development planning, programs and policies. In Greece it has been applied on the ex ante evaluation of the national program LEADER + (Ministry of Agriculture 2001). The said application deals with the presentation of the existing situation, both of the rural space in its entirety and of the mountainous and less-favoured areas, which are the areas covered by the Community Program LEADER+. Another case of application is in the preparation and ex ante evaluation of the Greek Regional Development Plan 2000-2006, for the primary sector (Ministry of Agriculture, 1999).

Furthermore this analysis has been used in the design of activities, the priorities, the diagnosis of problems and prospects of the spatial development of the country and particularly in the preparation of the General Framework for Spatial Planning and Sustainable Development (Ministry of Environment 2001) as well as in designing pilot actions for promoting eco-tourism in Greece (WWF Hellas-G.T.O, 2000). Also it is widely used in the ex ante evaluation of the Regional Operational Programs (ROP) for the regions of the country. In Europe it has been used in the preparation and ex ante evaluation of the Program for Regional Development of the Objective 6 (based on the criteria of the EU), of Sweden in 1995 (European Commission, 1999).

## Results

The number of municipalities of Greece, by applying the criteria of mergers, has been drastically reduced. Therefore their constitution in larger units, in terms of population and space, facilitates the development of a stronger administrative system, which meets two main objectives: The municipalities can thus emerge as powerful units of local development and at the same time become effective managers of services, especially in the everyday life of citizens and in its quality. In this sense, the reduction in the number of municipalities also includes, for the first time, the entire regional area of Attica and the creation of the regional unit of Thessaloniki.

By the “Kallikrates” Program, local communities are expected to have a strong local government, equipped with modern business tools, resources and competencies that enable to resolve on its own almost all the local problems, thereby satisfying the needs of the population (to whom the local authority is liable) for the public and especially for social services.

Government agencies are decongested from affairs and responsibilities of local character, which are currently distracting them from their executive, coordinating and monitoring role. A comprehensive treatment of public affairs and public policies can put an end to the waste of resources and time, as well as to failures due to the lack of information and knowledge generated by the “fragmented centralization”, under which suffocate not only the periphery but the centre equally. The new system of governance offers the possibility of effective citizen participation and action by elected local government officials.

E-government can radically change the image of administrative services and processes, while modern accounting systems will make the administration transparent and will decisively advance accountability. Thus, by utilising the old town halls and turning them into small municipal service centres, all administrative services are rendered to residents without the latter being forced to go to the head offices of the municipality which may be located at a long distance from that area. Moreover the action “Administrative assistance at home” has been institutionalized for the elderly and the people in need, and finally the smart card of citizen was introduced to facilitate his dealings with the state.

Regarding the weaknesses of the reform, especially in those referring to the demarcation of boundaries of the new municipalities no considerations should prevail of political party or economic character, because it is precisely the future of the reform which is at stake. Moreover, the choice of the administrative center of the new municipality should be subject to objective criteria rather than being subject to various interventions by local mayors, members of parliament and other local players.

Another weakness is the issue of staff of the new municipalities as it is expected that increased needs will arise to employ higher education personnel. Today, in the existing staff of local authorities, the ratio of higher education personnel over secondary education personnel is not the appropriate, so that it would allow them to serve policies for economic and social development of cities and the countryside. This situation is further complicated by the decision taken by the central government for recruitment freeze at Local Authorities up to 2016.

Particular weaknesses also appear over the issue of services provided by the new local authorities to citizens. More specifically, given the size of the new municipalities, in too many of them, it is not possible to ensure the reciprocity of services provided to citizens, and the services provided are not of equivalent

effectiveness to the inhabitants of towns and villages. Finally, the non-institutionalization as permanent of social care structures and the dependence of their funding on various European programs will continue to pose problems in the implementation of programs and the quality of services rendered to citizens.

Regarding the threats that this reform faces and which are classified in its external environment, special emphasis is placed on the highly negative circumstances under which this task is taking place. More specifically, the great depression facing Greece and the crisis in Europe and the world generally has driven all economies into a prolonged period of recession. To that, one should add the worse position of Greece because of past financial irregularities. So the pre-existing high public deficit hampers the reform because the central government is forced to make cuts in all public spending in order to reduce the deficit. In addition to this the necessarily high cost of the reform, in order for it to be successful, it is obvious, that in financial terms we are in the most inappropriate time for reforms entailing such costs and such magnitude.

