

## CENTRALIST STATE TRADITIONS AND LOCAL GOVERNMENT: A COMPARATIVE PRESENTATION OF GREECE, CYPRUS AND ISRAEL

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### **Introduction**

This article presents and analyses the condition of local government in three Eastern Mediterranean countries: The Hellenic Republic (Greece), the Republic of Cyprus (Cyprus) and the State of Israel (Israel). These countries have a common centralist state tradition that affects the role of local government. In this context, a comparative local government framework is adopted to present the overall condition of local government in each country. This framework includes a number of research parameters used by previous research<sup>1</sup> to assess aspects of local autonomy and decentralization. These research parameters focus on differences in territorial organization and legal framework, as well as in local functions and the extent of financial autonomy.

### **Greece**

#### ***Population and economic data***

Greece has been a member of the EU and the Eurozone since 1981 and 2001 respectively. It covers a total area of 130, 820 km<sup>2</sup> and had a population of 10.423 million inhabitants in 2020. The vast majority of the Greek population (78, 3%) is located in urban centers, verifying that Greece is a highly urbanized country.<sup>2</sup> Greek GDP amounted to a total of 189.26 billion dollars in 2020.<sup>3</sup>

#### ***State and government***

Greece is a parliamentary republic. The President is the head of state and is elected by the Parliament for a five-year term. The Prime Minister is the supreme political figure that possess most political power. He is the head of government

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<sup>1</sup> Lorenz Blume and Stefan Voigt, "Federalism and Decentralization-A Critical Survey of Frequently Used Indicators," *Constitutional Political Economy* 22, no.3 2011: 238-264, <https://doi.org/10.1007/s10602-011-9105-0>

<sup>2</sup> World Observatory on Subnational Government Finance and Investment, 2019, "Country Profiles: Regional Facts and figures-Greece," accessed June 22, 2021, <http://www.sng-wofi.org/country-profiles/Fiche%20GREECE.pdf>

<sup>3</sup> WORLD DATA ATLAS, 2021, "Greece-Gross domestic product in current prices," accessed June 24, 2021, <https://knoema.com/atlas/Greece/GDP>

and usually the head of the ruling party, having the support of the majority in the Parliament. The Prime Minister appoints the members of the Ministerial Council, which is the main executive institution.

### ***Current territorial organization***

The Greek state consists of seven Decentralized Administrative Units that were founded in 2011. In essence, these have executive and state audit tasks in areas such as urban planning, energy policy and citizenship. The number of local government actors was sharply reduced from 5.823 in the 1990s to its contemporary numbers. The Greek system of local government currently consists of a total of 345 subnational governments. These are categorized into 332 Municipalities and 13 Regions that do not have a hierarchical connection between them. The average Municipal size in Greece is currently 33. 181 inhabitants.

### ***Legal framework for local government***

There are general constitutional provisions for local government in the Greek constitution (articles 101 and 102). The latter clearly states that local authorities, of first and second level, are in charge of exercising the administration of local affairs.<sup>4</sup> Since 1997 with the Kapodistrias program (law 2539/97), Greece has launched a number of important institutional and territorial reforms. Main legislative texts currently in effect include the Kallikratis program (Law 3852/2010) and the Kleisthenis program (Law 4555/2018). The former instituted a major reform program by changing regional and local organization and decentralizing responsibilities. The latter introduced additional changes, such as a new electoral system and processes that assess the effectiveness of decentralized responsibilities at the regional/local level.

### ***Subnational responsibilities***

Greek Municipalities have specific areas of responsibilities. These are allocated to eight wide categories, such as public order and safety, health, social protection, etc. The Kallikratis program (Law 3852/2010) granted Municipalities with additional responsibilities, including child protection, elderly care and social assistance to the unemployed.<sup>5</sup> There are also some shared areas of responsibilities with the central government, such as health and transport, causing administrative overlaps. For these reasons, the Kleisthenis program (Law 4555/2018) has set up new institutions to evaluate both the current and future transfer of responsibilities.<sup>6</sup> Finally, there is an obvious differentiation among Greek Municipalities, in terms of their responsibilities, since insular and metropolitan Municipalities have more responsibilities than the rest.

