



**STRENGTHENING INSTITUTIONAL FRAMEWORKS FOR LOCAL GOVERNANCE PROGRAMME
2015-2017**

**STUDY
MAPPING THE OBSTACLES TO INTERMUNICIPAL
CO-OPERATION**

GENERAL REPORT

***Intermunicipal cooperation: many ways, various
models for strengthening local self-government***

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This survey on intermunicipal cooperation (IMC) in six countries of Eastern Europe is part of a joint action of the Council of Europe and the European Union: ***STRENGTHENING INSTITUTIONAL FRAMEWORKS FOR LOCAL GOVERNANCE PROGRAMME (2015-2017)***.

With six renowned national experts, we propose a general survey of the situation of IMC in ***Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine***¹. These countries have a common history in administrative organisation and are building a territorial decentralised system in accordance with the principles of the European Charter of Local Self-Government² and the national political orientations. This system is in constant evolution. Though many substantial reforms have been achieved in the last twenty years, the architecture is not yet fully stabilized. All have or had a fragmented territorial organization, with many small and weak communes³, sometimes in a process of depopulation and impoverishment.

Consolidation of this territorial structure has been discussed in various occasions, with more or less intensity, considering the options between IMC and amalgamation of communes. Many reports have been developed on these subjects, often with the support of international organizations (CoE, UNDP) and NGOs and international conferences were devoted to promote the concepts and the institutions of IMC. Yet achievements were rather poor or modest. These similarities allow comparison. Municipal systems are, however, unique in each country, not only because of legal provisions but also because of differences in political life, geography (Armenia and Georgia have high mountainous regions, which don't exist in Moldova or Ukraine), demography (proportion of cities and small villages), level of public services, infrastructures and public facilities, etc.

Differences are also important and they show the many facets of this political problem and how diverse the situations and political orientations are. Comparing countries with similarities and differences helps to understand why reforms, which look inescapable to experts, are delayed since many years. It allows also detecting the main causes of blockades, which are not the most visible ones and clearly are rooted in the system itself and are not just on a “technical” level.

The situation has become even more difficult since the general economic and financial crisis. It is public knowledge that reforms have a cost and need additional money to cover the expenditures for reorganisation and for launching new policies and show the efficiency of the new institutions. Money has become rare and reforms should be cost efficient, which is very problematic. Communes engaged in reforms can hardly expect to get much incentive money from the central government and this latter has to decide severe arbitrages between national and local budgets, between a general growth of local government resources or targeted grants

¹The team had two times a two days working session in Prague, in May and in September, and the general conclusions were presented at the Kiev conference of 1 October 2015 on ***INTER-MUNICIPAL CO-OPERATION: MODELS FOR EMPOWERING LOCAL SELF-GOVERNMENT***, organised in co-operation with the Council of Europe Programme “Decentralisation and territorial consolidation in Ukraine

² Belarus is not a member State of the CoE and has not signed the Charter. Yet there are observers at the Congress of local and regional authorities in Europe who know the Charter and it may become a reference in the future.

³We will call *municipality* or *commune* the first level of local self-government, whatever the name is in a given country.

for communes engaged in structural reforms, IMC or amalgamation. In the same time, any additional support is now a strong incentive, as we see in countries where a dedicated Fund has been established (Georgia and Ukraine).

Reshaping the administrative organization cannot be discussed only in terms of structures, political considerations and financial procedures. It needs a global approach in an era of economic depression and fiscal stress. Improving service delivery to the population, with more efficient public administrations, and promoting regional and local development are major challenges. There is no prejudice or doctrinal position on the need of IMC, and it is not an explicit requirement of the European Charter of Local Self-Government (ECLSG). This survey is not meant to promote intermunicipal cooperation as if it was some “must” by itself. Its benefits and possible applications are well known and the Council of Europe offers already an exhaustive *Toolkit*⁴ that has been adapted for several countries who participate to this study.

Why is IMC not more developed and popular?

The starting point of this study on the actual situation of intermunicipal cooperation (IMC) in six countries of Eastern Europe is an interrogation: why not more IMC, as it is a very common practice in many countries in Europe, but also in America, and seems to be an appropriate solution for consolidating municipal institutions in these countries? Why is IMC not more demanded by local self-governments or their associations, more supported by the national governments and parliaments, though it is discussed since many years, analysed in substantial reports and has been declared, at certain periods, a priority or even a part of a decentralisation strategy?