The reform faces also threats from a political point of view. Thus, the lack of consent, consultation and consensus (especially for the main components of the reform) from all political powers of the country, create significant problems in achieving the objectives that have been set. More specifically, as it was revealed by the Conference of KEDKE (Union of Greek Municipalities and Communities), where the main topic was the “Kallikratis Program”, there are significant and irreconcilable differences between leftist political parties represented in local authorities and the government. In addition, the local government representatives adjacent to the opposition political parties have expressed significant objections about the reform although they have agreed on some basic lines.

The deliberations regarding the reform were issues for the municipal elections of 2010 and this was another threat to the whole plan. Reform should have been decided after the municipal elections so that all the local government sides would be committed to campaigning for the respect and the support of the main pillars of the reform and would pave the way for it. This was the case with the administrative reform in other European countries (e.g. Denmark). It is noteworthy that the above issues are connected with the fact that being under the pressure of holding municipal elections, the government, following the new specification of municipalities, accelerated the reform process and this resulted in the lack of sufficient time for study and public consultation of the Plan. Thus the constitutionally guaranteed right to conduct referenda in each local municipality is abrogated; polls that would show whether local communities agree with the proposed mergers which would help avoid failures and extreme reactions from people as it happened in the past when the “Kapodistrias Program” was applied.

Finally it should be noted that the “Kallikratis program” does not include any specific business plan and this has led to many unanswered questions such as the exact responsibilities of the new municipalities, the resource allocation etc.

## Discussion

In the framework of the Kallikratis program, an effort is made to restructure the primary local government, by introducing fewer and stronger municipalities, throughout the country, which are laid out on the basis of objective (geographic, demographic, developmental, etc.) criteria, able to respond to current requirements, using modern technology and management practices and ready to assume greater powers especially from the prefectures in the fields of e.g. education, health, employment, environment, and transportation. In short, municipalities open to society, using public consultation on major decisions, with intra-municipal decentralization and local resources.

At the same time, modern management of accounting systems and efficiency measuring indicators and human resource management are adopted. The new municipalities can assume significant additional responsibilities with the necessary resources for carrying them out, as well as financial responsibilities.

With this reform two current needs of the country are met. The first is that of the active participation of citizens in taking the decisions that directly affect them; the second refers to the implementation of interventions planning and the undertaking of projects at the lower possible level of social organization. This administrative reform adapts the administrative system of the country to that prevailing in most member states of the EU; a system in which people directly elect their local officials. This direct election is associated with the decision-making process at a local level and the necessary implementation of those decisions by their own administrative structures by using local, national and European resources.

## Conclusions

The “Kapodistrias” program with the new administrative structure that it has introduced, has improved local government but it has not made it strong and effective. Comparing the new situation at local government with that of the past, it is clear that the outcome is positive. The municipalities had then the ability to have a more effective management of infrastructures, better service structures and new social services. Also, they could plan and demand development projects, participate and have a stronger voice at the decision making centres. The key, however, in the comparison is that the “Kapodistrias” Program had created the

conditions to overcome the old status and practices that had resulted from the fragmented local communities, characterised by weak local government.

Today, nearly fifteen years after the implementation of the “Kapodistrias” Program the desire for a powerful and effective municipality that can respond to the challenges of the 21st century is as timely as never before. This requirement is a prerequisite for the decentralization of political power so as it can be closer to the citizen.

However, all new reforms cannot be effective unless we take into account the experiences from the past and they are designed in the framework of comprehensive reforms, which include, apart from the rearrangement of the first rank, the administrative modernization of the state, as well as the establishment of a regional government. The design should comprise the distinction of competences of each level of management and aim to optimize the services provided to citizens. The overall political system of local government should be redesigned with an emphasis on ensuring the executive and strategic role of the elected officials. The institutions of citizen participation in decision-making processes should be strengthened.

