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INTER-MUNICIPAL COOPERATION IN GREECE

FINAL REPORT

EUROPEAN UNION – COUNCIL OF EUROPE TECHNICAL ASSISTANCE PROJECT ON INSTITUTIONAL ENHANCEMENT FOR LOCAL GOVERNANCE, GREECE

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**CENTRE OF EXPERTISE
FOR LOCAL GOVERNMENT REFORM**



ABBREVIATIONS

CoE	Council of Europe
FGI	Focus Group Interview
IMC	Inter-Municipal Cooperation
IMCC	Inter-Municipal Cooperation Contract
IMCFA	Inter-Municipal Cooperation Framework Agreement
IMCN	Inter-Municipal Cooperation Network
IMCNA	Inter-Municipal Cooperation Network Agreement
IMCPC	Inter-Municipal Cooperation Programmatic Contract
MoI	Ministry of Interior
NSRF	National Strategic Reference Framework
OTA	Local Authority Organisation
SRSS	Structural Reform Support Service
TA	Technical Assistance

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1. BACKGROUND

1.1. INTER-MUNICIPAL COOPERATION: A SHORT INTRODUCTION¹

Inter-Municipal Cooperation (IMC) is when two or more municipalities agree to work together on any of the tasks assigned to them in order to gain mutual benefits. The term IMC implies a relationship between two or several local authorities (i.e. entities in the first level of territorial administration) having a status of legal persons, endowed with competences, powers and resources in accordance with the European Charter of Local Self-Government.²

There may be many different forms of, and multiple reasons for, IMC but there are still features common to all. Municipalities can choose to join forces with other municipalities if this is the way to improve their efficiency and effectiveness. There are many ways in which IMC is triggered; each case is different. It depends on the legal framework, the availability of incentives, the possibility of Government involvement, the relationships between municipalities and their leadership, the political culture, available staff and resources. It is important to understand the implications of triggering IMC. There are fifteen steps that, in general, it would make sense to follow in setting up an IMC project (see the chart below). However, the actual practice of setting up an IMC project may well vary the order of some steps and give particular emphasis to some of them rather than to the others.

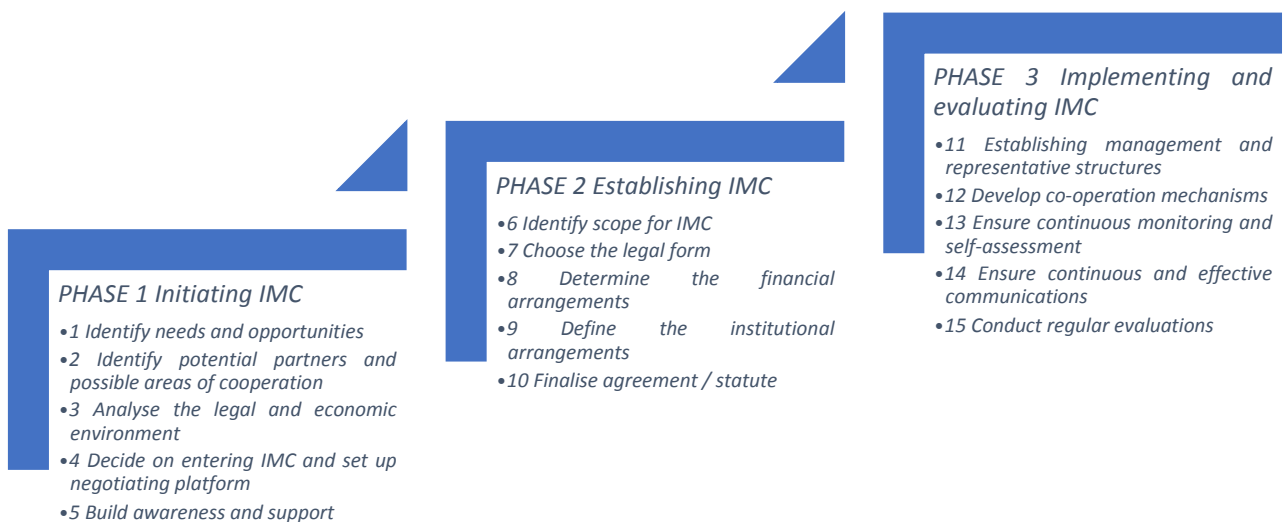


Figure 1 - THE IMC STEPLADDER

¹ Council of Europe (2010), Inter-Municipal Cooperation Toolkit, pages 35-75 – available at <https://rm.coe.int/1680746ec3>