The general answer of our team is that difficulties with IMC cannot be analysed apart from the difficulty to strengthen, develop and modernize the local self-government system as a whole. There is a systemic relation between the territory and the other decisive components of local self-government: competences (or powers) of communes and resources (financial and human). **Public actors consider thoroughly the territorial issues when they are dealing seriously with both others and must admit that certain problems in competences distribution and in financing cannot find a satisfying solution without adapting the territorial dimension.** And, for that, comparative practices show only two ways: association of communes in an intermunicipal entity to cooperate on certain functions or matters; merging the communes to create a bigger one.

Small territory means little population, poor resources, limited competences and an inability to exercise (correctly) all the legal powers. This is the situation for a significant number of communes in all six states. Therefore, engaging in a virtuous circle (more powers and resources) needs to deal with the territorial issue. The level of the political will to strengthen autonomy of local self-government bodies is directly expressed in what is done - or is not done - for territorial consolidation.

⁴**TOOLKIT MANUAL - INTER-MUNICIPAL COOPERATION 2010.** Contains valuable information on the reasons to create IMC, the different domains of application, legal forms, methodology for choosing a model and implement it....This report will not go in details; see the Toolkit.

The Council of Europe, thanks to close relations with all actors in these countries, had the distinct feeling that we are entering a period of maturation and that long-delayed reforms are ready to be started. This is confirmed by the survey, at least for three countries, others being more cautious and slower to progress.

Looking around in Europe, we observe that all countries have reshaped or consider reshaping their local self-government structures. Deeply rooted in history, they are no longer in accordance with the society, the demography and the economy, which have dramatically evolved in recent times. Time tables are, of course, very different and no specific model is prevalent. But, in recent times, analysing the factors of the crisis and the ways to improve the efficiency of public institutions brought a growing awareness **of the decisive role that good municipal organization plays for this efficiency and the national wealth**. Cities and metropolis are leaders in economic development and innovation. The quality of their governance is an important factor of growth and enrichment of a country and its effects can be measured in economic data⁵.

Therefore municipal reform, though complicated, should have a high priority on the political agenda.

CHAPTER I. IMC IN DIFFERENT STAGES: SOME FRAMING CONSIDERATIONS

The precise description of the municipal institutions, the situation and legislation on IMC and the policy of local self-government reform are presented in the national reports and we will not repeat them here. We want just to underline some basic assessments.

1. IMC, A SPECIFIC COMPONENT OF THE LOCAL SELF-GOVERNMENT SYSTEM

IMC has no direct relation with the political regime of a country and there is no need to describe the differences between the countries in that domain. IMC is part of the LSG system and we must consider the evolution and situation of this latter in a summarized historical perspective.

The territorial organization edified in the Soviet period was not exactly the same in all six countries. Communes and second level (rayons) area have a common heritage. Differences concern the level of Regions or Oblast. The concept of autonomy for local self government was unknown and the nature of the different tiers made no clear difference between State and non-State entities. So there was no long tradition of LSG as in Western Europe or North America. With the admission in CoE and the ratification of the ECLSG, and due to new national political orientation, a new system had to be built. The Charter was the clear and compulsory reference. It contains general fundamental principles, which define autonomy of local self-government entities, but it shows no precise territorial model and the existing territorial structures and mapping could remain without contradiction with the Charter.

⁵OECD *The Metropolitan Century - Understanding Urbanisation and its Consequences*, Paris, 2015.

IMC was not unknown in the Soviet period but it was run on a very pragmatic way and generally for very precise activities, like ambulances, fire protection..., without systematic legislation. So the starting point was no culture of self government, no frame for cooperation and uncertain distribution of competences between local governments and the State and even between local entities (communes and rayons).

This latter question is very important in the problematic of IMC, which is a way to reorganise competences distribution. For example, in Ukraine or Moldova, where rayons kept a strong position, the logic of subsidiarity was often that the rayon should do what communes cannot do; so there was political debate and sometimes expert analysis on this question rather than on the need to have an IMC solution, which would have been the creation of a third local entity.

