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STEERING COMMITTEE ON LOCAL AND REGIONAL DEMOCRACY (CDLR)

ADMINISTRATIVE AND TERRITORIAL REFORMS
CREATING TERRITORIAL COMMUNITIES OR AUTHORITIES
AT DIFFERENT LEVELS

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FINAL ACTIVITY REPORT

By decision No. CM/758/06092000, the Committee of Ministers instructed the CDLR to give an opinion on Recommendation 83 (2000) of the CLRAE and, in particular:

- to study the experiences made in member states and especially in those of central Europe with administrative and territorial reforms creating territorial communities or authorities at different levels and, on this basis,

- to prepare a report designed to analyse the difficulties and the obstacles which state authorities have to overcome when preparing and implementing territorial reforms; and

- to identify means of dealing with them effectively.

At its meeting of 4-6 December 2000, the CDLR invited all national delegations whose expenses for the participation at the LR-FS Committee meetings in 2001 were borne by the Council of Europe¹ to prepare case studies according to an agreed outline. Other national delegations were invited also to contribute to this activity by preparing case studies or by sending relevant documents to the Secretariat.

On the basis of the replies and information received, the LR-FS Committee, with the assistance of a consultant expert, Professor Krister Ståhlberg of Åbo Academy (Finland), studied experiences of member states and prepared for the CDLR a draft report and draft guidelines on administrative and territorial reforms creating territorial communities or authorities at different levels.

The CDLR adopted the report (Appendix 1) and the guidelines (Appendix 2) at its 30th meeting on 25-27 November 2002 and authorised their publication in electronic format on the internet site and in the LOREG database. It also authorised the publication in electronic format of the questionnaire on this topic and of the replies to this questionnaire, subject to the right of each member state not to have its reply published, should it so request.

The CDLR continues work on a draft Recommendation on Reforms of Boundaries and Structures of Local and Regional Authorities, which draws inter alia on the results of this activity.

¹ Bulgaria, Czech Republic, Finland, France, Greece, Hungary, Latvia, Lithuania, Poland, Russian Federation, Slovakia, Spain, Sweden, Switzerland, “the former Yugoslav Republic of Macedonia”, Turkey, Ukraine
APPENDIX 1

REPORT ON ADMINISTRATIVE AND TERRITORIAL REFORMS CREATING TERRITORIAL COMMUNITIES OR AUTHORITIES AT DIFFERENT LEVELS

1. Introduction

The Committee of Ministers has instructed the CDLR to study the experiences made in member states, especially in those of central Europe, with administrative and territorial reforms creating territorial communities or authorities at different levels, and to prepare a report analyzing the difficulties and the obstacles which state authorities have to overcome when preparing and implementing territorial reform. The mandate also included identification of means for dealing effectively with the problems encountered.

In order to prepare a basis for a report on the subject, the CDLR invited national delegations to prepare case studies on experiences within their respective countries according to an indicative outline for such studies. The outline asked for a brief description of the reform being analyzed, a discussion on political and technical problems of the reform, of measures taken to overcome these problems and of the efficiency of these measures. The case studies were also to include a discussion of the problems and solutions within the implementing phase of the reforms as well as of lessons learnt from the reform experience, particularly with the aim to identify good reform practices.

The present report is based on 14 replies to the call for case studies. Studies were submitted from Bulgaria, the Czech Republic, Finland, Greece, Latvia, Lithuania, Poland, Russia, United Kingdom (Scotland), Slovakia, Spain, Sweden, Switzerland and Ukraine. Due to the varying circumstances and stages of administrative and territorial reform in the responding countries, it has not in all cases been possible to follow the suggested outline of the case studies completely. The studies show considerable and important variation also in other respects. In most cases the studies cover national reforms of sub-national authorities at the local level or the regional level or at both levels. In some cases, Switzerland and UK - Scotland, the reform experiences deal with regionally driven reforms of the sub-regional level.

In most cases the reforms deal with self-governmental territorial authorities, but we also find reforms of sub-national state authorities (Finland) and in most NIS-countries we find reform programs covering both self-governmental and state administrative units. The case studies from EU-candidate countries deal with ongoing reforms, whereas the studies from EU-member countries deal with reforms that have already been implemented, in some cases, as in Sweden, a long time ago. We have to be aware of the time span covered by the reforms, since administrative reform ideologies have changed over time. This variation already shows that it is difficult to synthesize conclusions of the reform experiences that would pertain to all cases. We have to be aware of national contexts and types of reforms.

We further find important contextual variations in the case studies. Most of the western European case studies are carried out by and within stable national authorities. In many central and eastern European cases the reform context at the national level shows considerable turmoil influencing possibilities to reach consensus on reforms and to implement them in accordance with the original intentions or blueprints. This division is also related to an additional difference between the two groups: Reforms in the former cases are carried out primarily in relation to one administrative level, with the other levels remaining mainly untouched. In the latter cases reforms are considerably more comprehensive and hence influencing several administrative levels simultaneously, both in a structural sense and with regard to the division of functions and the mode of central-local relations, particularly the financial and judicial relationships between levels of administration and between state authorities and self-governmental units. These variations influence considerably the transferability of experiences from one context to another.
This report will be structured from a process point of view. We shall first dwell on some preconditions of reforms or some systemic observations on the experiences implied by the case studies. In a second part we will deal with reform preparations as a bases for the third section on decision-making. The fourth section will deal with observations on the implementation phase of the reforms. The fifth section makes reference to some well-conceived practices or solutions within the reform processes, emphasizing in particular the contextual preconditions of the practices. The final section summarizes some of the observations made in the report.

Problems and solutions are to a great extent conceptually related. Values and ambitions resulting in something being conceived of as a problem also result in actions or attempts to alleviate the problem and these actions are guided by the original values and ambitions. Hence problems and solutions are dealt with in relation to each other throughout the presentation. It is only in the fifth section that successful reform practices are singled out with the intention to hint at practices that could be used by others after due consideration of the contextual constraints of the case.