² See <https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/122>

1.2. OVERVIEW OF INTER-MUNICIPAL COOPERATION IN GREECE

Inter-Municipal Cooperation in Greece dates back to the 1980s. Initially it represented an attempt by progressive mayors to overcome fragmentation and establish novel modes of cooperative governance in various policy areas.

The Kallikratis reform in 2010 has altered not only the territorial dimension of Greek local and regional authorities but has also introduced significant changes to their organisation and competences. The number of municipal authorities was reduced from 1034 to 325. Greece is now between the EU countries with the largest municipal authorities in terms of territorial size. On average every new municipality includes 4-5 former municipal and communal authorities.

The peer review of the Greek system organised by the Council of Europe in 2017 highlighted that internal cooperation and coordination of the amalgamated units remains challenging in many newly-amalgamated municipalities.³ IMC is a tool to overcome such challenges. Economic crisis and the search for economies of scale are the main enabling factor for the creation of bottom up IMC initiatives especially in the areas of poverty alleviation and the provision of social services.

However, IMC development is generally hindered by the following institutional factors:

- the large size of new municipalities
- a legalistic institutional framework that leaves limited space for bottom up initiatives
- lack of capacity of municipalities to set strategic objectives and elaborate management plans
- technical issues that are difficult to cope with such as the identification of optimal services provision areas, the identification of needs and the optimal forms of partnership in terms of resources contribution and a lack of trial and error reform culture.

Strengthening IMC among municipalities in the Greek islands is about increasing their efficiency of public service delivery, thus contributing to the delivery of good governance.

³ Council of Europe Peer Review Report: “Distribution of competences between the state and local authorities of both tiers”, available at <https://www.coe.int/en/web/good-governance/peer-review-report-distribution-of-competences-between-the-state-and-local-authorities-of-both-tiers>

2. STRENGTHENING INTER-MUNICIPAL COOPERATION AMONG ISLAND MUNICIPALITIES IN GREECE

The IMC activity was implemented in Greece from October 2017 to March 2018 to enhance cooperation among municipalities in areas of common interest. In order to share the ownership of results and maximise its capacity-building component, local stakeholders were actively involved in each step. This inclusive approach created new synergies between neighbouring island municipalities. Participants were enabled to share views on common challenges and join forces to find innovative solutions. Furthermore, this action provided an unprecedented opportunity for local authorities to reflect on a common vision and act as a group of peers (regardless to their political affiliation), hence increasing their cooperation and leadership skills.

At the request of the Ministry of Interior (MoI) this activity was focused on island municipalities and throughout its implementation, it benefitted from the strong support of the Ministry of Maritime Affairs and Island Policy and the Regional Development Institute.

At the beginning of the project, three pilot municipalities were identified, in cooperation with the MoI and SRSS:

- Kalymnos;
- Leros;
- Tilos.

As the programme's activities unfold, four neighbouring municipalities expressed their interest to join the programme and to partake in the piloting of the IMC framework agreement:

- Agathonissi
- Astypalaia
- Lipsi
- Patmos

Thus, the IMC activity was piloted with a view to developing a joint IMC agreement among all seven municipalities which compose the sub-regional unit of Kalymnos of the South Aegean Region, as depicted in the map below.



The IMC action in Greece was organised around 4 stages:

Stage 1 – Inception phase

The CoE Toolkit on Inter-Municipal Cooperation, along with IMC European good practices and the Policy Advice on Islands Municipalities were presented at the Conference on Insular Policy organised by the Institute of Local Administration on 25-25 September 2017 in Kithira. On this occasion, CoE Experts presented the IMC project to Mayors from all island municipalities and discussed the benefits of IMC. Moreover, they carried out informal bi- and multi-lateral meetings with attendees (Mayors from IMs) to collect background information on practices of inter-municipal cooperation in Greece and local needs to define objectives, rationale and expected results of the IMC programme.