Clarifying and reshaping the competences between the different administrations was an important part of LSG reform in all countries and this debate did not give much place for an IMC debate. When this one was engaged, it was often in parallel with the amalgamation alternative that created additional complexity, as explained below.

Let us make an additional assessment. These countries had not only to reshape LSG; the first task was to organize a new political regime and a new State, sometimes in difficult conditions with wars in separatist regions, some still frozen. The need of strong central institutions, with an important proportion of public means concentrated at this level, must also be counted as an obstacle for extending the capacities and powers of LSG. Centralisation at a certain level is still a reality in Belarus and Azerbaijan, and a temptation in Moldova and perhaps in Armenia (it is unclear if the creation of larger communities by amalgamation will be completed by new transfers of competences, or not).

These fundamental reasons explain why IMC was not a matter in which political leaders and ministries wanted to invest in priority!

2. IMC NOT VERY DEVELOPPED IN THE SIX COUNTRIES

IMC is not a new concept in the different countries. It exists already, on a modest level, in Armenia, Georgia, Moldova and Ukraine; Belarus and Azerbaijan are on a more distant path.

D. AN INCOMPLETE LEGISLATION

The visibility of the provisions on IMC is variable in the laws on local self-government and the expression is often unknown. This is the consequence of inadequate attention paid to IMC by national authorities and the absence of a dedicated policy. This matter just has not been seen by the authors of the founding laws on LSG. This institution did not exist in the former law and the attention was focused on the creation of municipal institutions that comply with the principles of the ECLSG, which has no specific provisions on IMC. When speaking on the subject of cooperation between communes, many leaders in Eastern Europe understand the creation of national associations uniting cities or officials for representation to national authorities or to the Congress of LRAE.

The principle of cooperation is in the laws, in Ukraine or Armenia. And lawyers consider that anyhow cooperation is legally possible as far as it is not prohibited. But, for the practitioners and the political leaders this idea looks quite theoretical and when there are no specific

procedures, no institutional frames or incentives, no spontaneous projects are launched in the field. And in Belarus the law gives little space for initiatives.

Considering what existed in the Soviet period, the legal provisions are mainly meant for cooperation between municipal enterprises in charge of certain facilities. Such cooperation has been established and looks like a business union without aiming and facilitating a broad cooperation between communes on common policies and general municipal competences.

The situation is changing. IMC is more clearly on the political agendas and the national authorities are more conscious of its potential. But, as we will see with Ukraine, adoption of a law and defining a national policy are not sufficient conditions for developing IMC on a large scale.

E. SCATTERED IMC EXPERIENCES

As there has been no systematic policy for IMC we observe in four countries punctual achievements, mostly for one purpose activities. Most of them, as described in the national studies, have been initiated and conducted with international support (UNDP, USAID, GIZ, Swiss Fund...), who brought some money and provided methodology and expertise. This is valuable, but has not produced a more general movement. It was perhaps even an alibi for a certain passivity of governments who, of course, supported these actions; but they were not included in a national policy and the best practices learned at this occasion are not systematically spread to other municipalities by the LSG associations or the ministries.

F. NO NATIONAL STRATEGY AND NO METHODIC SUPPORT

This is crucial. IMC may happen on a very low level as an informal relation between authorities of two or more communes. But for important matters and on a large scale, it is never spontaneous and there must be a clear commitment of the State authorities, at national and/or regional level. The absence of a national policy favoring IMC is evident in all countries. IMC is on low position on the agenda of the governments. We have examples when ministries, directly concerned by LSG activities (territorial affairs, regional development, finances and economy), don't care at all about it. This may have diverse and specific or punctual explanations. But the survey shows with great evidence that there are some systemic obstacles that go far away from the sole opposition of political leaders or ignorance by municipal authorities.

Despite the repeated findings, in many studies and reports, IMC was not seen as an important stake by the governments. As no one of these countries had a steady will to enlarge and strengthen the autonomy, powers and resources of local governments, there were no reasons to deal with the complex territorial issues.