2. Preconditions of reform

The design of sub-national territorial authorities may be drawn in relation to a number of parameters: size (territory, population), functions (tasks and competencies), autonomy (state authorities vs self-government, fiscal and functional dependencies) and mode of operation (public vs private production). The design parameters are mutually dependent. Solutions with regard to one parameter have bearings on other parameters. Maintaining a large number of small local authorities in a country with a considerable population entails the introduction of one or two intermediate levels of authorities because local units are too small to care for many public services and they are too many to be effectively controlled by central government. In cases where a two-tier solution is chosen, some functions, such as specialized health care, demanding a large population base, have to be placed at the central state level, hence limiting the possibilities to create strong self-government, or these functions have to be catered for through provisions of intergovernmental co-operation. Whatever the combinations chosen, the point is that restructuring of territorial authorities has to be guided by a comprehensive vision or theory of governmental structure. This is particularly true in the cases within central and Eastern Europe, where reforms have been more comprehensive and the departures in relation to former structures have been larger.

The need for an initial blueprint of reform has not been met in all cases. This has led to a situation in which later additions to the reform package can run counter to or be used as an argument against the original reform intentions. These experiences are clearly indicated within some of the case studies, such as that of Latvia and of Slovakia, or those of Russia and Ukraine. In all cases the situation has been aggravated by a volatile political and administrative context at the central level. From this point of view the profound background studies made in Bulgaria by international experts stand out as an important effort to stake out a consistent course of reform action.

It follows, from the interdependent nature of the parameters, that in order to construct a blueprint for reform, some elements have to be fixed and form the bases for deductions with regard to the rest of the parameters. A basic choice is that between fixing the territory and its population or fixing the functions to be performed. In the case of the comprehensive local amalgamation reform in Sweden in the 1960s and early 1970s the aim was to create a local self-governmental structure that was able to take on responsibility for more functions than before. Due to strong patterns of local identification in many NIS-countries, this strategy has not been an easy one to choose and hence the tasks conferred upon local governments differ from those of Sweden. It should be noted that also in Sweden the response to the proposed reform on a voluntary basis was such that compulsory measures had to be taken to achieve the envisaged results. In any case, it is important to take a clear stand on the order in which the points of the reform are fixed. This point is recognized in most of the case studies, but it has posed a considerable challenge to countries with a volatile context of reform.
A prerequisite for reform that has rarely been explicitly dealt with in the case studies is the wider socio-economic context of the reform. The population distribution within the country and the industrial and entrepreneurial conditions have a bearing on the type of apportionment that can be made in order to create viable local authorities. From these facts we also can deduce the need to establish central governmental re-distributive fiscal mechanisms. It seems, from some of the studies, that more attention ought to have been paid to these aspects in order to counter popular doubts about the reforms. In one respect this aspect has, however, been recognized. Within some of the central European cases, different types of local authorities have been set up. This has been followed up by a flexible division of functions, i.e. all local authorities have not been given the same competencies. All local authorities have not been accorded the same powers, and hence it has been possible to accommodate internal variations within a country.

An additional consideration that is by-passed in all case studies, is an explicit recognition of the mode of operation within the territorial authorities. If local authorities are to have full responsibility of public services, they, as a rule, have to have a larger population base than in the case where they only have to ensure that service are available, but where they do not necessarily have to produce those services themselves. Scandinavian experiences clearly show that many small municipalities buy services from private producers or from other municipalities, particularly within technical services such as physical planning, road maintenance, utilities etc., but also within specialized social services, where the specialized nature of the services demand a larger population base in order to include enough needy clients. In these cases municipalities use a market-oriented mode of operation, which has over the last decade gained in importance, particularly within Western Europe.

The possibilities to fix some of the parameters of reform to some extent hinges on the cultural context of the reform. Trust or distrust in public authorities predisposes public sentiment in favor of varying local solutions. In the eastern European cases such sentiments seem to have favored small local governmental units, which in turn has had a bearing on the type of responsibilities given to the authorities. This is a severe restriction on reforms that has, in many of the case studies, been interpreted as a challenge to organize a continuous and thorough dialogue with the people and with the local authorities. The question of popular support for reapportionments seems to be similar all across Europe. Existing local authorities are, as a rule, supported by vested sentiments.

The problem of winning popular support for the reforms influences the reform strategy. A solution to the problem has been to choose a bottom-up approach to reform rather than a top-down approach. A bottom-up strategy is built on continuous consultations with local authorities and their inhabitants and on local interests being represented in the bodies preparing the reform. The solution is a common one all across Europe.

The case studies do, however, point out that this strategy is not always enough. In the case of Greece, the voluntary amalgamations brought about negligible results. On the contrary, the Kapodistrias-programme contributed effectively to reduce the number of municipalities and communities. The situation has been very similar in Finland over the past decades. The Greek approach has therefore been supplemented with a clear top-down component in the form of a clear step-by-step reform process with inbuilt local input, but under central guidance. A similar conclusion has been reached in the case of Latvia, where a period of voluntary amalgamations is allowed, before central government steps in with a reapportionment solution. The suggestion would seem to be that the reform strategy ought to start out in a “soft” bottom-up fashion and move on to a “hard” top-down approach. The benefit of this approach would seem to be that local governments and the population are given the opportunity to adjust to the reform policy. At the same time voluntary amalgamations provide important showcases within the later reform phases.
The problem of winning popular support for the reform program has been met with another related reform strategy. This strategy could be labeled as gradual or step-by-step. The Swedish amalgamation reform of the late 1960s and early 1970s was almost as profound as the present Greek reform. In the Swedish case local authorities were first incorporated into co-operation networks that paved the way for the final stage of the reform. The strategy allowed local decision-makers time to reorient themselves with regard to the new setting. It is doubtful whether the reform could have been completed without this transitory phase of the reform. A contrary case to that of Sweden is provided by Finland. In the late 1960s an act on the planning of a reapportionment reform was passed. With the support of the act plans for local governmental amalgamations were prepared by regional state authorities. The plans represented pure top-down instruments for an across the board reform. When the reform finally ended up in the Parliament, it was voted down and since then reapportionments have occurred only in a piece-meal fashion.

Difficulties of the kind referred to above underline the need to analyze reforms with regard to multiple criteria. Governmental authorities ought to be evaluated not only with regard to efficiency and capacity to act, but also with regard to legitimacy and their capacity to generate consensus, i.e. large enough majorities. The latter concerns are closely related to sense of community and cultural traditions. Under turbulent conditions it would seem particularly appropriate to consider the classical argument in favor of local democracy, i.e. that it is a school for recruitment to more demanding public offices as well a conditioner of civic culture.

