



EVALUATING REFORMS OF LOCAL PUBLIC AND SOCIAL SERVICES IN EUROPE

MORE EVIDENCE FOR
BETTER RESULTS

EDITED BY IVAN KOPRIĆ, HELLMUT
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Governance and Public Management

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Ivan Koprić · Hellmut Wollmann
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Evaluating Reforms of Local Public and Social Services in Europe

More Evidence for Better Results

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Editors

Ivan Koprić
Administrative Science and Local
Government
University of Zagreb
Zagreb, Croatia

Hellmut Wollmann
Institute for Social Sciences
Humboldt University of Berlin
Berlin, Germany

Gérard Marcou
GRALE (Groupement de Recherche
sur l'Administration Locale en
Europe)
University Paris 1 Panthéon-Sorbonne
Paris, France

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For Professor Marcou

During the preparation of this volume our dear friend, co-chair of Working Group I and co-editor of the book, Professor Emeritus Gérard Marcou, passed away on 24 October 2016, during an international conference held in Bogota, Columbia. His last paper, written in co-authorship with Anamarija Musa, had already been written and was included in the volume.

We as the co-editors, as well as all the other members of Working Group who cooperated with Professor Marcou within the COST LocRef Action, mourn the loss, remembering the cooperation with a scholar, a colleague and a friend whose death was untimely and came unexpectedly.

Although his sudden death struck us at a sensitive stage of book preparation, we decided to continue our work. We dedicate the book to the memory of Professor Gérard Marcou, our co-editor, co-chair, colleague and dear friend.

Ivan Koprić and Hellmut Wollmann

PREFACE

This book is a result of the collective work of a group of international researchers who have co-operated within Working Group 1 (WG1) of the COST¹ Action “Local Public Sector Reforms: An International Comparison LocRef (IS 1207)” which was launched in spring 2013. professor Sabine Kuhlmann of the University of Potsdam, Germany, is the Chair and professor Geert Bouckaert of the University of Leuven, Belgium, Vice-Chair of the mentioned COST Action.

WG1 is chaired by Professor Ivan Koprić from the University of Zagreb, Croatia, and co-chaired by Professor Emeritus Hellmut Wollmann, Humboldt University, Germany, and professor Gérard Marcou, University Paris 1 Panthéon-Sorbonne, France. WG1 studies reforms of local-level public and social services throughout Europe from a cross-country comparative perspective. The work of WG1 has been organised in two phases, focusing on changes in the provision of public and social services especially at the municipal level and on evaluation of reforms of local public and social services in contemporary Europe.

This book follows the theoretical and methodological pattern, the logic and the considerations of the previous book, *Public and Social Services in Europe: From Public and Municipal to Private Sector Provision* (Palgrave Macmillan, 2016), which was prepared within the same COST Action LocRef (IS 1207) and edited by the same editors (Hellmut Wollmann, Ivan Koprić and Gérard Marcou). The members of WG1 met four times to elaborate, discuss and prepare the concept, structure, approach and chapters of this book. The initial workshop was held in

Dubrovnik, Croatia (5–6 May 2015), and the following meetings were held in Istanbul, Turkey (22–23 October 2015), Bern, Switzerland (30–31 March 2016), and Zagreb, Croatia (27–28 June 2016).

The second phase of WG1 work resulted in accumulated information, data and knowledge about the evaluation of changes in local service provision and evaluation of reforms to local services across Europe organised in 18 chapters. A variety of local services and European countries are covered. We are grateful to the chapter authors for participating in our collective efforts to rekindle research, scientific, practical, policy, professional and educational interest in evaluation studies and to confirm the high value of such studies for policy improvements in the field of local service reforms.

Preparation of the book was technically supported by a team of young researchers from the Chair of Administrative Science, Faculty of Law, in Zagreb. Headed by Assistant Professor Goranka Lalić Novak, they invested considerable effort in technical editing of the manuscripts. In addition, Assistant Professor Teo Giljević from the same Chair prepared the index and additional lists for the book. We owe them particular gratitude.

We especially thank our publisher, Palgrave Macmillan, and the two co-editors, Professors Taco Brandsen and Robert Fouchet, who decided to include this book in the series “Governance and Public Management.” We are also grateful to anonymous reviewers for their support and useful suggestions.

We also wish to thank Christian Schwab, the Academic Project Coordinator and Secretary of the COST Action LocRef (IS 1207) for his timely, efficient and kind support during the second phase of WG1 work.