There was no demand from communes and their associations were rather cautious, knowing the prudence or reluctance of the mayors; yet the Moldovan association was active on information and training sessions. The minister in charge of local self-government has no specific interest to engage in such a policy that would occupy the staff without much political benefit. He is also aware of the cost of a reform and of the difficulty to convince the Ministry of Finance to give additional money for communal reform, especially in recent times when

this ministry was told by IMF or the World Bank that decentralization was no longer a first recommendation.

Then we have the hesitations when IMC is discussed as an alternative to amalgamation. As long as no decision is taken on this alternative, it seems problematic to launch an IMC strategy when the possibility stays open that the final option could be amalgamation. And when this latter is decided, IMC becomes a second level priority. Armenia offers a good example of such a situation. Ukraine is also a case to consider. Having since 2014 a law on IMC and a fund for incentives, it generated 21 new experiments of modest ambitions, probably to take advantage of the financial opportunities. But then the government opted for general amalgamation and the future of these entities is quite uncertain; they will probably disappear, either absorbed in an amalgamated community or dismantled between several ones. This seems to demonstrate that even a big country cannot go forward on both tracks; it would probably also have had great difficulties in financing both policies. Georgia, who decided amalgamation in 2005, let IMC aside. But now, it is exploring IMC as a way to keep the relations between the new communes that will result from the future division of the “rayon communes” created in 2006.

The consequences of the inertia of State authorities are the weakness and inadequacy of the legislation, the absence of financial incentives for communes that create IMC and the lack of technical and legal support for the preliminary studies and the definition of the status of the IMC entities.

	IMC LAW	IMC EXPERIENCES	AMALGAMATION	PROSPECTIVE
ARMENIA	Partial	Very limited	Decided in 2015	Priority: implementation of amalgamation + reorganization of the concerned communities
AZERBAIJAN	No		No Project	Priority: strengthening LSG; IMC could help.
BELARUS	No	No	NO PROJECT	Priority: LSG strengthening ; IMC possible on very modest level
GEORGIA	Partial; project to extend and improve		IMPLEMENTED IN 2006; now in revision by splitting certain communities	Redefining limits + size of communities; will need an IMC policy
MOLDOVA	Allows creation of IMC, but needs rewriting	Several experiments with external support	Still in debate	Need for larger political consensus to decide the territorial reform
UKRAINE	Law and active policy decided in 2014	Visible but modest progress since 2014; stopped by priority given to amalgamation	Decided and on course since 2015	Questions on speed of amalgamation. Sufficient financing? Future of Rayon?

CHAPTER II. THE IMC PARADOX: TOO WEAK TO COOPERATE OR THE THREE STRUCTURAL HANDICAPS

This is the main finding of this research, though it is an implicit idea in former studies: weak municipalities need cooperation; but weakness is the main and definitive obstacle to enter into a process to substantial cooperation.

This statement confirms the opinion that IMC is a part of the broader problem of decentralisation and development of local self-government. IMC can only grow and prosper if there is a steady will of the central authorities (Government and Parliament) and also of local governments to extend the range of powers (competences) and the resources of the municipalities.

IMC is presented as an evident way to enhance the capacities of municipalities to invest, to create new facilities and to extend the service delivery to the population. Therefore, it is considered as specially adapted for small and weak communes, which are numerous in all six countries. But such communes have also the greatest difficulties to engage in structural reforms and organize cooperation structures or procedures.

Most decisive is the fact that they don't expect future benefits because they know that they will not have more resources and they don't see how they could get better capacities to implement competences together. This is a major reason of the passiveness and inertness of municipal leaders, that prevents to overcome the more visible, but less fundamental obstacles: municipal identity, political rivalries... IMC is not only a way to strengthen communes: it requires some strength as a condition to its own development. After long hesitations, the Government of Armenia came to the conclusion that IMC cannot overcome the structural handicaps of a too fragmented territorial division. Therefore, the explicit policy is to give priority to consolidation, leaving IMC as a future solution for specific tasks between stronger municipalities. It is the trend in Ukraine and is an option in Moldova and Azerbaijan.

4. INSUFFICIENT POWERS (COMPETENCES)

IMC is a way to work and undertake together. So, the more responsibilities the municipalities have, the more opportunities they will find to do so. Many competences listed in the law or that could be freely undertaken just cannot be fulfilled in fact or are not implemented in a satisfactory manner; so this raises the wish to do that in partnership with other communes. The problems and political priorities are not the same everywhere; therefore initiatives will burgeon if there is a wide range of matters where cooperation can seem fruitful. Economic development by tourism is not a policy that all communes will consider as important. Waste collection and water supply are in various situations, depending of the location. Etc.