Reforms directed at different levels of government seem to meet different challenges. Reforms directed at the level of autonomous regions or the state level in federative states meet with considerable popular demand and involvement, as was the case in the Spanish case with regard to the autonomous regions. A similar situation seems to be the rule regarding reforms of local authorities, particularly when we deal with the most common situation, a multitude of small municipalities. Reforms at the level of regions without legislative powers do not seem to cause as intensive public involvement. At this level the attentive public seems to be composed of lower level decision makers, councilors and local officials. Perhaps a case in point is the low turnout in the Czech regional elections in the year 2000, only 30%. Within the Scandinavian context it is a continuous concern that public interest in regional matters is very weak, considerably weaker than interest in local and national matters. Because elections are held simultaneously at all three levels or at least at the local and regional level, differences in electoral turnout are not as large, but even in these cases turnout is lower for the regional level than for the local level.

Another important division of reforms is that between piece-meal reforms and comprehensive systemic reforms. The latter type is heavily dependent on the ability to create consensus among diverging interests, since varying actors often are in a type of veto-position, being able to influence at least some important part of the reform, which might reverberate through the whole reform package. In the former type of reforms central authorities stand stronger and they are often able to negotiate with regard to the interests represented by the particular reform case. Central incentives offered in exchange for local compliance are typical instruments in these situations, as has, for example, been the case in Finland over the past decade, the so-called carrot-money going to voluntary amalgamation parties.

A final point to be made follows from the varying national conditions of reform that have been dealt with above. It is difficult to transfer elements from a model in one country into the model of another country. Due to historical and cultural traditions the same conclusion pertains to the transferability of entire administrative systems. The lessons to be learnt from the experiences of others deal mostly with the type of considerations entering the reform process, procedures used by others in solving problems and with the elements that have to be dealt with in constructing administrative systems. When borrowing ideas and solutions from other countries one ought, at least, to be attentive to what type of administrative system the ideas and solutions are taken from. The European administrative systems, the southern European models, the continental European models, the British model and the Scandinavian models differ from each other and the interdependencies between components within the systems may work differently.
3. Preparing the reform

According to a traditional saying well prepared is half done. This certainly holds true for large administrative reforms. The case studies include many observations on desiderata with regard to the preparatory phase of territorial and administrative reforms.

The experience of many central and eastern European cases underlines the importance of clear leadership in the reform process. It seems that this leadership has been lacking or it has been too volatile in many of the cases. Therefore it is equally important to underline the importance of continuity in leadership. Under volatile conditions this poses a particular challenge. Some experiences seem to indicate, and the point seems to be an important one, that the preparation and guidance of the reform ought to be anchored in a body or an administrative arrangement that opens up for co-operation between many parties, government and opposition, central as well as local interests. Continuous access to the reform process by parties concerned reduces the effect of power shifts at the national level. The important observation is that leadership of the reform process ought to be continuous and at least to some extent consistent.

The importance of political leadership is underlined in the Czech case. In major restructuring of the administration vested interests play an important part, be that as conflicts between the state sector and the self-governmental sector or between the central government and local and regional government. Particularly if the reform entails concomitant reform of central government, not only lower level reappropriations, political leadership is important. This experience has been very clear within the Finnish case of reforming regional state administration. The Finnish case includes another important element, namely the need to include several components into a major reform. In the Finnish case this created the possibility for the cabinet to negotiate with political parties and individuals in the Parliament, in order to finally create a reform package that could muster a majority of votes. A lesson offered in the Slovak case study is about the pitfalls of not engaging in negotiations and consensus seeking with opposition parties. As a consequence shifts in political power damage the reform process.

The Czech case also raises an interesting question of how a major reform package, including new territorial authorities, abolition and restructuring of lower level state authorities and reform of the distribution of tasks across the system, ought to be broken down into a step by step reform program. It would seem that in the Czech case too many balls have been kept in the air simultaneously, thus stimulating conflicts between vested interests, which in turn aggravates problems in relation to shifts in governmental power, i.e. opens up for attempts to change the bases of the reform program. If the aim of the reform program is to strengthen local and regional self-governmental authorities, it might be important to try to establish these authorities in an early stage, in order to influence the balance between the involved parties in favor of the self-governmental authorities.

Co-operation between many parties bring another important experience into the foreground. In order to be viable, co-operation has to be guided by at least some amount of consensus between the parties. It would seem that careful preparatory studies and discussions of the reform are important prerequisites for a common view of the direction of the reform. Perhaps it is preferable to conduct these initial discussions at a general level in relation to models and components of these, in order to avoid the pitfalls of being too specific and thus awakening present vested interests. This suggested breakdown approach, from the abstract or from theory to the specific model of reform, does not, however, mean that all parties should not be involved from the very beginning of the reform process.
By and large, regardless of administrative system, the public sector, including local and regional administrations, is an important employer. Employees represent both expertise and important vested interests. They are, mostly, “grass-root bureaucrats” or “street-level bureaucrats”, i.e. those providing daily services, those having daily contacts with the population as citizens, customers or clients. The views held by these employees are important determinants of popular reactions to reform. It is therefore particularly important to include employees in the consensus seeking process. Reform processes in the Scandinavian context often include specific safeguards for the personnel, at least over a considerable transitory period. In the Finnish case the policy in favor of gradual voluntary local governmental reapportionments includes safeguards in the national act on reapportionments.

It would seem important that the consensus seeking process end up in an understanding on clear goals of the reform. The Latvian case study includes ample evidence for the importance of careful background work, consensus building and also on the importance of clear goals or principles of the reform. The reform bill from 1998 aims at reducing the number of local governments from 552 to 102. The criteria are clear. The number of inhabitants should not be less than 5000, the territory should have a clear center of at least 2000 inhabitants, the road network should support the physical structure and the distance from the center to the periphery should not exceed 30 km. Several supporting measures have been put in place. It is important to note that the criteria for the reapportionment are rather comprehensive and include explicit consideration of the physical structure. One of the supporting measures has been a development program for country-roads, in order to strengthen the accessibility of the new center.

Attention has also been paid to different service areas, such as education and public health as well as to the need for development investments. An understanding of the need for such a comprehensive approach has evolved over a period of many years, including frustrated reform attempts.