Zagreb, Croatia
Berlin, Germany
Paris, France

Ivan Koprić
Hellmut Wollmann
Gérard Marcou

NOTE

1. European Cooperation in Science and Technology, <http://www.cost.eu/>.

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EDITORS AND CONTRIBUTORS

ABOUT THE EDITORS

Ivan Koprić, Ph.D. born 6 January 1965, Professor of Administrative Science and Local Government at the University of Zagreb, Croatia; editor-in-chief of the international scientific journal *Croatian and Comparative Public Administration*; author and editor of numerous books and articles. Recent books: *Public and Social Services in Europe: From Public and Municipal to Private Sector Provision*, Palgrave Macmillan, 2016 (with H. Wollmann and G. Marcou), *European Administrative Space*, NISPAcee, 2017 (with P. Kovač), and (in Croatian, published by the Institute of Public Administration) *Citizens, Public Administration, and Local Government*, 2017 (ed.), *Performance and Quality Management in Local Government and Public Administration*, 2016 (ed.).

Dr. Hellmut Wollmann, Jr. born 4 December 1936, Emeritus Professor of public administration at Freie Universität Berlin (1974–1993) and Humboldt-Universität zu Berlin (1993–2001). Kennedy Memorial Fellow at Harvard (1970–1971). Visiting professor at numerous universities (among others Tokyo, Beijing, Moscow, Firenze, Göteborg etc.). Chairman (1976–1993) of IPSA Research Committee on Local Government, co-founder and President (1999–2001) of European Evaluation Society. Books: *From Public and Municipal to Private Sector Provision*, Palgrave Macmillan 2016 (co-editor), *Introduction into*

Comparative Administration, Edward Elgar 2014 (co-authored with Sabine Kuhlmann), Provision of Public Services in Europe, Edward Elgar 2010 (co-editor), Evaluation in Public Sector Reform (ed.) 2003 Edward Elgar.

Dr. Gérard Marcou, Jr. born 15 November 1947, Professor of Public Law at the University Paris 1 Panthéon-Sorbonne, Director of GRALE. Visiting professor in numerous universities and institutes (Barcelona, Roma, Napoli, Milano, Beijing, Buenos Aires etc.). Publications: From Public and Municipal to Private Sector Provision, 2016 (co-editor), Provision of Public Services in Europe, Edward Elgar (co-editor), Les compétences des collectivités locales. L'étendue et la nature des compétences des collectivités locales dans les Etats membres du Conseil de l'Europe, Council of Europe, 2008; L'accès aux emplois publics, Paris, Lextenso "Système", 2014; Les collectivités territoriales et la politique du logement, 2014, Paris, L'Harmattan (co-editor).

CONTRIBUTORS

José M. Alonso Faculty of Business and Economic Sciences, University of Cantabria, Cantabria, Spain

Pierre Bauby RAP, Paris, France

Germà Bel University of Barcelona, Barcelona, Spain

Frank Bönker Saxonian University of Co-operative Education, Riesa Campus, Riesa, Germany

Giulio Citroni Department of Political and Social Sciences, University of Calabria, Rende (CS), Italy

Judith Clifton Faculty of Business and Economic Sciences, University of Cantabria, Cantabria, Spain

Daniel Díaz-Fuentes Faculty of Business and Economic Sciences, University of Cantabria, Cantabria, Spain

Vedran Đulabić Faculty of Law, University of Zagreb, Zagreb, Croatia

Jasmina Džinić University of Zagreb, Zagreb, Croatia

Yeseren Elicin Galatasaray University, Istanbul, Turkey

Maria Tullia Galanti Department of Social and Political Sciences,
University of Milan, Milan, Italy

Marieke van Genugten Institute for Management Research, Radboud
University, Nijmegen, The Netherlands

Marco Di Giulio Department of Management, Economics and Industrial
Engineering, Politecnico di Milano, Milan, Italy

Tamás M. Horváth MTA-DE Public Service Research Group, Debrecen,
Hungary

Kurt Houlberg KORA, The Danish Institute for Local and Regional
Government Research, Copenhagen, Denmark

Vicki Johansson School of Public Administration, University of
Gothenburg, Gothenburg, Sweden

Martin Laffin School of Business and Management, University of
London, London, UK

Lena Lindgren School of Public Administration, University of
Gothenburg, Gothenburg, Sweden

Andrea Lippi Department of Political and Social Sciences, University of
Florence, Florence, Italy

