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# INTER-MUNICIPAL COOPERATION IN EUROPE

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EDITED BY FILIPE TELES  
AND PAWEŁ SWIANIEWICZ



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# Inter-Municipal Cooperation in Europe

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Filipe Teles and Pawel Swianiewicz

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# Motives for Revisiting Inter-municipal Cooperation

*Filipe Teles and Pawel Swianiewicz*

This book examines the nature of inter-municipal cooperation (IMC)<sup>1</sup> in Europe. By nature we mean the intrinsic features of governance arrangements and institutions created to generate and maintain collaborative settings between different local governments in a particular territory. Those intrinsic features include motives for cooperation and how their different origins can induce diverse cooperative experiences. They convey also the perspectives and roles of the actors involved, as well as of the consequences of such arrangements. Furthermore, it implies paying particular attention to the democratic aspects of these governance settings, especially regarding legitimacy and accountability features. Looking for these multiple aspects requires not only a comparative approach but also an in-depth analysis of some specific cases, in order to enrich the already available knowledge.

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Local governments play an undeniable role in European political and policy landscape. An increasing number of constraints and demands are confronting communities with unprecedented challenges to their institutional settings and self-government ways of thinking and doing. The usual suspects—governance and new public management—are, now, accompanied by multiple other determinants of these changes. They include austerity policies, trans-border cooperation, territorialised innovation strategies, new technologies, democratic disruptions, neighbourhood micro-politics, gentrification, migrations, climate change and terrorism. This list could easily result from any report assessing the challenges contemporary states are facing. However, local governments are no longer immune, or even less influenced than national governments, to these contextual constraints. In fact, at the lowest level of governance, these are often more acutely addressed and demanding new tools communities were not—until now—expected to be equipped with.

The consequent wave of reforms aimed at dealing with the challenging times faced by local governments has produced significant changes. From modernisation to reorganisation of services delivery, functional and territorial re-scaling, governance arrangements between public, private and non-profit sector organisations and cooperation, local governments have been involved in a complex, often frequent, set of reforms, which changed their systems and patterns all over Europe (Bouckaert and Kuhlmann 2016).

As stated elsewhere (Teles 2016, p. 2):

We have come to call this a paradigm change or [...] *territorial instability*. It is not just a makeover: it is a profound, yet new, reshaping of structures, institutions, roles, competencies, borders and scale. Very few things are taken for given in local governance research nowadays, and Europe, in particular, has been watching profound changes in its local and regional structures. Several waves of territorial reforms seem to take place in order to tackle the problem of efficiency and democracy at the lower tiers of government. This permanent mutation has evolved into different political conformations and governance arrangements.

There are important differences between countries and European regional patterns of local authorities in terms of the scope, frequency and content of these reforms. There are also clear differences between how public utilities, social services and infrastructure are organised and run at the local and regional level. However, performance improvement “(in terms



of effectiveness, efficiency and legitimacy) is a key function of local public sector reforms” (Schwab et al. 2017, p. 101).

The complex array of services and answers to communities, in which local governments operate, requires special conditions to be able to control (or, at least, steer) these networks of public, private and semi-private sector organisations, whose territories exceed, most of the times, the municipal boundaries. If not the organisation involved in the service delivery, most certainly the problem being addressed will require a multi-actor approach from local authorities. To question the limits of more traditional forms of governance or the borders of administrative territories is an undeniable consequence of contemporary conditions. The design of effective governance arrangements has, therefore, changed significantly the balance between consolidation and competition which have enriched earlier debates on local government reforms. The quest for efficiency had been significantly dominated by those two main trends: on the one hand, to consolidate organisations, territories, and—eventually—merging municipalities and political institutions; on the other hand, to promote, in different ways, new opportunities for the competition between territories in order to expose their relative advantages, giving them more capacities, autonomy and policy discretionary tools and in that way challenging the local context in search of the survival of the fittest. It is precisely within this backdrop that cooperation presented itself as a new player available to enter the match between those, often ideologically driven, competing sides.

There is a wide agreement that in this complex setting, most of the problems can be addressed only through joint actions of multiple actors involved in different and, often, flexible arrangements, crossing sectors and levels of governance (Schwab et al. 2017). The concepts of multi-level and inter-sectoral governance capture this in an interesting way since, together, they underline the fact that local governments have to interact with other levels of government and, within each one’s borders, different actors, from the public, private and non-profit sectors, work together for common and agreed purposes.