A local government is effective when possesses guaranteed resources for services of specified budget, with appropriately trained staff having the appropriate backgrounds, who participate, within the framework of their competence, to the decision-making processes.

The greatest opportunity for all new administrative reforms is that size counts; larger municipalities are stronger from a planning point of view and more capable to express a complex reality, which expands the thematic limits of their competences. Their advantage is the belief of the public, that the municipalities are the political institutions which is closest to them. The biggest risk is that the small size municipalities ensure a more solid identity of the ‘community’ and strengthen social cohesion, while the disadvantage is the lack in needs of personnel and informal processes of decision-making.

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**APPENDIX**  
**TABLE 1: S.W.O.T. ANALYSIS**

| STRENGTHS   | WEAKNESSES   |
|---|--|
| <ul style="list-style-type: none"> <li>• Fewer and stronger municipalities</li> <li>• Integrated organizational reform</li> <li>• Overall reform of the administrative system of the country with the introduction of general administration and an elected regional government</li> <li>• Adequate size of new municipalities</li> <li>• Reducing operating costs</li> <li>• Redistribution of resources and responsibilities between central and local government</li> <li>• Repealing communities</li> <li>• Categorization of new municipalities (e.g island, mountainous) and distinction of responsibilities,</li> <li>• Effective institutional framework for internal audit for transparency, good governance and accountability</li> <li>• Mergers in urban, highly populated areas.</li> <li>• Assistance and support from all ministries</li> <li>• Fiscal decentralization</li> <li>• Ensuring efficient administration of new municipalities which contributes to strengthening administrative autonomy</li> <li>• Reduction of entities of public and private law belonging to Local authorities</li> <li>• Creation of advocate of citizen and business</li> <li>• Ex ante cost accounting of all responsibilities</li> <li>• Utilization of broad potential of e-governance</li> <li>• Effective participation of citizens</li> </ul> | <ul style="list-style-type: none"> <li>• Selection of new administrative center of municipality to be made with non-objective criteria and subject to various interventions</li> <li>• Selection of administrative boundaries of new municipalities was also subject to various interventions</li> <li>• In the formation of the new municipal boundaries it is likely to prevail assessment of political party interests or of financial nature.</li> <li>• Higher costs of reform than the calculated one (plus 1.5 billion for regional government)</li> <li>• Increased need for qualified personnel with university education</li> <li>• Services provided are not of equivalent effectiveness to inhabitants of towns and villages</li> <li>• Failure to institutionalize permanent social care structures and dependence on their funding on various European programs</li> <li>• Due to the size of the new Local Authorities; many of them do not ensure the reciprocity of services provided to citizens</li> <li>• The ratio of higher education to secondary education staff is not the most appropriate for implementing policies for the economic and social development of cities and countryside.</li> </ul> |

| OPPORTUNITIES   | THREATS   |
|---|---|
| <ul style="list-style-type: none"> <li>• New municipalities can contribute to sustainable local development</li> <li>• New code for municipalities in line with reform</li> <li>• The size of the new municipalities ensures financial autonomy against the state power so there is no dependence on funding from the government</li> <li>• Most new municipalities, because of their size would have the operational capacity to implement programs ESPA (- national strategic reference framework)</li> <li>• Intra-municipal decentralization of public investment.</li> <li>• Public consultation on mergers with the participation of all relevant stakeholders</li> <li>• Allocation of responsibilities and resources at local councils</li> <li>• Upgrading of elected officials results in modernization of the local political system</li> <li>• Strengthening of the efficiency of local revenue collection</li> <li>• Utilization of the old town halls and change them into small municipal service centers</li> <li>• Action “Administrative assistance at home”</li> <li>• Financing of social solidarity services through the program “Administrative Reform”</li> <li>• Introduction of “smart card” of citizen</li> </ul> | <ul style="list-style-type: none"> <li>• Large public deficit</li> <li>• Negative conjuncture due to financial crisis</li> <li>• High cost of reform</li> <li>• Connection to reform with municipal elections</li> <li>• Failure to make local referendums about mergers</li> <li>• Short time for public consultation</li> <li>• Failure to prepare a detailed business plan</li> <li>• Disagreement of political powers about the reform</li> </ul> |