Stage 2 – Presentation of IMC to pilot municipalities

On 2 October 2017, the CoE presented the IMC toolkit to representatives of Kalymnos, Leros, and Tilos. During this focus group, participants exchanged insights on the state-of-the-art of IMC in Greece, discussed potential areas for IMC among island municipalities and defined the workplan of the IMC activity in Greece. Then meeting provided for an initial identification of potential policy areas of cooperation between participating municipalities and a preliminary assessment of the possible legal status for such cooperation.

Stage 3 – Preparation of the IMC Framework Agreement

Following a CoE expert review of the National legislation, on 20 November 2017 local authorities and legal advisers from pilot municipalities met in Athens to examine possible procedures and legal forms in order to finalise cooperation agreements according to Greek Law. Participants identified the Inter-Municipal Cooperation Framework Agreement (IMCFA) as the most suitable tool to set up the Network. In addition, in-depth interviews were carried out on 21 November with representatives of the Ministry of Maritime Affairs and Insular Policy, EETAA, and the Hellenic Network of Small Islands.

Stage 4 – Establishment of the IMC Network

The IMCFA was drafted by the CoE between December 2017 and February 2018. The document was reviewed by legal experts of the Ministry of Interior and pilot municipalities to ensure compliance with National Law. Moreover, a draft Charter of Association for the formal establishment of the Network was formulated by CoE experts in order to facilitate the initial steps of IMC. On 27 February 2018, the 7 mayors met in Kalymnos to finalise the Charter of Association for the establishment of a Network of Islands (provisions of art 211. Law 3852/2010) and agreed on the IMCFA. Further details on the IMCFA are provided in Chapter 2.

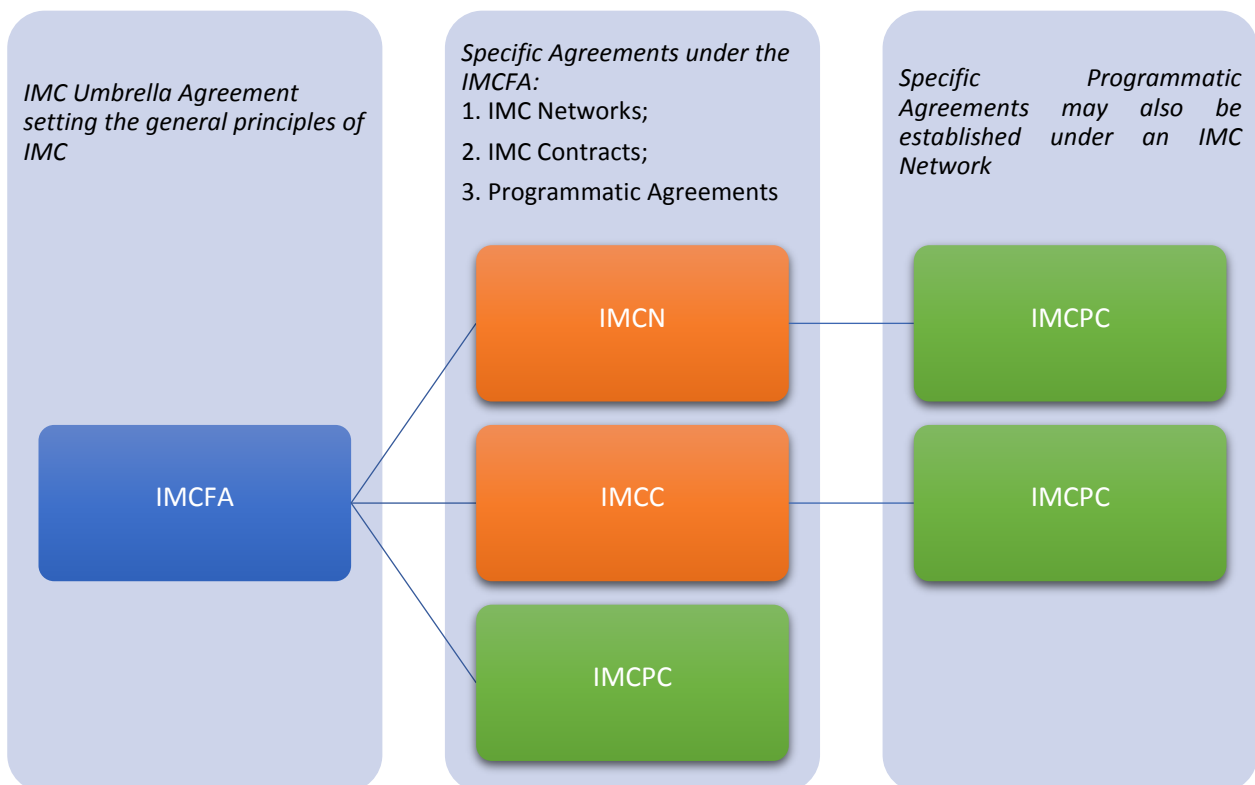
3. THE INTER-MUNICIPAL COOPERATION FRAMEWORK AGREEMENT (IMCFA)