In countries where the effective competences of many communes are very short, especially in the domain of infrastructures, facilities, public utilities, IMC has little attractiveness. This is very clear in nearly all countries, specifically in Belarus, Azerbaijan and Armenia. In Armenia water supply is mainly the task of the national society; so this basic service, which is often the first one where IMC is applied, is not concerned here. There are numerous other examples.

In countries with several tiers of territorial administration, in Moldova and Ukraine, an additional problem may occur from the uncertainty of competences distribution between them. Municipalities consider that certain tasks should be done by the upper level (district or rayon) and just do not try to find solutions by themselves.

This is a circular problem: no competences, no IMC; and there is, of course, no logic, nor will to transfer to these weak communes more competences. The only way to break this vicious circle is to upgrade the size of the communes by amalgamation, completed with an attribution of additional competences and resources. The new municipality will be able to implement them thanks to its critical size and improved resources or by entering in a cooperation process with others.

5. INSUFFICIENT FINANCIAL RESOURCES

This is very evident and well known. When the budget of a municipality is just sufficient to pay the salaries of the officials and cover mean current expenses, there seems to be of no interest to engage in cooperation where new tasks and management costs will need additional resources that the communes cannot bring or find. Some pilot experiments conducted with the support of NGOs show that there can be economy of scale even on administrative tasks; sharing the personnel and having a certain specialization in professional skills can significantly improve the management of united communes. But this can only be initiated with technical, legal and financial support. So it is, in fact, a limited solution.

For engaging in more costly actions (creation of new public services, infrastructures, sport or cultural facilities, etc.) there is need of special financial tools. The experience in Western European countries shows that IMC has become popular when the State or other local government entities (departments in France, regions in Italy) gave special grants for developing certain services. In several countries of this study, the support was brought by foreign donors. This may also have an exemplary function that creates a competition between municipalities. When municipal leaders see that neighboring municipalities could get money to create more services, this is an incentive to try to do the same. Dissemination of good practices through visible achievements often brings a contagion process because local politicians are more convinced by what they see than by what they are told. But then there must be a permanent public fund with sufficient money.

This issue is definitely clear: if the central State has no money or will not give money for supporting IMC initiatives, there is little hope that something will move in the field. There is no experience in our studies that shows that spontaneous IMC can bring significant economies and allow the united communes to do more or better together.

6. INSUFFICIENT HUMAN RESOURCES

This is another strong obstacle for developing IMC. Small communes have few employees, with low salary and often poor professional skill and training. These persons are of little help to mount a project of creation of new structures and for requesting special funds. They have a lukewarm motivation: cooperation will be an additional workload and there is fear that it may become a risk for keeping the job.

Then there is the question of managing the IMC entity. There is rarely a workforce ready to do it in addition to its existing responsibilities. Appointing new employees will not be very attractive, especially if this or these persons must have special professional competences in technical, managerial or other domains.

Training of municipal employees to explain them the benefits of IMC and the procedures to prepare a project is a critical issue. Paying better salaries and attracting skilled employees is another one. And, finally, preparing a pertinent structure for the staff who will manage the IMC entity enhances the probability of greater success.

CHAPTER III. HESITATION BETWEEN AMALGAMATION AND IMC: A MAJOR POLITICAL BLOCKAGE

This is another important explanation of the slowness of reforms.

In all six countries the diagnostic has been expressed since a long time by national experts, ministries and political leaders and sometimes quite steadily by international experts: too many small and weak communes create a long list of problems and handicaps in public management as well as in economic and social development. Despite official declarations, conferences and documents that seemed to prepare a governmental plan, the political movement did not succeed in a final decision. One could list the momentary events or causes that blocked the process but this is so common and frequent that we must look for the fundamental reasons, which are in the LSG problematic of these countries.

From what we learned thanks to the survey, this political stalemate is largely due to the incapacity to decide in the alternative: IMC or amalgamation. There is the feeling that amalgamation, which has been done in many Western European countries and also in the Soviet period, is the logical solution, but it looks complicated and raises immediately strong opposition from local politicians, from the population and national political parties. So, one looks for an alternative.