It was already pointed out that the Latvian guidelines include another important element. The reform process is divided into two phases. In the first phase voluntary amalgamations are allowed until the end of the year 2003. In the second phase, during the following year, the reform will be completed according to prepared plans, i.e. as compulsory amalgamations. The reform program also includes restructuring of the regional level, which will be completed after the local governmental reform.

Nationally prepared plans, even in smaller countries, often apply national criteria to local units in a way that is not sensitive to local variations, some of which may be experienced as important by local residents. It is therefore worth consideration to include an amendment procedure in the central reform strategy, i.e. a possibility for newly created communities to get their cases reviewed in casu with regard to their new borders. This problem has been clearly recognized in the Czech case study as well as the need to listen to the local communities in this process.

The points made with regard to the preparation of reforms clearly show that reform processes are difficult to implement over a short period of time. The processes that stand out as well prepared are processes running in a step-by-step fashion over a number of years. They also show that the reform process should not be conceived of as an isolated process. Major restructuring of administrative systems has bearing on a number of parallel concerns, as shown by the Latvian case, and, of course, by many others of the cases particularly within eastern and central Europe.

The same points can be made with regard to piece-meal reapportionments. The amalgamation agreements between municipalities entering into voluntary amalgamations in Finland as a rule include stipulations on how services will be provided and how investments will be allocated over a period of some years to follow. These agreements also include stipulations on the rationalization measures to be taken, or rather not to be taken. The agreements are particularly important with regard to major services. In this respect the agreements pay attention to the continued availability of services that are used on a continuous basis by the residents, services such as education and public health.
The Scottish case draws attention to an important pitfall in the reform process. Territorial divisions are often linked to electoral constituencies and affect the potential political majority. In the case of elections on a “first past the post” basis, as is the case in UK, this connection is particularly important and easily gives cause to charges of gerrymandering, i.e. that local authority borders are manipulated in order to favor those in power. These concerns are probably slightly less important in proportional election systems, but Scandinavian experiences often supports the observations made in Scotland. This observation can be taken as an additional argument in favor of a broad anchorage of the reform process among parties concerned.

A particular problem referred to in the eastern and central European case studies concerns the importance of solving ownership questions related to public capital. In the Slovak case this pertains particularly to ownership questions in the relationship between self-governmental units and the state. The same problem is dealt with in the Czech case study. Such questions, of course, are important also with regard to the transfer of personnel, a problem recognized in the Lithuanian case study.

The Czech case study draws attention to the difficulties in informing the public and the parties concerned in matters regarding the fiscal relationships between the levels of government. The same problem has been encountered within the Scandinavian context. It is, however, difficult to envisage mechanisms to alleviate this problem, since the grounds for calculating fiscal redistribution almost by necessity have to be complicated in the most common situation in which local and regional authorities are not uniform, but on the contrary show large variation. The opposition from local authorities to the reapportionment reform in Lithuania seems to have been linked to unsolved questions with regard to the fiscal preconditions of the new municipalities. A particular problem has been the question of how the burden of debts ought to be shared between newly separated municipalities or between the former municipalities in an amalgamation process. Here the solution has been one of central governmental intervention, in order to establish clear principles for this allocation of burdens.

In the Lithuanian case a problem in the preparation of the reform was that not enough attention was paid to the consultation of opinions among local residents and former municipalities. In order to overcome resistance a careful monitoring of these opinions had to be made. In Finland the procedure is similar, although it concerned amalgamation and not the splitting up, as in Lithuania. In order to pave the way for voluntary amalgamations and particularly for the cases in which diverging opinions exist between the potential amalgamation parties, local consultative referendums are arranged in the municipalities concerned. These are often based on the conclusions presented by outside expert consultants and on the preliminary amalgamation agreements reached by the parties.

4. Decision making

Most of the observations that have been made with regard to the preparation of the reform have an important bearing on decision making as well. It is still important to underline again some of the observations.

The common solution is to make a formal governmental and/or parliamentary decision on the reform procedure. In this respect an important challenge is to reach agreement on the major steps of the reform program in order to avoid later changes in the program. This condition has not been met in many of the eastern and central European cases. The general volatile conditions of the countries make it difficult to reach necessary agreements. The problem is not, however, one limited only to general volatile conditions, as is clearly shown by the Finnish failure to reach a final positive amalgamation decision in the Parliament in the late 1960s. Similar difficulties are also dealt with in the local government reorganization in Scotland.
The decision on the reform program ought to include a clear concept of the step-by-step procedure of the reform. In this respect many case studies include reference to lessons learnt during former less successful phases of the reform. The Latvian case is explicit in this regard as is that of Greece. Nevertheless it seems that by and large too little attention has been paid to this strategic aspect of the reform. The case study of the Czech Republic includes frequent mention of problems encountered due to a reform program that includes many simultaneous major components. Perhaps the frustrated reform attempts in the past in the Ukrainian and the Russian cases could be seen in this light also. It would therefore seem important to clearly settle in which order steps to create new authorities ought to be taken. It is not possible to make any across the board recommendations on the order in which the steps ought to be taken. In the Greek case, for instance, it was important, after frustrated attempts to stimulate voluntary amalgamations at the local level, to include the regional level in the reform effort in order to be able to deal with the local level. On the other hand, if the local level is weak and it is seen as important to strengthen it, it may be advisable first to put new local authorities in place and only later to tackle the problem of division of tasks between the levels of government or the problem of fiscal relationships between and within the levels.

In order to increase the legitimacy of the reform program it would, as the Latvian case suggests, be important to include consultative mechanisms in the reform process, both with regard to representation within decision making bodies as with regard to monitoring of public opinion. It seems that the Baltic countries have clearly recognized this need for consultation and that this recognition has also paved the way for more widespread support of the reform.

Consultation is but one-way of seeking support for a reform. A stronger measure would be to include devolution as an element in the reform process. Such measures could include empowerment of local authorities to plan their own amalgamation solutions within general central guidelines. Reference has already been made to the Latvian and Greek cases in this respect.

