

Programmatic Cooperation Framework for
Armenia, Azerbaijan, Georgia, Republic of Moldova, Ukraine and Belarus

Funded by the European Union and the Council of Europe




Implemented by the Council of Europe

Council of Europe Inter-municipal Cooperation *July 2016*

Reference material:
TOOLKIT ON INTERMUNICIPAL COOPERATION

Council of Europe

prepared by Dakoli Wilson

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CoE IMC PACKAGE

European level

- responds to CoE recommendations of European Ministers and Congress of LRAE nr: 221 (2007) :
 - Budapest '07
 - Utrecht Agenda responding to economic downturn '09


National level:

- Supports **National Policy for IMC**
- overall package, provides basis for coordinated intervention of donors
- Albania, Macedonia, Kosova, Croatia, Cyprus, Ukraine, Moldova

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Implement the Congress recommendation '14:

-The Armenian authorities are **urged to foster inter-municipal co-operation** and increase the **capacity of community councils**. It is also recommended that they define and ensure the exercise of full and exclusive powers for local authorities.
- improve and strengthen territorial governance in order to make it **more effective through, for instance, inter-municipal co-operation or mergers** of small communities and to mitigate the over-centralisation of public administration

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CoE IMC PACKAGE

Features:

- Goes hand in hand with the extensive *IMC Manual-1, Practitioners Guide-2, Web-page-3*
- Complemented by an extensive set of **Case Studies-4**
- Tailored to respond to various decision-making levels and practitioners
- Prepares IMC champions to initiate and support change
- Supports National Policy for IMC

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IMC Web-page

The screenshot shows the website municipal-cooperation.org. The main navigation menu includes: Municipal Cooperation, Main Page, Understanding IMC, Promoting IMC, Establishing IMC, Practices, Contacts, Resources, Links, Add Content, and Help. The 'Establishing IMC' dropdown menu is open, listing 14 steps:

- Step 1 - Identify needs and opportunities
- Step 2 - Identify partners and possible areas of cooperation
- Step 3 - Analyze the legal environment
- Step 4 - Conduct a feasibility study
- Step 5 - Decide on areas of cooperation
- Step 6 - Build awareness and support
- Step 7 - Establish a joint Task Force
- Step 8 - Identify the best legal form
- Step 9 - Agree on the financing of IMC
- Step 10 - Negotiate agreements/contracts/statutes
- Step 11 - Establish management and/or representative structures
- Step 12 - Ensure continuous monitoring and assessment
- Step 13 - Ensure continuous and effective communication
- Step 14 - Conduct thorough evaluations

The 'Main Page' features a collage of images showing people in various settings. Below it, a 'News' section lists several events, including a High Level International Conference on Inter-municipal Co-operation in 2010 and training sessions in 2009. The footer includes the text 'prepared by Dakoli Wilson' and logos for the Council of Europe and the European Union.

IMC Toolkit

- Module 1: Understanding IMC
- Module 2: Enabling IMC-friendly environment
- Module 3: Triggering IMC
- Module 4: Choosing a legal form
- Module 5: Financing IMC
- Module 6: Accountability for IMC
- **? but ...what for (country report)**

The slide footer contains the text 'prepared by Dakoli Wilson' and logos for the Council of Europe and the European Union.

STARTING POINT

- Economy of scale
- Underbound jurisdictions–„free riders”, catchment area larger than administrative boundaries
- Joint management of indivisible infrastructure
- Joint management of functionally integrated but territorially fragmented areas
- Better visibility – promotion, lobbying
- Co-ordination (i.e. physical planning)
- Sometimes seen as an alternative for consolidation

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Module 2: Enabling an IMC-friendly environment

Address:

- legal and financial frameworks that central authorities can influence
- local standards of leadership and communications where Mayors will play the key role

Targets:

- Political level nationally and locally
- Ministry and local government associations

Responds to:

- Prepare grounds to integrate IMC in reform programmes and national strategies

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M. 2: Enabling an IMC-friendly environment

Define national policy for IMC, CoE baseline Georgia:

– Legislation referenced LGUs to implement joint activities, however, this entry provided little clarity on procedures

– LSG Code ('14) targets IMC

- (20) the right to set up non-profit legal body
- (21) the right to found joint enterprises
- become partners, founders members of LTDs
- set up joint servants *and*
- unify budgetary resources.