But at the same time that some services remain predominantly local and public, both in the tools used to determine how and which ones to be delivered and in the mechanisms to provide them, there are several issues that must be addressed beyond the strict confinement of municipal borders. Sustainability and climate change issues, water and waste management, relevant infrastructures and regional development strategies are just some

of the few examples of those circumstances that require new mechanisms of interaction. The first and most relevant questions that need to be addressed are usually the ones that result from these new economies of scale. Evidently, the main aspect under consideration is the way services are delivered in more policy and cost-efficient ways. Consequently, issues related to the relative importance of municipalities, the way their inhabitants are consulted, the tools they have for making decisions—and making accountable those that decide—are also high on the agenda.

Frequently used as the starting point of any comparative endeavour, the size of municipalities is a useful tool to understand why these questions related to economies of scale have risen so high in the political agenda and act as one of the drives of local government reforms in Europe. Though there is no clear regional pattern of municipal size in the Europe, nor does it explain why some countries have preferred to implement territorial reforms to address this creating larger local entities, the “size argument” is inescapable if one wants to understand the argument behind the search for efficient service delivery at a higher scale or with larger municipalities (Baldersheim and Rose 2010; Askim et al. 2016).

Local service delivery, and its quality and efficiency, is inevitably linked to the different approaches of the reforms, namely, territorial and functional re-scaling, since it addresses its most common problem: the size of the locality and the problems of economies of scale. There are many reasons why services should be provided by the lowest level of government, and one of them is definitively “proximity,” since local governments are closer to citizens and, thus, can respond to their specific needs, adopting tailor-fit policies. This also allows for better democratic accountability of local politics. The problems of scale, particularly those resulting from the need to deliver services at a higher level than the municipal one, have been answered through “hard” mechanisms in several countries over the last couple of decades. Amalgamation, its most common example, where localities are merged to form new entities, has contributed significantly to this change of the European municipal landscape. Alternatively, “soft” mechanisms such as IMC have allowed local authorities to provide different answers to similar problems. These allow functional optimisation without profound changes to the territorial or political status of the locality. The strengthened inter-local cooperation allows municipalities to keep their autonomy and, at the same time, obtain the same economy-of-scale results as in amalgamation processes.

## LOCAL GOVERNMENT UNDER PRESSURE: THE RISE AND EVOLUTION OF NEW ARRANGEMENTS

The emphasis on partnership working asks for new alliance building strategies and mechanisms. The main insight of this perspective is the fact that effective governance is only achievable through nurturing cooperative arrangements between different actors in an everyday complex network of organisations, territories and “demos” (Teles 2016). In this context, IMC is a widespread phenomenon. It goes hand in hand with the emergence of open horizontal and vertical networks of inter-sectoral and intra-sectoral conditions. The prominence of networked governance arrangements brings about the softening of the boundaries between municipal territories and amongst the competencies of the multiple actors involved. A clear-cut delimitation of functions and of territories is no longer possible.

IMC has been a topic of debate in European academic literature for a long time. However, a gap in scholarship results from a deficit of comprehensive comparative studies. So far, the only comprehensive study (Hulst and Van Montfort 2007) just covered eight European countries. In Central and Eastern Europe, a volume has been edited by Pawel Swianiewicz (2010). There are, also, some texts comparing two different countries (e.g. Wollmann 2010) or focusing on the general aspects of the phenomenon (Teles 2016).

The existent literature, though already quite relevant, tends to focus on comparative research and tentative typologies based on the identification of general commonalities (e.g.. Hulst and Van Montfort 2007). Another approach tends to place cooperation within a wider set of alternative reform paths and ways of addressing the problems of scale and efficiency (e.g. Baldersheim and Rose 2010). Specific cases (e.g. Agranoff 2009) or two-country comparisons are also common. Evidently, the gaps in research result, mostly, from the difficulties of addressing such a diverse and complex phenomenon.