The Scandinavian countries have, over the past decades, become known for their bottom-up experimental approach to restructuring reform, the most noted examples being the free commune experiments of Sweden, Denmark, Norway and Finland. Within such an approach, which could be dealt with under the heading of preparation of reforms as well as implementation of reforms, several advantages are at place. Experiments provide an important introductory step in a step-wise reform process. At the same time it allows for adjustments to be made in accordance with accruing experiences. An important feature of experiments is that they often include, either through central decisions or based on applications, those municipalities that generally act as forerunners. This avanguard aspect of experiments has often been disregarded, but it provides a valuable asset for those favoring reforms.

The experimental approach has gone almost unnoticed in the case studies. The reason for this is probably that the approach is more difficult to apply in major restructuring efforts than in more limited reforms. But it could be argued that the approach could be important also with regard to many elements within major reform packages, such as the division of tasks between levels of government or with regard to different organizational alternatives.

Most of the points made above apply mainly to major restructuring reforms. In piece-meal reforms within an otherwise stable context it is natural to heed to the principles of good local self-government, thus giving the local governments themselves an important and perhaps pivotal role in the amalgamation process. In these cases central decisions are made concerning the rules of the game rather than concerning particular amalgamation cases.
5. Implementation and evaluation

Continuous and consistent leadership is as crucial for the implementation phase as it is for the preparation of the reform. An additional element is introduced, however. Whereas the preparatory phase is more tilted toward the central level, particularly within major restructuring efforts, the implementation phase is tilted towards the sub-national level, towards the units concerned by the reform. It would seem important that the local level includes a clear leadership structure, composed of the parties concerned.

In the working out of details of reforms conflicts often rise with regard to specific matters. In order to solve such matters constructively, local actors need a common frame of reference. Although it is not directly dealt with in the case studies, it is important to underline that implementation procedures can be devised in order to create such a common framework. An often-used vehicle to this end is to include planning procedures in the implementation phase. Throughout such procedures decision makers, politicians and administrators, have, through a dialogue, to reach a common understanding on the future policies of the local or regional authority. This type of approach was used rather successfully in Sweden in the aftermath of their major amalgamation reform in the early 1970s. This process, involving local authorities, was organized by the state regional administration, the county authorities, in order to create a new awareness of the position and role of the amalgamated new municipalities. Even if the planning exercise was not particularly successful with regard to the substantial achievements regarding the content of the plans themselves, it was the planning process as such that was the proof of the pudding.

The same type of approach has recently been used by the Swedish central government in relation to their regional experiment and the need to create stronger regional involvement in development policies. This time around the process centered around regional growth agreements, agreements between regional, local and central, both public and private, parties. The model has been inspired by the French planning contract procedures.

Presently the Finnish Cabinet is adhering to a similar approach in its policy to stimulate local governmental amalgamations. The central government has launched two major programs to enable neighbouring municipalities to enter into closer co-operation at a semi-regional level. The programs are designed to stimulate common local governmental planning and development processes. It is hoped that these common local efforts would result in an understanding of the benefits of co-operation and eventually in voluntary amalgamation proposals by the local governments themselves. One of the programs includes several incentives for the involved local authorities to work for far reaching co-operation. If local agreements reach common development plans, state authorities are bound to follow the signals given by the self-governmental authorities.

This experimental approach also works as a kind of substitute for state regulations. The approach has been used in this way particularly in Denmark and in Norway. Both countries have had numerous experimental programs launched by central government. Local governments have been invited to apply for participation in these programs. The procedure can, to some extent, reduce the need for earmarked funding of local self-governments by the state.

The problems encountered in the Baltic cases as well as in central Europe show that it is important to analyze the interconnection between different policy areas. IT-policies and other infra-structural policies are often important prerequisites for territorial and administrative restructuring. In these respects central government, which is most often the locus of these policies, must put supporting programs in place. Influencing the design and content of such programs could form an important element in the local planning processes mentioned above. There is, however, another conclusion to be drawn as well. Due to conflicts or diverging views between central sectoral authorities, concerted programs may not be forthcoming or they may not be timely. From this perspective it is important to underline the need for central political commitment. It is only at the political level proper that central sectoral discord can be harmonized.
The problem of central level sectoral disputes and vested interests is particularly potent in cases of restructuring of state authorities. The Finnish experience with restructuring of regional state authorities clearly shows that much harm can be caused for the new regional amalgamated authorities by their central governmental supervisors, particularly when these represent different sectoral interests, as was the case in Finland. The Swedish experiences of growth agreement processes were, according to several evaluations, very similar to those of Finland.

An essential element of implementation is continuous monitoring of the reform. Such evaluations should serve both central and local (or regional) parties. In the former case evaluations should be designed to provide information on problems and bottlenecks in the implementation. In the latter case evaluations should form a bases for comparing local experiences. In this respect good practices should be identified according to clear criteria. These practices could be used as benchmarks and they should be given widespread publicity. Evaluations can be made in-house, and such evaluations are important as a mode of working within the implementation process, but it is at least equally important that impartial evaluations are made by experts who are not involved in the implementation processes. It is also important to stress that the continuing monitoring of the implementation of reforms ought to be broadly conceived. Preoccupation with restructuring administrations and territories and implementation of such reforms influences other activities as well. It is therefore important to include follow-ups on local and regional services as well and not merely to concentrate on administrative restructuring proper. References to monitoring and evaluations are rarely made in the case studies.

Scandinavian experiences have shown that it is also beneficial to carry out comparisons across national borders. A precondition of such comparisons is, however, that comparisons are made between similar cases and between similar governmental systems. In this respect the local and regional authorities of the Scandinavian countries have had much to learn from each other. Whereas such comparisons have been traditional in the preparation of national reforms, it is only recently that this tradition has spread into the local self-governmental sphere as well. Conceivably the same type of comparisons could be made between the Baltic countries and probably also between the V 4 countries (Czech Republic, Hungary, Poland, Slovakia). The situation in Eastern Europe seems to be less clear in this respect.

It could finally be added that an outstanding example of follow up of local governmental reapportionment can be found in Sweden. Five Swedish universities co-operated in a huge follow up study of the amalgamation reform of the late 1960s and early 1970s. Eventually the numerous reports from the project formed the bases for the work within a governmental commission making the formal evaluation of the reform. The shortcomings identified in this evaluation did not lead to immediate change, however they were at the basis of new measures taken in the 1980s. These types of follow-ups have since become something of a tradition in Swedish political and administrative culture.