Romea Manojlović University of Zagreb, Zagreb, Croatia

Beata Mikušová Meričková Matej Bel University, Banská Bystrica,
Slovakia

Łukasz Miłkuła Institute of Socio-Economic Geography and Spatial
Management, Adam Mickiewicz University, Poznań, Poland

Łukasz Miłkuła Adam Mickiewicz University, Poznań, Poland

Stig Montin School of Public Administration, University of
Gothenburg, Gothenburg, Sweden

Anamarija Musa Faculty of Law, University of Zagreb, Zagreb, Croatia

Carla Puiggrós Mussons Fundació Carles Pi I Sunyer, Barcelona, Spain

Juraj Nemec Masaryk University, Brno, Czech Republic

Ole Helby Petersen Department of Social Sciences and Business,
Roskilde University, Roskilde, Denmark

Primož Pevcin Faculty of Administration, University of Ljubljana,
Ljubljana, Slovenia

Stefania Profeti Department of Political and Social Sciences, University
of Bologna, Bologna, Italy

Esther Pano Puey Faculty of Law, University of Barcelona/Fundació
Carles Pi I Sunyer, Barcelona, Spain

Iztok Rakar Faculty of Administration, University of Ljubljana,
Ljubljana, Slovenia

Mihaela M. Similie RAP, Paris, France

Jana Soukopová Masaryk University, Brno, Czech Republic

Harald Torsteinsen Department of Social Sciences, University of
Tromsø, Campus Harstad, Norway

Athanasia Triantafyllopoulou Technological Education Institute of
Peloponnese, Kalamata, Greece

Theodore N. Tsekos Technological Education Institute of
Peloponnese, Kalamata, Greece

Marzena Walaszek Adam Mickiewicz University, Poznań, Poland

ABBREVIATIONS

AATO	Autorità d'Ambito Territoriale Ottimale
ACCA	Association of Chartered Certified Accountants
ACs	Autonomous Communities (Spain)
BMFSFJ	Federal Ministry of Family Affairs, Senior People, Women and Young People (Germany)
BV	Best Value
CAA	Comprehensive Area
CCT	Assessment Compulsory Competitive Tendering
CEE	Central and Eastern European
CEMR	Council of European Municipalities and Regions
CEO	Chief executive officer
CIPFA	The Chartered Institute of Public Finance and Accountancy
COE	Council of Europe
CPA	Comprehensive Performance Assessment
CQC	Care Quality Commission
CZSO	Czech Statistical Office
DDAF	Directions départementales de l'agriculture et de la forêt
DEA	Data Envelopment Analysis
DGCCRF	Direction générale de la concurrence, du commerce et de la répression des fraudes
DG	Directorate General
ECA	European Court of Auditors
ECD	Evaluation Capacity Development
EC	European Commission
ECJ	European Court of Justice
EIA	Environmental Impact Assessment

EP	European Parliament
ERDF	European Regional Development Fund
ESF	European Social Fund
FE	Fixed Effects
FNCCR	The Fédération nationale des collectivités concédantes et régies
FTE	Full-Time Equivalent
GLM	Greek Liberties Monitor
HHI	Herfindahl-Hirschman Index
IA	Impact Assessment
IGD	Institut de la gestion déléguée
IHSC	Inspectorate of Health and Welfare (Sweden)
ISO	International Organization for Standardization
KGSt	Municipal Community Office for Administrative Management (Germany)
KOYDES	National Project for Rural development (Turkey)
LGA	Local Government Association
LPU	Local Public Utilities
MAs	Managing Authorities
MbO	Management by Objectives
MDK	Federal Ministry of Health (Germany)
MoU	Memoranda of Understanding (Greece)
MSW	Municipal Solid Waste
NAE	National Agency for Education (Sweden)
NBHW	Swedish National Board of Health and Welfare
NMM	New Management Models
NOTRe	Nouvelle organisation territoriale de la République
NPM	New Public Management
NSRF	National Strategic Reference Framework
OECD	Organization for Economic Cooperation and Development
Ofsted	Office for Standards in Education
OLS	Ordinary Least Squares
ONEMA	Office national de l'eau et des milieux aquatiques
OPs	Operational Programmes
PADS	Public Administration Development Strategy (Croatia)
PFI	Private Finance Initiative
PIFC	Public Internal Financial Control
PISA	Programme for the International Student Assessment
PPP	Public Private Partnership
PTE	Program Theory Evaluation
QII	Quality Improvement Instruments
RIA	Regulatory impact assessment
ROPs	Regional Operational Programmes