The Inter-Municipal Cooperation Framework Agreement (IMCFA) for the development of inter-municipal cooperation among Greek Island Municipalities (IMs) was developed in cooperation with the pilot municipalities. It is available at <https://www.coe.int/en/web/good-governance/imc-in-greece>.

The IMCFA provides the elements sustaining the following three possible types of contractual arrangements between participating municipalities within which IMC may develop⁴:

- a. IMC networks (IMCN) among municipalities with common characteristics to be established in accordance with Law 3852/2010 article 101;
- b. IMC contracts (IMCC) to establish partnerships among municipalities for the exercise of a specific competence, either by assuming it entirely on behalf of another municipality or by supporting its exercise, in accordance with Law 3852/2010, article 99;
- c. IMC programmatic contract (IMCPC) to be drafted in accordance with Law 3852/2010 article 100 and Law 4483/2017, article 74.

The following figure displays the relation between the three documents:



⁴ IMCNA, IMCC and IMCPC may be drafted and implemented under the IMCFA framework.

The IMCFA provides an institutional basis that enables participating municipalities to undertake several initiatives in order to activate IMC arrangements between them. According to Art. 101 Law 3852/2010 municipalities with common characteristics may establish **Inter-Municipal Cooperation Networks** (IMCNs). These networks may operate as a private non-profit legal entity and may be established following a decision by participating Municipal Councils. They require drawing up and filing an “Articles of Association” document, which defines the purposes, means, the decision making bodies and procedures, as well as the resources (personnel, finance and other) of the legal entity.

Municipalities in the same region may create **Inter-Municipal Partnerships**. The purpose of the inter-municipal partnerships is to exercise a specific competence either by assuming it entirely on behalf of another municipality or by supporting its exercise. The purpose of the provision of Article 99 of Law 3852/2010 is therefore narrower than the one provided by article 101 of the same law (Establishment of IMC networks) and aims at the possibility of exercising a municipality's competence by another municipality or region if for objective reasons (e.g. insufficient staffing) it cannot be exercised in an autonomous and satisfactory manner by the former. Municipalities may share municipal staff and establish a common budget and resources within the network.

Finally, according to Art. 100 of Law 3852/2010 municipalities and IMCNs may enter **Programmatic Contracts** with other public authorities and private entities for action-specific service provision or the study and the implementation of public works or procurement.

In the frameworks of the project, participating municipalities agreed to opt for the first option, namely the establishment of the IMC Network (IMCN). To do so, the Centre of Expertise and pilot municipalities drafted the Charter of Association to legally establish the IMC Network, as provided for by Law 3852/2010, article 101.⁵

Following discussions held in October, it was agreed that the Network would have aimed at taking initiatives and actions to collectively address common problems of member municipalities in issues related to local development, human resources, environment, transport, culture and sport, social care, tourism, infrastructure, energy, waste management and disposal.⁶

⁵ The Charter of Association provides for: (i) purpose, (ii) duration; (iii) rights and obligations of each party; (iv) shares, financing, accounting and audit; (v) rights of ownership and assets; (vi) visibility actions; (vii) parties liability; (viii) admission / withdrawal of a partner; (ix) dissolution; (x) settlement of disputes; (xi) monitoring and evaluation.

⁶ The purpose of the Network is for public benefit and development and in no way considered for profit or commercial.