6. **Good practices**

The account has so far identified several important good practices mentioned in the case studies. In this connection it is not possible - due to the varying nature of the case studies - to apply systematic criteria in the evaluation of good practices. It is only possible to mention some instances in which the solutions chosen have seemed to be particularly well suited under the circumstances.

With regard to the need for preparatory background work we have mentioned the work done in the Bulgarian case. The use of outside international experts has contributed to the internal discussions and paved way for attempts to reach a common understanding on the reform. Similar background work is not mentioned in other cases.
The Baltic cases seem to have reached a clear understanding of the need to develop consensus-finding mechanisms. This has resulted in rather systematic consultation and dialogue between authorities at different levels of government and also in monitoring of popular opinions on the restructuring reforms. Here, as in most of the other cases, a problem has been that interest in territorial and administrative reforms is not very large outside the authorities concerned. An important part of the consultations has taken place with organizations representing local and regional authorities. In the western European cases such consultations and representation within reform organizations form something of a tradition.

The mutual interdependence between different parameters of reform has generally been understood. There is considerably less mention of detailed strategic analyses on these relationships, particularly as a function of time. In this respect the often-quoted Latvian case includes an exceptional awareness of the interdependencies, not only of the design parameters themselves, but also of general prerequisites of successful reform. The Latvian position seems at least partly to be founded in learning by doing, and it is possible that others could learn from their experiences as well. Latvian experiences ought to be pertinent at least within the Baltic context. It is less evident that they have the same relevance in Eastern Europe, where the main problem seems to be the overall volatility at the central level impeding on reforms at other levels.

Another case of clear comprehensive understanding of the multiple elements going into a major restructuring effort can be found in the Czech Republic. In this case it seems, however, at least according to the case summary, that many major elements of the reform are pursued more or less simultaneously and that this has posed considerable problems of co-ordination. At the same time the total reform package has been open for influences on some part that may have repercussions on other parts. The overall view is, however, that of a comprehensive conception of the reform(s).

The Greek Kapodistrias-program should be mentioned as a good example of how to design a more structured and centrally led stepwise procedure of reform after a long period of frustrated attempts to reach voluntary amalgamations. The procedure bears clear resemblance to that chosen by Sweden in the 1960s.

The basic steps envisaged in the 1997 Greek program started with an elaboration of the legal framework concerning the procedures of reapportionment. This was followed by urban planning within the new authorities, including the regulation of the new authority. A further step consisted of information and publicity on the implementation of the program, including a dialogue around the advantages opened by the program. In the final step attention was turned to modernization of public services and local investments, particularly with regard to infrastructure of services.

The reform process was at the central level led by a management committee in which also the Central Union of Municipalities and Communities had representation. Each region had, in addition, a support group for the program headed by the Secretary General of the region. Overall the reform resulted in the reduction of 5,775 municipalities and communities to 900 municipalities and 133 communities. Also in this respect the Greek case bears resemblance to that of Sweden, where more than 1,000 municipalities were reduced to 278 municipalities in 1974.

The importance of creating a common frame of reference within newly amalgamated municipalities or regions has been recognized in several case studies. There is probably much to be learnt from the Swedish experience in the 1970s in this respect and the relevance would seem to be particularly clear in relation to Estonia, Latvia and the V 4 countries (Czech Republic, Hungary, Poland, Slovakia). Another present day application is that of the Finnish semi-regional co-operation networks.

Planning procedures creating a common frame of reference have a particular bearing on the identification of the need for supporting elements in amalgamation reforms. The Latvian case has been singled out in this respect as a relevant point of comparison for Estonia and central European countries.
As a rule, the position of existing personnel has not been mentioned in the case studies. There are, however, cases in which this problem has been clearly dealt with. One such case is the procedural act on local government reapportionment in Finland. In stable western European cases this aspect is of particular importance due to the strong consultative position of personnel organizations.

In cases where the reform ambitions are limited and directed at piece-meal reform or on reforming only one or few aspects of local or regional government, the experimental approach to reform can be very instructive. Such an approach allows gathering experiences of varying reform solutions. An essential feature of the experimental approach is evaluation and continuous monitoring of experiences with regard to alternative reform solutions. Outstanding examples of such an approach are found in the Scandinavian free commune experiments. The focus of these experiments was on internal reorganization of local governments and on deregulation of central-local relations. Major components of the experiment were later incorporated into the new Scandinavian local governmental acts.

7. Summary

Most of the case studies deal with major comprehensive reform. In most cases they show a clear recognition of the many interdependent components that have to be considered in such reform efforts. The studies do not, however, refer to thorough preparatory studies of alternative models for local and structural reform. Hence the intricate interdependencies have not been accorded the attention they deserve. The economic relationship between central and local government has not, just to mention one example, been systematically related to solutions involving boundary reform. If the construction of local governments is based on the assumption of economic independence and self-sufficiency of the local units, the apportionment solution has to be different from the solution that can be chosen if the economic relationship is built on central governmental redistribution of resources.

The interdependencies of the reform components point to the importance of sequential reform. Sequentiality entails a logical order of reform in which the consequences of initially fixing some reform parameter has to recognize. The design of the sequentiality of reform is thus one of the major strategic choices to be made regarding the reform.

The case studies indicate, in many of the cases, that restructuring of local and regional government has been dealt with primarily as an administrative reform. This means that less attention has been paid to the contextual prerequisites of such reform, i.e. the infrastructure and the public service systems. Both aspects are, however, of great importance for successful reform and they may even have an independent bearing on the apportionment solution.

It seems to be somewhat of a general rule that public opinion is reluctant towards reforms involving boundary changes. In many cases the realization that public opinion has to be taken seriously has grown as the reform process has matured. Public opinion in this sense has to be interpreted broadly so as to include also the opinions of affected organized parties. Hence reforms seem to advance better in those cases where sufficient attention has been paid to a continuous dialogue between all parties concerned. Such a dialogue includes local and regional governmental involvement in the decision-making bodies.

Reforms involving boundary changes activate a number of vested interests, some of which may be in conflict with each other. In many cases central governmental interest diverge from those of local and regional government and we also find references to contradictory interests between governmental sectors. The need to accommodate such interests and to find viable compromises entails a strong central political commitment to the reform process. Some case studies include complaints with regard to central involvement.
The strength or weakness of central leadership also hinges on the efforts made to reach an initial common understanding on the reform process. This understanding is particularly important under volatile circumstances. In some cases the absence of such an understanding has influenced the reform process adversely as a consequence of shifts in central power.