SALAR	Swedish Association of Local Authorities and Regions
SEA	Strategic Impact Assessment
SERMAS	Madrid Regional Health Service
SGB	Social Welfare Code (Germany)
SLI	Sector Led Improvement
SNC	System of National Cooperation (Hungary)
SPA	Special Provincial Administration
SPDE	Syndicat professionnel des distributeurs d'eau
SRADDET	Regional Schemes for Sustainable Development and Territorial Equality
SSI	Social Services Inspectorate
TA	Technical Assistance
TFGR	Task Force for Greece
TGM	Traditional Governance Models
TQM	Total Quality Management
UNDP	United Nations Development Programme
WB	World Bank
ZGJS	Service of General Economic Interest Act (Slovenia)

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Evaluating Reforms of Local Public and Social Services in Europe

Ivan Koprić and Hellmut Wollmann

INTRODUCTION

The evaluation of local public and social services reforms in Europe has become rather important in the past few decades. The reasons are complex, ranging from the increased frequency of these reforms, influenced by the New Public Management (NPM) doctrine and serious austerity policy in many European countries to the widespread wishes of many countries to increase service quality, strengthen citizens' satisfaction, and reduce the costs of public services, especially at the local, i.e. sub-national levels. A search for reasonable efficiency and effectiveness of local governments remains on the agenda despite a value-driven sway between political and strategic choices. These prominent value orientations are now firmly wreathed not only in the fundamental principles of

I. Koprić (✉)

Faculty of Law, University of Zagreb, Zagreb, Croatia

e-mail: ivan.kopric@pravo.hr

H. Wollmann

Institute of Social Sciences, Humboldt Universität Berlin, Berlin, Germany

e-mail: hellmut.wollmann@rz.hu.berlin.de

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good European governance (Koprić 2017a) but also in national strategies and reform policies.

Evaluation studies that examine the successfulness of local service regimes and real effects of local services reforms in different countries show a wide variety of orientations. Regardless of the orientations, they are neither equally distributed through Europe nor equally refined. While in certain parts of Europe decision-makers at the state and sub-national levels may well benefit from scientifically and methodologically well grounded, thoroughly tailored, detailed, refined, technically precise and useful evaluation studies, the culture of evaluation is almost non-existent in others. Once again, Europe seems to be split by the north-west–south-east divide despite certain harmonisation influences. One of them comes from the European Union (EU) whose bodies and experts perform extensive evaluations and promote the evaluative approach in the member states when the money is spent on the EU policies implementation and programmes and projects financed through EU funds.

The evaluation of local services regimes and reforms in Europe, which is the focal theme of this volume, comes after the publication of a comparative volume which mapped the trends and trajectories of local services reforms and was published in 2016 (Wollmann et al. 2016). The previous book took into account the initial situation of public/municipal sector provision and subsequent NPM overturn with inclination towards the private sector provision since the 1980s. However, the book's focus was on the newest developments, directing it to the examination of the recently claimed remunicipalisation trend (cf. Wollmann and Marcou 2010).

The mapping carried out in the previous volume revealed that local service delivery reforms and changes in service delivery regimes in Europe have not been influenced exclusively by the NPM doctrine and severe austerity policy after the burst of the global financial crisis of 2007/2008. Other influences are also important, ranging from national traditions and particular circumstances, specific political concepts in some countries and fresh, post-NPM doctrinal influences, to the EU law and decisions of the European Court of Justice, to a variety of wishes to increase the quality and reduce the costs of services especially at sub-national levels. Only complex diagnoses can explain the differences of local services delivery in various parts of Europe (Wollmann et al. 2016).

This volume has retained a reasonably similar basic theoretical framework to the one in the previous book together with the elements of

evaluative Europe-wide comparison. The motivation for this is both theoretical and practice oriented, with the purpose of enabling a more refined theoretical analysis based on richer empirical material, providing for deeper and better insights, offering usable knowledge for evidence-based policy-making, feeding evaluation-based learning, and perfecting future evaluations. The focus on public and social services, delivery regimes and their reforms at the local and regional levels has been preserved precisely for the sake of a rigorous but still productive comparison in a contemporary European context.