4. ESTABLISHMENT OF THE IMC NETWORK AMONG PILOT MUNICIPALITIES

Three policy areas were identified by participants as **cooperation priorities** :

1. sharing of human resources with technical capacities;
2. improving sea transportation network;
3. environmental protection.

More precisely, the 7 participating mayors agreed that the Network specifically aims at:

- Monitoring international developments and experiences, good practices on sustainable development and quality of life;
- Updating its members regarding the possibility of implementing innovative actions;
- Upgrading the operation of its members by submitting relevant proposals to the competent ministries regarding the application of internal regulations and international experience;
- Strengthening the participation of citizens and bodies of local communities;
- Implementing programmes to improve the cooperation between local governments and socio-economic partners;
- Utilising new technologies and advancing the information society tools;
- Providing know-how for the establishment and operation of new structures and institutions such as the Social Care Office, the Office of Urban Health and Prevention, the Office for Promotion of Employment, the Tourism and Culture Office, the Rural Development Office, the Center for Social Support for Vulnerable Populations, the Center for the Creative Occupation of Children, and the Environmental Education and Awareness Programme, etc.;
- Designing and supporting the implementation of sectoral development policies such as tourism, energy, transport, environment, etc., and strengthening the respective role of municipalities;
- Supporting the implementation of development policies, national programmes of the European Union and international organisations at local and regional level;
- Exploring activities and initiatives that could be the subject of social enterprises and the social and solidarity economy;
- Designing, organising, implementing, managing and evaluating programmes co-financed by the European Union (EU), through the European Regional Development Fund, the European Social Fund and / or the Cohesion Fund, as well as by other National, European or International Organizations, with or without the cooperation of other entities, and engaging the Network as a partner in a consortium to achieve this goal;

- Designing, implementing and/or providing technical support regarding programmes and actions to raise awareness on environmental and sustainability issues (workshops, conferences, exhibitions, publications, data banks, cooperation networks, etc.);
- Designing and supporting space-related functions such as: urban planning and transport interventions, spatial planning and land use, etc.

In order to fulfil its objectives, the Network will be able to undertake any appropriate activity, including the following:

- Implementation of local public investment programmes, especially in the framework of the operational plans of local governments and regions;
- Preparation of studies to develop standards for the economic development of local governments;
- Drafting proposals to promote specific forms of inter-municipal cooperation and among levels of government;
- Informing municipal authorities and local government officials about relevant actions and projects of the Local Government in the NSRF (National Strategic Reference Framework);
- Collect data on the current status of the organisation and operation of island municipalities (e.g. through surveys);
- Research on the conditions for improving the administrative capacity of small island municipalities.
- Preparation of studies and the technical and advisory support of local governments on solid and liquid waste management.
- Preparation and drafting of all necessary documents for the approval of projects and actions under programmes funded by EU or national resources.
- Creation of a database and the development of an information network among the municipalities, about recording, processing, analysing and researching the factors that affect the level of development.
- Development and provision of educational material and tools, printed or electronical, in the context of the implementation of the Network's statutes.

Furthermore, the Network may:

- Provide scientific and research support to Members' activities;
- Cooperate with municipalities, associations of municipalities and other bodies of local government or other social actors to develop joint actions;

- Cooperate with scientific bodies, research centres, city networks in Greece and abroad, as well as private or public enterprises, state authorities, the EU and other international organisations and bodies;
- Organise and implement educational and training programmes for citizens and bodies on scientific subjects relevant with its aims;
- Collect, process, exchange and disseminate information with all possible means including information banks, data logging networks, etc.;
- Maintain statistics on the status of its members regarding the Network's intervention axes, as well as on the status' causes.

Pilot municipalities agreed to provide a contribution of € 3.000 each as initial capital of the newly established IMC Network. The Network will be based in Kalymnos which will take up the role of secretariat. A system of annual rotation of the Presidency was foreseen.

By law, the Charter of Association has to be approved by each Municipal Council. Afterwards, it must undergo a legality check of the Decentralised Administration and be submitted to the Court of First Instance in order for the network to acquire legal status.