But intermunicipal cooperation is also difficult to decide as a national policy of municipal consolidation. It has its own oppositions and shortcomings. More fundamentally, it is in competition with the solution of amalgamation or merging of communes, which creates a new and bigger commune and will reduce dramatically the global number in the country. Both solutions have their own difficulties and advantages. Experts and political leaders are often confused on opting for one or the other and this has led to endless debates which delayed decisions in Armenia, Ukraine and Moldova.

The rather abrupt decision taken by the President of Georgia in 2005, on changing the rayons into municipalities and reducing thus the number of “communes” from 1004 to 64, was a way to close a discussion which he considered becoming endless. But this method was not optimal as there was a lack of studies and preparatory measures; a two hasty amalgamation is clearly not something that can be counselled.

If hesitations lasted many years in some countries, the evolution decided by Ukraine and Armenia shows how to solve the problem. On the basis of the survey we can see that there are rational criteria that help to settle the debate, though political decisions must be taken in all cases.

In countries with a very fragmented municipal structure and many small communes, of which many are on a path of depopulation and economic decline, there is no hope of spontaneous improvement. *Status quo* is the only solution that is not sustainable. IMC will bring no structural betterment. A national policy that aims to cover the whole country with IMC would not be realistic⁶: high cost, complicated and does not solve the problem of fragmentation; it would delay a possible amalgamation policy for many years as we see it in the French example. It is fully understandable that the governments don't want to engage in an IMC process that would exclude further consolidation for a long time.

The most rational choice is then the option of amalgamation. The political leaders of the small villages, and the citizens, generally oppose such a change, considering that it will "kill" the village, left without own political steering (Ukraine, Armenia, Moldova). One can understand this emotional attitude, but these villages are dying without amalgamation and it will not be its responsibility if it cannot stop this dramatic evolution. But greater community gives a chance for strengthening the human and financial capacities, in order to create facilities, improve public services and enter in a development process. So, in many cases IMC does not look as the most pertinent solution, amalgamation seeming much more adapted to deal with the structural problems of territorial administration, like in Armenia, Moldova or Ukraine, for instance.

The only amalgamation that has been implemented, in Georgia in 2005/2006, shows yet that this brings not automatically better governance and services to the population. Its success depends on different conditions. A commune resulting from the union of several existing ones, who had their traditions, geographic and demographic specificities, is not just a larger commune that can be managed like any large commune. It is a new and different community that must have appropriate governance on the political and administrative level and innovative methods for defining and running the policies. Therefore, it must be organized with much care and after solid preliminary studies, in order to avoid malfunctions that reduce dramatically the benefit of the reform.

Let's make one last remark. In some countries participating at this study (Armenia, at a certain time Georgia) or outside (Albania for ex.), political leaders or experts proposed, as a third way to avoid the alternative between IMC and amalgamation, to create "regions" when these did not yet exist. This was never adopted because the discussion made quite clear that, whatever the regions could have as powers and functions, they cannot compensate the difficulties generated by a fragmented municipal system.

CHAPTER IV. PERSPECTIVES

The perspectives differ in each State. They depend on many factors. One is the existing situation, which shows significant differences that will not be compensated in short term. Another factor is the global policy for LSG development: is there a steady will to develop

⁶Unless the IMC entities are a kind of "half amalgamation" with extended competences and important resources, the communes keeping only residual competences defined by subsidiarity. This is the French orientation with the creation of strongly integrated "communities" and "metropolis".

LSG autonomy (competences and resources)? The more ambitious it is, the greater are the probabilities that a consolidation strategy will also be considered. And then, there is the general political life, considering that these questions are nowhere the most urgent preoccupations of the government, parliament and political parties. A lot of other priorities may appear that delay the adoption of reforms already conceived and prepared, especially in Moldova.

1. A NATIONAL ANALYTIC APPROACH

A long way has to be done in **Belarus** for strengthening LSG. IMC is still to be discovered as a separate policy. Some very concrete projects, on a modest level, and with financial support could yet be tested as pilot experiences. One could try to be more ambitious in **Azerbaijan** where the discussion on LSG reform is livelier and where IMC projects of a certain scope concerning cities and their boroughs could find attention of local and national leaders. Both countries need to make efforts for improving the competences and the autonomy of communes; IMC should be a direct part of the reflection.