THE NEED FOR EVALUATING REFORMS OF LOCAL SERVICES IN EUROPE

A comparative examination reveals a prominent *evaluation gap* in the current European literature on local public sector delivery reforms and a lack of cross-sectoral comparisons of different local services regimes in contemporary, rapidly changing economic and societal environment. This “evaluation gap” can be observed and analysed in several ways.

First, numerous evaluative studies in some countries, prepared according to the highest scientific, methodological, and technical standards, stand against “evaluation silence” in other countries. Interestingly, these dark evaluation spots may also be found in the countries that absorb large amounts of the EU financial allocations for development, reduction of regional disparities, and other purposes, in spite of all the Union’s efforts to promote and strengthen the evaluation culture whenever its financial interests are concerned.

Second, the cross-sectoral evaluation, the evaluation of more significant changes of local service regime, and the evaluation of local service delivery reforms are not very common. A similar situation was observed regarding the evaluation of general public sector and public management reforms some time ago (Wollmann 2001, 2003b). Aspiration for a precise data-driven analysis of success within the narrow borders of separately treated local services might easily neglect the wider picture and more broadly defined factors, processes, actors, triggers, and drivers influencing sectoral, multi-sectoral, or country-wide reforms. For the sake of mutual enrichment, it is necessary to compound classic evaluation studies dealing with evaluation of particular local services, evaluation of broadly defined local service delivery changes, and decentralisation, modernisation, and other reforms in national and European contexts.

Third, some local services, sectors, dimensions, and impacts of service provision are better covered by evaluation studies than others. There is a decreasing interest in those local services for which data are not systematically collected and easily accessible. Thus, the most important services provided at the local and regional levels, such as water and energy supply or hospitals and education, which have voluminous financial implications and effects, are better covered than others. If service provision in a country is more fragmented, due to a huge number of local governments and/or service providers, data collection is complex and evaluation requires greater effort. This is more frequently the case in certain basic local services than in services at the urban or regional levels. More complex and general evaluations of local services regimes and reforms are not well represented. In addition, evaluation studies focused on outcomes, service quality, and deep systemic and cultural changes are much more rarely performed than those dealing with input and output changes. The available data are either scarce or completely lacking, thus hindering evaluation (cf. Wollmann and Bönker *in this volume*).

Finally, the application of program theory in evaluation of local service delivery and in assessment of decentralisation is neither common nor widespread in Europe. Program theory evaluation is applicable to the evaluation of modernisation, decentralisation, and other reform policies frequently initiated by central governments without explication of their goals, basic presumptions about how they will work, or other elements of reform theories. Recent calls for evidence-based evaluation of decentralisation results, effects, and impacts show the importance of propelling the application of such an evaluation approach (cf. Koprić and Džinić 2016; Koprić 2017b).

This volume addresses, responds to, and attempts to fill the gap. It employs evaluative approach to examine the contemporary institutional reforms and administrative modernisation efforts at the local levels in Europe (Kuhlmann and Wollmann 2011, 480; Kuhlmann et al. 2008). The analytical framework begins with a basic distinction between the three “loops” of evaluation, institutional, performance, and outcome evaluation (Kuhlmann and Wollmann 2011, 480). It tries to point out the three types of changes which have resulted from the modernisation of local service regimes and other service delivery reforms.

First, there are *institutional* changes, which are direct and immediate effects of these reforms, followed by those that have occurred during certain longer reform periods. If successful, they may innovate the local service provision regime in a country.

Second, there is a group of changes in *performance* within certain institutional settings. They can be input and output changes. Input changes are connected with financial, material, human, and other resources used for a local service delivery. Output changes are normally caught by the variety of quantity, quality, and effectiveness indicators showing immediate service results, produced and delivered public services, or direct effects of service regime reforms in a national institutional setting (cf. Koprić 2010, 10–11).

Third, *outcome* changes are those system, behavioural, and cultural shifts and consequences that are brought about, usually in long term, by local service regime reforms. These include the changes in management style and practice, the alterations of role perception, attitudes and behaviour of the local administrative staff, citizens' satisfaction with services and subsequent legitimacy effects, the transformations of citizens and users' expectations of local abilities and capacities for service delivery, business environment effects, etc. From the point of intended policy goals, some of these changes refer to the attainments of local public sector reforms. However, unintended and negative effects of such reforms that can make room for, or even trigger off, further developments and changes should not be neglected.