The Charter of Association establishing the Network is available at <https://www.coe.int/en/web/good-governance/imc-in-greece> . The table displays its status of adoption:

	Approval by the Municipal Council
Kalymnos	Adopted on 13 March 2018
Leros	<i>Planned to be discussed at the next Municipal Council meeting in May</i>
Tilos	Adopted on 26 March 2018
Patmos	<i>Planned to be discussed at the next Municipal Council meeting in May</i>
Astypalaia	Adopted on 21 March 2018
Lipsi	Adopted on 3 March 2018
Agathonissi	<i>Planned to be discussed at the next Municipal Council meeting in May.</i>

5. CONCLUSIONS AND RECOMMENDATIONS

The IMC Programme provided support to pilot municipalities which valued inter-municipal cooperation as an efficient and sustainable opportunity to both:

- improve the effectiveness of their service delivery;
- improve the overall capacity and responsiveness of the municipal administration.

Whilst seeking alternative solutions to adhere to the standards and practices of good democratic governance at the local level, pilot municipalities shared the understanding that poor performance is less easily tolerated when people can see good practice elsewhere. This applies in particular to the many small municipalities that have insufficient capacity to provide quality services on their own or to respond effectively to the expectations of their communities. Within this perspective IMC was appreciated as a substantial step in the right direction as well as opportunities for investment in local services and infrastructure creating larger economies of scale and shared development.

IMC offers a serious way forward. It is not an easy option; it can be complex and it carries risk. But it has the potential to deliver significant advantages to all municipalities, both large and small. Governments have key responsibilities for creating the right legal, financial and administrative frameworks for IMC. The existing legislation on IMC in Greece represents a comprehensive framework for local authorities to develop cooperative actions across administrative borders. However IMC development is generally hindered by the large size of new municipalities; lack of flexibility in the legal provisions, lack of capacity of municipalities to set strategic objectives and plan.

In a context of economic crisis, the IMC activity helped participating mayors, municipal councilors and staff to reconsider IMC as a tool to overcome structural deficiencies which are particularly acute in island municipalities, such as the lack of personnel and resources. The Centre of Expertise assisted the pilot municipalities in assessing existing IMC legal instruments and developing an IMC Network according to the Greek legal and institutional context, building on European best practice.

The enthusiasm and eagerness showed by stakeholders allowed the Centre of Expertise to set-up the Network in very short time. At the initial stage of the project, despite unanimously acknowledging the positive effects that IMC could have brought to their communities, mayors were rather reserved to go forward when it came to practical arrangements. Part of these reservations were due to their general dissatisfaction with the current administrative rigidities. All island municipalities involved lack qualified

personnel and face considerable constraints to their autonomy due to over bureaucratisation of legal and financial controls.

However the major difficulty was to identify an institutional solution that would help overcome these rigidities given the fact that municipal entities of private law are subject to the same strict controls regarding funding management and the hiring of new personnel.

During the workshops it was pointed out that without Central Government support, IMC could never be sustainable in the long term. In this context the strong support of the Ministry of Interior and the Ministry of Maritime Affairs and Insular Policy were key “motivating factors”.

Possibly, a follow-up activity should seek for additional support from the Region of South Aegean.

Considering the results achieved by the IMC programme, in a relatively short period as compared to the length of similar activities carried out in other countries, the opportunity to follow-up the present pilot project in a larger number of Island Municipalities should be considered. To ensure the sustainability of the action, the IMC programme should be implemented in parallel to capacity-building programmes targeting those areas highlighted in this report, namely:

- improving policy design and implementation capacities;
- furthering capacity building at the local authorities level;
- strengthening civil participation in decision making;
- increasing project making and management capacities.

Overall, Greek authorities could reassess the current legal framework for IMC with a view to providing municipal authorities with positive incentives to engage in collaborative provision of services and achieve economies of scale. Such positive incentives can be a general relaxation of rigid legal provisions regarding the hiring of personnel and financial support especially targeted to IMC bottom-up initiatives. Training of personnel and capacity building actions especially in critical areas such as management of IMC, fund raising, monitoring and evaluation of IMC services are also strongly recommended.

Finally, evidence shows that sustainable IMC endeavours do not underestimate the importance of civil participation. Citizens’ awareness of the IMC actions undertaken by the municipality as well as their involvement in the inherent decision-making processes are key.