– (106) Determines status, form of activities of private law bodies 50%+ municipal shares

- eligible to receive property

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M. 2: Enabling an IMC-friendly environment

Define national policy for IMC, CoE baseline Ukraine:

- IMC rights fixed in constitution
based on joint agreement, assets, budget, for joint projects, enterprises, org.
- Specific Law on IMC
 - formulates the procedures to establish cooperation
 - provides subsidy in line with state strategies
 - categorical on some procedure formulation
 - may limit initiatives?
- Area of activity
 - waste collection
 - Investment projects

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Module 3: Triggering IMC

Address:

- steps that a municipality needs to launch an IMC initiative
- advantages and disadvantages of an IMC approach in various policy areas: urban planning, sharing schools and developing joint sports facilities
- various clusters of domains where IMC might be applicable (relevant for each module but start up process is based on a selection of the appropriate competence)

Targets:

- Mayors and relevant municipal officials
- Ministry and LGA representatives facilitating IMC processes

Responds to:

- Lack of skilled personnel to facilitate IMC implementation at the local level

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Module 4: Choosing a legal form

CoE IMC baseline assessment report Armenia:

- Municipalities association
 - 17 associations implement centralised property and land tax
- Corporations
 - Vedi corporation, on waste management since 2009
- Agreements
 - in managing land and property taxes (68 structures)
 - Waste collection by Sysian municipalities to neighbouring rural areas

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Module 4: Choosing a legal form

CoE IMC baseline assessment report Georgia:

- Municipal enterprises
 - a total of 1060
 - 821 are non-for-profit organisations
 - 220 LTDs
 - 10 Legal Body of Public Law
- Area of activity
 - 31% preschool and extra-curricula activities
 - 30% culture
 - 16% communal services
 - 13% social and health care
- Ad-hoc cooperation through informal agreements?

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Key Potential Bottlenecks

- Non conducive legal environment
- Lack of capacity; weak HR
- Public interest not at forefront
- Leadership unwilling to share power
- Failure to look at new approaches
- Underlying culture of self-interest
- Lack of financial incentives

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The Way Forward

Enabling Legislative Environment

Financial Incentives

Local Accountability

Knowledge Centre

Capacity Building Locally

Culture of Cooperation

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Enabling Legislative Environment

- Clear sign of **Government policy support**
- Provides full competence for **municipal functions**
- Facilitates establishment of IMC with **procedures and models**
- Enhances partners' **confidence in legality** of IMC institution
- Establishes rules to help **avoid conflict** (if lack of preliminary study, opacity for citizens, weak control)

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Financial Incentives

- Central funding with conditions
 - available only if project submitted jointly
 - minimum size of project budget (eg some EC funding)
- Conditional transfer of a competence
- Conditions for e.g. hosting big event
- Signals of government priority
- Tax relief, subsidies, specified costs

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FINANCIAL INCENTIVES: Example

Financial incentive	Distribution criteria
Feasibility study stage	
Subsidy for the preparation of IMC feasibility studies	<ul style="list-style-type: none"> - The percentage of the cost of preparation of the feasibility studies covered by the subsidy is proportional to the number of municipalities involved - The subsidy is conditional on a minimum size of the IMC
Establishment stage	
Start-up grant	<p>The size of the grant depends on:</p> <ul style="list-style-type: none"> ▪The areas of IMC and the legal form of IMC ▪The financial capacity of the municipalities ▪Population affected by IMC ▪Number of municipalities involved <ul style="list-style-type: none"> - Grant is conditional on joint management being operational for minimum nr of years - Priority is given to municipalities below a certain size
Operations stage	
	<p>The size of the subsidy depends on:</p> <ul style="list-style-type: none"> ▪Whether the IMC services are on the promoter's priority list ▪The IMC legal form (priority given to certain legal forms) ▪Population density ▪The number of municipalities involved

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Local Accountability

- own Council,
- partners,
- local people and organisations

Performance management regime

Communications

Public meetings

Audit

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Capacity Building Locally

- **Leadership**
- Mediation service
- Technical support (e.g. standard contract, model statute, guides to feasibility study / cost-benefit analysis, advice)
- Training, capacity development
- Performance management

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Knowledge Management

Register of initiatives

Diffusing best practice

Dedicated website

Practitioners network

Mapping experiences

Newsletter

Seminars and workshops

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Culture of Cooperation

- Starts with good leadership
- Starts with small steps if necessary
- Must be based on trust
- Trust is derived from transparency and accountability
- Respect for mutual positions / objectives
- Good communications

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Consultation with National Level

- **With government**
 - what does the law allow or require?
 - is specific finance available?
 - is legal advice available?
- **With LGA**
 - are there examples of good practice?
 - are supporting services available?
 - are capacity building and training available?

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