Three types of evaluations—institutional, performance, and outcome evaluations—are employed in this volume when dealing with:

- a. The evaluation of changes and reform measures in delivery of particular local, urban, and regional public and social services inspired by the New Public Management doctrine, austerity policies, and other contemporary reform ideas in the national and European contexts,
- b. The evaluation of comprehensive reforms in the field at both macro (i.e. national) and micro levels (i.e. local governments),
- c. Analyses of more general issues of evaluating changes in the delivery of local services.

The evaluative approach of this volume relies on the comparative method in European context, covering both West and East European countries, including “representative” countries for all groups of countries with similar national traditions: England, the Netherlands, Sweden, Norway, Denmark, Germany, France, Spain, Italy, Greece, Poland, the Czech Republic, Slovakia, Slovenia, Hungary, Croatia, and Turkey. By dealing

with transitional (transformational) countries in Central, Eastern, and South-Eastern Europe, as well as with two non-EU countries (Norway and Turkey), the book offers a rather wide sample of countries.

The book covers utilities and similar local services together with local social services following, at the local level, differentiation between services of general economic interest and social services of general interest introduced by the European Union (cf. Wollmann et al. 2016). It comprises evaluation chapters on the following services: waste management, water supply, public transport, road and park services, health care, education, eldercare, and other personal social services.

Two groups of changes are evaluated in this volume. The first group relates to the changes of service delivery regimes. Such regimes consist of several organisational, legal, technological, managerial, and other components interconnected, structured, and coordinated in different ways (cf. Chang and Chen 2016). Local service delivery may be, for example, provided by a variety of institutional forms, such as municipal corporation, outsourcing, market competition, etc. (cf. Grossi and Reichard 2016). Some countries prefer intermunicipal cooperation in service delivery while others rely on special districts for particular services. Service delivery can be regulated to a different degree, and regulations may be accompanied by specifications of users' rights in the service charters. The influence of EU law is different in different sectors. These changes of service regime have been motivated by and could lead to the relevant value changes. It is well known that even smaller changes in service delivery regimes can cause observable effects on relevant values such as cost-efficiency, input/output ratio, productivity, effectiveness, and others.

Not only service delivery regimes and their variations are covered in the book, but also more ambitious, robust modernisation, decentralisation, managerial, and other substantive reforms in the field of local service delivery. It has been established that only deeper governance, managerial and administrative modifications that bring about significant institutional innovations into the administrative system of a country may be called reforms (Koprić 2017c). Current modernisation reforms based on the NPM and post-NPM logics which have tackled local service delivery are subjected to research scrutiny in the book. Their successfulness, guiding goals and expectations, and subsequent effects are thoroughly investigated. For example, some countries strengthen the role of regions, cities, and metropolises in the delivery of certain services while others opt for market solutions. Some central governments impose strict rules about

local service provision while others stress savings and cost-efficiency, etc. Taking into consideration the wider reforms that have a long-term perspective, the volume is able to reveal a part of contextual and causal influences in certain service sectors, national administrative systems, and European governance and institutional setting.

The book contains several chapters on more general issues of evaluating local services delivery reforms, such as approaches to evaluation of local service delivery, regulatory impact assessment at sub-national levels, effects of local agentification, factors determining the efficiency of local service delivery, impact of decentralisation on local management modernisation, the role of evaluation vis-à-vis political partisan concepts in shifts of local performance regimes, etc.

Furthermore, comparative analyses of these reforms are an important source of information necessary for experiential learning. Although national and sectoral specificities are unavoidable, cross-country and cross-sectoral comparisons which follow standardized analytical paths produce useful policy knowledge. The results of this book may help to single out local reform policies that are potentially transferable, in terms of both content and strategies, to future reform processes. The book is therefore of interest not only to scientists and researchers but also to practitioners.

It elicits and systematises lessons learned from successful and unsuccessful changes of local public and social service delivery regimes. Such policy knowledge, based on experiential learning can be, in the next step, easily employed in designing policy proposals for successful local service delivery reforms, thus providing solid grounds for evidence-based policy-making for European practitioners with regard to local public service reforms (cf. Koprić *in this volume*).

APPLYING THE LOGIC OF EVALUATION STUDIES TO RESEARCHING THE CHANGES IN DELIVERY OF LOCAL SERVICES

This volume is at the nexus between local services research and evaluation research, and offers easily applicable knowledge based on evidence from numerous European countries. It applies the logic of evaluation studies to the research of variations of local public and social services delivery regimes, and of more ambitious decentralisation, modernisation, and other reforms at the local levels.