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<sup>4</sup> This development, however, reproduced specific established centralist patterns. See: Nikolaos Komninos Hlepas, "Checking the Mechanics of Europeanization in a Centralist State: The Case of Greece," *Regional & Federal Studies* (2019) 1-19, <https://doi.org/10.1080/13597566.2018.1504023>

<sup>5</sup> OECD, 2016, "Country Profiles: Regional Facts and Figures-Greece," accessed June 26, 2021, <https://www.oecd.org/regional/regional-policy/profile-Greece.pdf>

<sup>6</sup> OECD 2018, "Key data on Local and Regional Governments in the European Union," accessed June 27, 2021, [www.oecd.org/regional/regional-policy](http://www.oecd.org/regional/regional-policy)

### **Local financial resources**

Article 102 of the Greek constitution provides for local financial autonomy. Yet, in practice this has been severely restricted by endogenous and exogenous factors. In fact, the economic crisis and the austerity measures deriving from the MoUs and the Troika prevented Greece from effectively implementing the fiscal decentralization measures provisioned by the Kallikratis program (Law 3852/2010). As a result, subnational government expenditure as a percentage of the Greek GDP remains low, i.e. 3, 4 % in 2017.<sup>7</sup> This indicates an inconsistency between the increasing volume of local responsibilities and the limited local financial capabilities. Additionally, central government transfers, count for the most important part of local revenues, reaching 65%. General public services (26, 7%), economic affairs (19, 2%) and environmental protection (16, 7%) were the biggest categories of local public spending in Greece for 2017.<sup>8</sup>

## **Cyprus**

### **Population and economic data**

Cyprus has been a member of the EU and the Eurozone since 2004 and 2008 respectively. It covers a total area of 9,251 km<sup>2</sup> and had a population of 888.000 inhabitants in 2019.<sup>9</sup> The majority of the Cypriot population -67%-is located in urban centers. Cypriot GDP was 23.97 billion dollars in 2020.<sup>10</sup>

### **State and government**

Cyprus has a democratic presidential system. The President is both the head of state and the head of government. He is elected directly by the people for a five-year term and must secure an absolute majority in order to be elected. The President appoints the members of the Council of Ministers and presides over its meetings. The Parliament-House of the Representatives- is a unicameral body whose members are elected for a five-year term on the basis of direct general elections.

### **Current territorial organization**

Administratively, Cyprus is divided into six districts. Its system of local government consists of 39 Municipalities and 491 Communities.<sup>11</sup> Due to the continuous and illegal occupation of 37% of the territory of Cyprus by Turkish troops, currently nine Municipalities and 135 Communities have been displaced to the southern government controlled area of the island. Municipalities are

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<sup>7</sup> World Observatory on Subnational Government Finance and Investment, 2019, "Country Profiles: Regional Facts and Figures-Greece," accessed June 22, 2021, <http://www.sng-wofi.org/country-profiles/Fiche%20GREECE.pdf>

<sup>8</sup> European Committee of the Regions, 2021, "Greece - Fiscal Powers," accessed June 22, 2021, <https://portal.cor.europa.eu/divisionpowers/Pages/Greece-Fiscal-Powers.aspx>

<sup>9</sup> Statistical Service of the Republic of Cyprus, 2019, "Demographic Statistics 2019," accessed July 2, 2021, [https://www.mof.gov.cy/mof/cystat/statistics.nsf/All/6C25304C1E70C304C2257833003432B3/\\$file/Demographic\\_Statistics\\_Results-2019-EN-301120.pdf?OpenElement](https://www.mof.gov.cy/mof/cystat/statistics.nsf/All/6C25304C1E70C304C2257833003432B3/$file/Demographic_Statistics_Results-2019-EN-301120.pdf?OpenElement)

<sup>10</sup> WORLD DATA ATLAS, 2021, "Cyprus - Gross domestic product in current prices," accessed June 24, 2021, <https://knoema.com/atlas/Cyprus/GDP>

<sup>11</sup> Due to the existence of a very small number of Communities in terms of population, their actual number tends to change from time to time.

mostly located in urban, sub-urban and tourist areas, while Communities are mostly located in rural areas. The average population of a Cypriot Municipality was 19.950 inhabitants in 2014 and the average population of a Cypriot Community was 645 inhabitants.<sup>12</sup>

### **Legal framework for local government**

There is no general constitutional provision for local government. Yet, the Cypriot constitution has explicit provisions (article 173) for the establishment of five Municipalities in the oldest and largest towns of the island. The main legislative texts currently in effect include the 1985 Municipalities Law and the 1999 Communities Law, along with their relevant amendments. These laws are based to a considerable extent on Colonial and Ottoman laws that regulated local government. For this reason, they assign a very limited role to Cypriot local government in terms of its responsibilities and local revenues.<sup>13</sup> Several failed attempts to reform the local government system in Cyprus went on during the 2010s. A new reform plan was submitted by the government to the parliament in March 2020 in the form of several bills. Yet, the outburst of COVID-19 and the consequent lock-downs have disallowed the process. The submission of Cyprus's official recovery and resilience plan to the European Commission (May 2021) is expected to re-launch the process, since it includes funding for the reform local government system in Cyprus.<sup>14</sup>