Georgia is willing to define good provisions on IMC, but must first reshape the communes by splitting the too large rayon-communes; cooperation can then be organized in specific domains of common interest.

Moldova is still hesitating between IMC and amalgamation. They are not contradictory but cannot be both general policies. The most rational would be the drastic amalgamation of the very small and poor communes whose situation (depopulation, economic decline) cannot improve by the *status quo*. However, there exist opposition of the population and strong disagreements in the national parties, for various reasons, one being the fact that they use local governments to place their supporters in official jobs. Yet IMC has some success in the country thanks to active involvement of several NGOs and UNDP; this can continue and should get better support by the government in terms of legal provisions and special financing. In addition we must consider the problem of the districts, which have competences interrelated with the communes. Their existence and role should be revised when larger communes are created; the districts could also become a kind of IMC structure, in a position of subsidiarity with the communes. But there seems to be no consensus in the political sphere on these issues.

Armenia has finally opted for an amalgamation process, which is launched by a law in discussion in the Parliament in autumn 2015 and should enter into force in 2016. The definition of the limits of the merged communities has been prepared by thorough studies and consultations. Of course, there is still some resistance, but this is definitely a sane policy. The perspectives are now focused on the additional measures to support the process. Amalgamated communities will be new entities, very different from existing communities; new governance must be invented for political leaders and administrative managers. IMC provisions could be rather easily improved to allow the new communities to engage cooperation on specific purposes where their perimeter is not optimal. No strategy of IMC is needed here. This original approach deserves to be followed closely and can provide lessons for other countries.

Finally **Ukraine** seems to be the frontrunner in IMC, but the situation is complex. It is the greatest country and has several levels of territorial administration, which need all substantial modifications. A law on IMC that was discussed since long time has been adopted in June 2014; regional agencies bring legal and technical support for creating new IMC and these get grants from a special Fund. This generated some opportunism to catch the grants, and most of the 21 projects are of modest scope, but this is the play in such policies. Systematic amalgamation, on a semi-voluntary basis, has been decided immediately after and has become the new priority. Most recent IMC will then probably disappear and an extended IMC policy will not be favoured; IMC may yet be a solution for specific situations. Municipal consolidation in Ukraine is especially complex because of the different types of municipal self-governments and of the status and powers of the rayon: keeping it even with only few communes inside? Redistribute powers between communes and rayon? The stakes are really important: adjust the territorial maps, the distribution of powers and resources in order to have a coherent LSG system.

2. CREATE A FRIENDLIER ENVIRONMENT FOR IMC, ESPECIALLY A LEGAL ONE

This is quite evident. Isolated communities need financial and technical or administrative support to engage in an IMC negotiation. Municipal associations must be convinced to spread the message to their members, create training sessions, have experts to help conceiving IMC project....

Promoting IMC requires to deal with the main obstacles that have been detected in the six countries: insufficient legal frame; no national strategy and no organized support for communes which engage in cooperative actions; few concrete territorial studies taking into account the demographic, social, cultural and economic data, in relation with the kind of powers (missions) assumed by municipalities; lack of a national policy for financing investment by local governments.

The most general recommendation, for all six countries, is to improve the legislation on IMC. None of them has a project to cover the whole country with IMC, as a substitute to amalgamation, which would need the definition of some very precise models. So IMC must be considered for what is its greatest and definitive advantage: flexibility. **Flexibility is the most serious asset of IMC and the one that is not sufficiently highlighted.** Whatever the territorial organisation is: fragmented or partly amalgamated, with rich or poor municipalities, with cities and villages, there are always adapted forms of IMC for facing specific problems, especially when the communes have a wide range of powers and some resources. This is another conclusion of the study: that the creation of bigger communes by merging small ones is not exclusive of IMC. The new communes may have better capacities to cooperate and their limits are not everywhere in accordance with all their missions. Broader cooperation may be needed for economic development, tourism, water supply, garbage collection and disposal, transportation, hospital... This is explicitly understood in Georgia and Armenia.