What has been said about the need for central leadership of the reform is almost equally true at the local and regional level. Reapportionment reforms bring new parties together and they have to learn how to work together and to orient themselves according to a common frame of reference. A possible solution to this problem is the early introduction of major local and regional planning processes in the immediate post-reform period.

An important mechanism to reduce local and regional resistance to reform and to adapt reform solutions to varying contextual circumstances is to include bottom-up elements in the reform process. A dialogue between parties concerned is one element in such a process. It is equally important that local and regional governments are given a say in formulating specific reapportionment solutions. In order to facilitate such local solutions, it is important that the reform process is guided by clear principles providing the frame within which the local solutions have to be formulated.

Even in cases where the centrally given frame for the reform is generous with regard to the local and regional governments, specific solutions that follow from the application of the frame may be judged as contrary to important local interests. Therefore it would seem important to include some grievance procedure in the reform process, i.e. a possibility for local governments to get their particular case reviewed against the overall public interest. It may also be advisable to design the reform process so as to allow for initial voluntary amalgamations, thus reducing reform resistance and providing showcases of good practices. Another mechanism that allows for adaptation of the overall reform to varying local conditions, is to make allowances for varying solutions between new local units. The cases include indications of the use of such mechanisms with regard to the flexible division of tasks between levels of government and with regard to the possibility of inter-governmental co-operation among local governments. With the advent of IT-technology flexible solutions have become much less cumbersome for central government than what they have been traditionally. Still another important device, particularly in cases with a limited focus of reform, is to allow for local and regional experiments with varying reform solutions and to introduce systematic comparisons of the experiences made.

Restructuring reforms are difficult, perhaps impossible, to conclude within a short period of time. The rule seems to be that the reform processes run over many years whilst the bedding in of the reforms is likely to take several years or more. During these years other businesses must be attended to. It is, therefore, important to pay attention to working condition within existing local and regional governments over the whole reform period. Such an attention must be directed both at services provided and at the working conditions of existing personnel. Particular safeguards for the personnel may be of great importance for achieving general commitment to the restructuring effort. It is further important to include clear rules within the reform as to the rights and liabilities of units involved in amalgamation or, at least, to allow for an arbitration of local interests.

The case studies include only rare mention of an important part of any reform process, evaluation and continuous monitoring of progress made. Systematic evaluations ought to be made in a manner that allows for comparison of reform experiences and for learning from good cases. In such evaluations the focus ought to be on display of successful cases and on the learning from, rather than blaming for, failures.
List of documents

Bulgaria
Réponses au questionnaire du conseil de l’Europe: Etude de cas sur “Réformes administratives et territoriales créant des collectivités ou autorités territoriales”
The Human Development Context in Bulgaria
Decentralization in Bulgaria: General Appraisal and Recommendations

Czech Republic
Administrative and Territorial Reforms in the Czech Republic
Public Administration System of the Czech Republic
Local Government System in V4 Countries: The Czech Republic

Finland
Revised Outline of the Case Studies on “Administrative and Territorial Reforms Creating Territorial Communities or Authorities”. Municipal Division Reform Attempt in Finland 1967-1982
Revised Outline of the Case Studies on “Administrative and Territorial Reforms Creating Territorial Communities or Authorities”. The State Regional Administration 2000 Reform in Finland
Evaluating Regional State Administration 2000 Reform. In Search of a New Idea for Regional Administration

Hellenic Republic
The “I. Kapodistrias” Programme on the Reconstruction of Local Government

Latvia
Administrative and Territorial Reforms Creating Territorial Communities or Authorities
Local Government Administrative Territorial Reform Preparation Process in Latvia

Lithuania
Replies to questionnaire on Administrative and Territorial Reforms Creating Territorial Communities and Authorities: The Case of Lithuania

Poland
Réformes administratives et territoriales créant des collectivités ou autorités territoriales: Etude de cas

Russia
Administrative and Territorial Reforms Creating Territorial Communities or Authorities: Russia Case Study
Slovakia

Administrative and Territorial Reforms Creating Territorial Communities or Authorities (Case Study)

Spain

Réformes administratives et territoriales ayant créé des entités territoriales:
Cas A. L’établissement du modèle autonome et le rôle des entités locales dans celui-là

Cas B. L’absence de réforme de la carte locale en Espagne et les solutions envisagées pour remédier aux problèmes dérivés de l’inframunicipalisme

Sweden

Administrative and Territorial Reforms Creating Territorial Communities or Authorities: Boundary Reforms in Sweden

Switzerland

La politique des fusions de communes dans le canton de Fribourg

Ukraine

Administrative and Territorial Reforms in Ukraine

From the History of Administrative-Territorial Structure of Ukraine

United Kingdom - Scotland

Review of Local Government Reform in Scotland
APPENDIX 2

GUIDELINES FOR PROCESSES OF TERRITORIAL AND ADMINISTRATIVE REFORMS

GENERAL

The reform of the administrative structure and/or territorial boundaries of local and regional authorities is a complex and potentially divisive matter which will engage a considerable amount of resources, both human and other.

To avoid unnecessary costs and setbacks a proposed reform requires at least
a. thorough preparation, taking into account the applicable preconditions
b. the existence or creation of well-designed decision-making procedures
c. a step by step plan and leadership for the implementation of the reform, the progress of which is consistently monitored
d. broad and unbiased evaluation of the results.

These points apply both where the reform is undertaken by the central authorities and where such a reform is undertaken by a higher tier of sub-national government in respect of a lower tier.

The guidelines may also be relevant where, within a pre-established framework, territorial authorities engage in reforming themselves, for example by amalgamating two existing territorial entities of the same level into one or by changing the territorial boundaries between them.

A. PREPARATION

a. Analysis

1. Thorough preparation is cost-effective.

2. A thorough preparation entails being aware of the following:
   - the way in which the problems are defined is conceptually linked to the solutions that may be found;
   - there are five basic design-parameters which apply to any system of sub-national territorial administration units; the size\(^2\), the functions, the degree of autonomy, the financial arrangements and the mode of operation\(^3\);
   - these design parameters are interlinked and thus changes to one of them will affect one or more of the others.