### **Subnational responsibilities**

The current legal framework enumerates the responsibilities of local government in Cyprus. In this context, there is a distinctive difference in terms of assigned responsibilities between the Cypriot Municipalities and Communities, since the former have more functions. Both Municipalities and Communities have responsibilities in waste disposal, water supply and public health. Yet, the former are also responsible for social services and building permits, while larger urban Municipalities function as town planning authorities and have thus additional responsibilities. Finally, since Communities have more restricted responsibilities and functions, a large share of services in rural areas is delivered by the central structures.

### **Local financial resources**

Subnational government expenditure as a percentage of the Cypriot GDP is one of the lowest in Europe, reaching 1, 4 % in 2017.<sup>15</sup> These limited resources are consistent with the very restricted role attributed to Cypriot local government.

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<sup>12</sup> National School of Government International, 2014, "Local Government Reform in Cyprus: Final Options Report," accessed July 2, 2021, [http://www.crcs.gov.cy/crcs/crcs.nsf/All/A9A11EF491A77B8FC2257E34002FD5B5/\\$file/Local%20Government\\_Final%20Report.pdf](http://www.crcs.gov.cy/crcs/crcs.nsf/All/A9A11EF491A77B8FC2257E34002FD5B5/$file/Local%20Government_Final%20Report.pdf)

<sup>13</sup> Andreas Kirlappos, 2020, "Limits of Europeanization at the Municipal Level: Evidence from the Republic of Cyprus," *Local Government Studies*, <https://doi.org/10.1080/03003930.2020.1753707>

<sup>14</sup> Andrew Rosenbaum, 2021, "Cyprus EU Recovery Plan will tap private sector funding," Cyprus Mail, accessed June 24, 2021, <https://cyprus-mail.com/2021/05/19/cyprus-eu-recovery-fund-private-sector/>

<sup>15</sup> OECD and European Commission, 2018, "Key Data on Local and Regional Government in the EU," accessed July 2, 2021, <http://www.oecd.org/regional/EU-Local-government-key-data.pdf>

Central government transfers include a general annual grant (approximately 40% of Municipal budget) and special grants for development projects. Public services (41%), housing and community amenities (27, 6%) and environmental protection (16, 6%) are the biggest categories of local public spending in Cyprus.

## **Israel**

### ***Population and economic data***

Israel covers a total area of 21,643 km<sup>2</sup> and had a population of 8.1 million inhabitants in 2019.<sup>16</sup> It is one of the most highly urbanized countries in the world, since 92, 3% of its population lives in cities and urban centers.<sup>17</sup> The Israeli GDP was 402.64 billion dollars in 2020.<sup>18</sup>

### ***State and government***

Israel is a parliamentary republic. The Parliament- the Knesset- is a unicameral body whose 120 members are elected for a four-year term by direct elections. The Prime Minister is the head of government who forms the Cabinet, the main executive body of the country. The President is the head of state, elected by the Parliament for a single seven-year term and mainly exercises ceremonial functions.

### ***Current territorial organization***

Israel consists of 257 local authorities. These are divided in the following categories based on population criteria: 76 Municipalities, 125 Local Councils and 56 Regional Councils.<sup>19</sup> The current average population of a Municipality in Israel is 35 000 inhabitants.

### ***Legal framework for local government***

Israel does not have a formal written constitution. Instead, it has adopted "Basic Laws" that have special legal status. There is no general constitutional provision for local government. The main legislative texts currently in effect include the 1934 British Directive on Municipalities and the 1941 Directive on Local Councils.<sup>20</sup> A major reform of the local government system in Israel has not yet occurred and therefore a significant devolution of powers to the local level remains intangible. Amalgamation attempts that were enacted in 2003 were later revoked. Merit decentralization was derived from recent amendments of relevant laws, i.e. the one to the 2014 Planning and Building Law. Yet, central

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<sup>16</sup> OECD, 2019, "Selected Indicators for Israel," accessed June 29, 2021, <https://data.oecd.org/israel.htm>

<sup>17</sup> OECD, 2019, "Country profiles: Regional Facts and Figures-Israel," accessed June 29, 2021, <http://www.sng-wofi.org/country-profiles/Fiche%20ISRAEL.pdf>

<sup>18</sup> WORLD DATA ATLAS, 2021, " Israel - Gross domestic product in current prices," accessed June 25, 2021, <https://knoema.com/atlas/Israel/GDP>