In comparative law there are many different models of IMC and a given country has often several legal procedures and institutions. Various options should be proposed in the law. Discretionary decision power should be given to municipal authorities to choose, on a

voluntary basis, the most appropriate for their situation and policy objectives. Defining the conditions for implementing communal competences is a full part of local self-government autonomy as ruled by the ECLSG. Eventually, some forms may be compulsory in precise cases.

The *CoE Toolkit* mentioned above presents a comprehensive list. Our proposal is that the legislator should consider all the most general and flexible forms, excluding the ones which seem to be inappropriate in the given country.

3. NEED OF TERRITORIAL STUDIES

Modifying the territorial structures is for long time and has deep consequences on the whole society and not just on the administrative structures. Therefore it must be done by considering the greatest number of factors that have a determinant impact on the pertinence and quality of the final decision. This one cannot be only a result of political bargaining. Decision makers and citizens must know and take into account the realities for which they need adequate data and information. A thorough analysis of the geography, of existing facilities, of the economic, demographic and social situation is an absolute obligation. It could be done as a preliminary, without any precise idea of the future political and legal decisions; it would be a rational way to clarify the debate when it will be initiated.

The size of an IMC entity or the perimeter of amalgamation cannot be just decided by negotiations between municipal leaders and government representatives. There must be an objective motivation, based on pertinent data and prospective studies measuring the impact of the institution, the possible resources and the adequacy with the functions and tasks that the new entity will fulfil.

In Georgia, a too hasty decision of amalgamation without preliminary studies and choosing the rayon as the perimeter of municipalities showed negative impacts: growth of number of employees and current expenses, greater dependency on national grants, reduction of fiscal autonomy, “centralization” of the administration, poor investment and dissatisfaction of inhabitants. There has not even been some coherence between the municipal division and the demographic realities (71 municipalities, but 100 towns and boroughs).

The reforms in Armenia and Ukraine seem to have taken this experience into account and studies have been fulfilled in both countries. They are in direct relation with the reform, but they could be even more useful if they were more ahead. This is a recommendation that can be given for all countries.

Finally, local governments must be consulted before any modification of their territorial limits or their competences. This is a requirement of the ECLSG (art 4-6; 5).

4. A NATIONAL STRATEGY FOR FINANCING INVESTMENT IN LOCAL GOVERNMENT

Local governments are for delivering services to the population and cooperation is for action. There is not much need to unite if the partners can do nothing because of lack of resources. There is no need to look for complicated explanations about lack of IMC: if local government

leaders don't care for it, it is just because they don't see any interest to do it. Concretely, for the mayor on the spot, only two objectives may seem attractive. Saving really money in all day administrative tasks by merging several municipal services in a more rational organization does not look very convincing and strongly motivating; in fact, few people advertise for that. Creation of new services, infrastructures, facilities is a stronger motivation to associate several communes, especially when it requires a critical number of customers. Economy of scale or a pertinent scale is a concept that any city councillor understands. Anyhow, the project must also seem financially feasible. IMC is attractive only if it brings additional money. Just joining the budgets of different communes will rarely bring enough. So, there will be no envy to create complicated structures that have to be run in addition to the existing ones.

We have the demonstration when taking the example of any public service. Communes don't reject water distribution, waste collection, public transportation, better school buildings, sport facilities, etc. But IMC rarely brings this by itself. Cooperation will only be attractive if there is a concrete objective (service or equipment) on which to cooperate and the needed means to be put in the marriage basket. No project, no need to have a new entity; no money - no project.

It is not the role of the experts to propose financing resources and/or procedures.

Yet, let us underline that the availability of special or additional money is the critical condition for pushing IMC or for facilitating amalgamation. This supposes probably some special line in the national budget or the establishment of a special *Fund*, perhaps by deciding that the growth of money allocated from the central budget to communes will be for the next three years of X % of which 1/3 of X is for the Fund.

Then there are two options. One is using the Fund mainly to provide a general support or non earmarked credits for any IMC project, whatever its object will be. Another option may be to dedicate the Fund to investment expenditures in some domains which have the greatest impact for development and/or for meeting the services demand of the population. Foreign donors and active NGOs could be associated to such a policy and asked to concentrate their efforts on these domains.