3. As a starting point for considering reforms, there needs to be an objective either in terms of size or in terms of functions. Not having such an objective is likely to lead to an inability to formulate a clear strategy for action.

4. Any plan for reform should be guided by a comprehensive view on or theory of the different levels of government within the state\(^4\) and their interaction (blue print), both as it is and as it will be upon completion of the reform.

5. The objectives, methods and results of a process of reform should be fully compatible with the provisions of the European Charter of Local Self-Government.

\(^{2}\) Size is usually expressed in terms of number of inhabitants, the density of inhabitation, geographical area and the resources at its disposal.

\(^{3}\) The mode of operation concerns whether the authority in question will only be responsible for the final delivery of services or also for producing them.

\(^{4}\) Or, as the case may be, within the sub-national territorial entity leading the reform.
6. The wider socio-economic context in which the reform is to take place needs to be clearly analysed, having regard to how the population is distributed across the entire territory and the economic conditions.

7. An analysis of the existing preconditions for reform should examine
- questions of efficiency and capacity to act;
- questions of democratic legitimacy including electoral effects;
- questions of capacity to generate consensus and of maintaining or generating a sense of community.

Care should be taken to avoid gerrymandering or the perception of gerrymandering.

8. The states concerned must ensure that any proposals for reform comply with their obligations under Article 7.1.b. of the European Charter for Regional or Minority Languages and Article 16 of the Framework Convention for the Protection of National Minorities.

9. The issues of ownership of public capital, transfer of personnel and institutions as well the sharing of the burden of debt and the possible shift in fiscal burden should not be overlooked in the preparatory stage.

10. A decision to proceed with a proposal for territorial and/or administrative reforms should only be arrived at once the preparatory analysis has been completed and can be taken fully into account.

b. Participation

11. Comprehensive systemic reforms are strongly dependent on the ability to create consensus. This may be less difficult in the case of smaller-scale reforms.

12. Among all stakeholders and others concerned with a reform there needs to be at least that degree of consensus that permits the setting of clear goals for the reform.

13. Preparatory studies of a general type involving stakeholders and others concerned can be a useful means of developing this consensus.

14. A bottom-up approach, i.e., an approach based on the willing participation by the level of territorial administration that is to be reformed, is to be preferred to a top-down (coercive) approach. However, an initial bottom-up approach may need to be complemented by a subsequent top-down component. In addition there may be a need for initiative for reform to be taken by central government, which should seek to be complemented by a bottom-up approach.

15. All stakeholders and others concerned should be involved already at the preparatory stage.

c. Design

16. Any proposed reform should usually be expected to take several years.

17. Any plan for reform should be designed in clearly distinguished steps.

18. Any reform requires clear and identifiable political leadership that ensures both continuity and consistency. Consideration should be given to anchoring the process of reform in a body or administrative arrangement between the institutions involved.

19. It is important to learn from previous experience both at home and abroad. However, concrete solutions are rarely transplantable without adaptation, so that comparative efforts may most usefully be focussed on the identification of the type of (broad) objectives that were involved in other reforms, the procedures that were in place and the issues that had to be dealt with in the course of their execution.
20. The reform strategy should include an adjustment procedure to address specific concerns of specific territorial authorities which arise during the reform process. The necessary consensus about the goals of the reform should ensure that this procedure is not used to try to alter the strategic objectives of the reform.

21. Where population and economic conditions are not uniformly distributed across the territory, the possibility should be considered to allow for variation in that:
- the same levels of territorial administration need not exist everywhere in the state;
- competences of territorial authorities of the same level may differ;
- institutional arrangements of territorial authorities of the same level may differ.

22. Designing a process on a bottom-up experimental approach may generate useful results both as regards fine-tuning the objectives and the process of reform, as well as for creating a momentum in support of the reforms.

B. DECISION-MAKING

1. The decision to go ahead with a proposed reform should be taken at the highest institutional level, following consultations with the institutions involved (see recommendations on institutional dialogue) and may be influenced by or involve a referendum where this is permitted by statute.

2. The plan for reform and for its implementation should be decided upon at the highest institutional level, following consultations with the institutions involved (see recommendations on institutional dialogue).

3. Support for reforms may be obtained both by engaging in consultations with those concerned and by empowerment of the territorial authorities within a centrally established framework.

C. IMPLEMENTATION

1. Continuous and consistent leadership as mentioned in A 18 above is essential for successful implementation.

2. As the emphasis in the process shifts from the central authority to the decentralised authorities in the implementation phase, it is particularly important to ensure clear identifiable political leadership at de-central level during that phase.

3. Central\(^5\) political commitment to the reforms remains necessary in order to be able to resolve any serious problems arising in the implementation phase.

4. A common framework of reference needs to be in place for the implementation phase, eg by including planning procedures involving all actors concerned.

5. A bottom-up experimental approach may generate useful results also in the implementation phase.

6. The central authority\(^4\) will usually need to set up supporting programmes providing IT and other necessary infra-structure. Such programmes may be designed in the planning process referred to above.

7. There must be in place a robust framework to preserve normal budgetary discipline during the transitional phase, to safeguard the assets and to ensure that any transfer of staff of territorial authorities being reformed is efficiently handled.

\(^{5}\) Or, as the case may be, a sub-national territorial authority leading the reform.
8. Monitoring the implementation of reforms is essential in order to identify bottlenecks at a timely moment and to allow for the comparison of experiences by the different territorial authorities involved.

9. Such monitoring should be carried out at central and decentral level, both by those involved and by independent monitors.

10. Such monitoring should have a broad focus and not be limited to the reform of administrative structures as such.

D. EVALUATION

1. Upon completion of the reform, independent evaluation studies should be carried out in order to verify whether and to what degree the objectives of reform have been achieved.

2. Evaluation should also be carried out by those directly involved in the process of reform.

3. The results of evaluation should be made public.

4. Measures should be taken to ensure that reforms may be adjusted or even reversed where they are shown to have significantly fallen short of their objectives.

5. Measures should be taken to ensure that the results of evaluation are taken into account in any subsequent process of reform.

6. Evaluation results should also be made available to other member states of the Council of Europe.