<sup>19</sup> OECD, 2020, "OECD Economic Surveys-Israel," accessed July 2, 2021 [https://www.gov.il/BlobFolder/news/press\\_23092020\\_b/he/PressReleases\\_files\\_press\\_23092020\\_b\\_file.pdf](https://www.gov.il/BlobFolder/news/press_23092020_b/he/PressReleases_files_press_23092020_b_file.pdf)

<sup>20</sup> European Committee of the Regions, (n.d.), "Division of powers-Israel," accessed June 28, 2021, <https://portal.cor.europa.eu/divisionpowers/Pages/Israel.aspx>

government preserves most of the powers and continues to exert strict supervision of local government activities.<sup>21</sup>

### ***Subnational responsibilities***

The colonial legal framework continues, by large, to regulate the Israeli local government system. In this context, Municipal responsibilities are divided into three main categories: compulsory responsibilities, devolved responsibilities and voluntary services. Compulsory responsibilities are explicitly defined by law and include supervision of public works within local boundaries, sanitary and sewerage services, etc. Devolved responsibilities include education and social welfare and are characterized by unclear delimitation,<sup>22</sup> while voluntary services depend on existing local resources and include recreation and cultural activities.

### ***Local financial resources***

Subnational government expenditure as a percentage of the Israeli GDP is low, reaching 5, 5 % in 2016.<sup>23</sup> Central government transfers are divided into three categories. The first one, includes transfers consisted to delegated responsibilities for education (85%) and social welfare (75%). It should be noted that local authorities are often not in a position to fund the remaining part, which in fact reduces education and welfare funding at the expense of citizens.<sup>24</sup> The other two categories include a general balancing grant aiming at coping with financial differentiations between local actors and development grants for local projects. Education (37%), social protection (17, 4%) and health (18%) are the biggest categories of local public spending in Israel.

### **Conclusions**

This article focused on the state of local government through a comparative analytical perspective in three Eastern Mediterranean countries: Greece, Cyprus and Israel. The condition of local government in each country was presented through specific attributes that were used by previous research to assess aspects of local autonomy and decentralization. These parameters focus on differences in territorial organization and legal framework, as well as in local functions and local financial resources.

Overall, local government in these three countries is dominated by a centralized state and administrative tradition. For this reason, local government actors demonstrate common restrictive features, low autonomy and a weak institutional role.

In terms of territorial organization, only Greece has so far implemented a series of comprehensive local government reform programs that have restructured its administrative structures, reducing considerably the number of its local

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<sup>21</sup> OECD, 2019, "Country Profiles: Regional Facts and Figures-Israel," accessed June 29, 2021, <http://www.sng-wofi.org/country-profiles/Fiche%20ISRAEL.pdf>

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

government actors. On the other hand, Israel and Cyprus continue to maintain their outdated territorial and administrative structures that are characterized by excessively big numbers of local government actors. This contrasts contemporary international practice that favors mergers of smaller entities into larger ones with the aim to increase local administrative capacity and the delivery of better local services. Finally, this practice has also established numerous veto-points that may well resist future reform and amalgamation attempts.

In terms of legal framework, only Greece has managed so far to provide a more modern institutional and legal structure to its local government actors. Despite attempts to modernize their local government legal frameworks, both Cyprus and Israel continue to base considerable parts of their legislation on outdated colonial laws. This continuity has implications at the local level, since it sets limitations to local government's capacity to cope with new challenges, such as those derived from COVID-19.

In terms of local functions, Greece has decentralized more responsibilities at the local level due to a number of reforms that were implemented. Yet, the effectiveness of these transfers should be viewed with caution. This is verified by the establishment of new institutions by the Greek authorities with the aim to evaluate the transfer of responsibilities to the local level. No significant devolution of power has been observed in Cyprus and Israel, while problems have been often created in the latter due to unclear delamination.

In terms of local financial resources, Greece, Cyprus and Israel do not demonstrate adequate levels of subnational funding, according to international practice. In the case of Greece there is a clear inconsistency between the limited local financial capabilities and the increasing volume of local responsibilities. This jeopardizes the effective delivery of new services. Cypriot local government is clearly in a poorer condition vis-à-vis its Greek and Israeli counterparts. In fact, Greece and Israel continue to display considerably higher local government expenditure as a percentage of their GDP than Cyprus. This can be attributed to the country's smaller size compared to Greece and Israel. In essence, it creates stricter limitations in available human and economic resources and additional capacity constraints. As a result, implications at the local government level, which is the administrative and political level closest to citizens, become stronger.