Though highly emphasised in academic literature (e.g. Teles 2016), the main questions regarding the relevance of these inter-local cooperative arrangements remain to be answered, especially in order to measure how important these are in the functioning of local government systems in individual countries. The way municipalities formalise their collaborative arrangements, from loosely coupled policy networks, with informal character, to formalised procedures, with governing entities, is just one example of such diversity. Inter-municipal cooperative arrangements vary in

shape, scope and integration. They result from the political initiative of diverse, often opposite, agents and present different forms in their intrinsic nature and in the theoretical lenses used to study them. Furthermore, its main drivers and motivations are of multiple natures. To add complexity to the picture, national administrative traditions, governance systems, political culture and the different levels of local autonomy in each country make the development of a tentative typology of IMC a hazardous, if not impossible, task. Furthermore, most of these dimensions are not the result of a limited number of options. They are, in fact, a continuum of possibilities, which would not translate easily into an objective *typologisation* of reality.

Though we acknowledge the advantages of typologies, we claim the need to move forward in this research agenda and avoid the descriptive debates. The classic typologies tend to consider each descriptive dimension as two opposite “options”, which water down the colour of its real diversity. In-depth, individual case analysis provides other kinds of information and illustrates them in a more complex, multi-category and fluid way. Hulst and Van Montfort’s (2007) typology showed how widespread are different forms but revealed also the limitations of such an approach. The multiple dimensions needed in order to produce a more complete typology would complexify it to a point where it would not fulfil the task of simplifying existing types. In addition, to explain different forms of collaborative arrangements, we would need to set boundaries, not always consensual in literature but strong enough to be accepted as delimiting these different types. Within the existing literature, we only see attempts to partially capture the whole picture.

The required applicability, consistency and high degree of distinctness typologies must offer, as if each ideal type corresponded to a “situation” which would, ultimately, have a clear and distinct knowledge of all the alternatives, seem rather unattainable in the collaborative arrangements’ empirical landscape. In fact, the former conditions imply that institutional design would occur in stable and predictable ways. Even though this would allow typologies to generalise about regularities, with significant research advantages, we claim that a “post-typology” approach, consisting of a list of relevant dimensions, would be much more consistent with the diversity and fluidity of contemporary inter-municipal settings. These dimensions must include the level of *formalisation* of such inter-local networks; how *voluntary/compulsory* are they; to which *purposes* and to perform how many functions were they implemented; the number of *partners* involved in cooperation; the *nature of members*, given the multi-level and/

or multi-sector partnerships we can identify in several countries; and their *areas of cooperation*.

Recent research on IMC has focused on different aspects of the phenomenon and looked at it from different angles. It addresses the above-mentioned diversity and is consistent in delivering tentative typologies, two countries' comparisons, taxonomy of functions and roles and national reports. It is mostly about drivers and outcomes, rather than the functioning of IMC, with a significant lack of comprehensive comparative studies focused on the different aspects of the governance capacity of IMC.

Evidently, more empirical work is necessary to test some of the arguments regarding the advantages of IMC, but more relevant would be to focus on its governance capacity (Teles 2016). Both horizontal and vertical partnership relations and multi-level governance features should be explored. Democracy, accountability and political leadership in collaborative arrangements require, equally, further attention. The conditions for stability are, also, still far from being fully studied and explored. In this particular case, learning outcomes may result from the usual best case-study approaches, but there is also a largely unexplored universe of material and evidence related to unsuccessful cases.

Research and knowledge would gain not only from these comparative studies but also from in-depth case studies exploring special situations of cooperation. Exemplary not because they are best practices but because they provide good learning outcomes, may it be because they stand out as successful ways of dealing with the challenges of cooperation or of achieving its purpose or may it be because they failed in doing so. In such complex governance settings with strong local identities, problems are expected to occur: often they relate to zero-sum games, lack of transparency and accountability, new policy-making costs, added multi-level complexity and territorial overlapping. There are obvious opportunities for policy learning and development.

Research also needs to provide useful information. There is an obvious need for a design arm of political science, as advocated by Gerry Stoker (2015). IMC is a good example of this urgency. There is enough case-based material that can be useful for national authorities in designing reform processes and for local authorities in dealing with the challenges of cooperation. Governing through cooperation is, indeed, one of the main challenges nowadays for municipalities in Europe.

In general, inter-municipal cooperative arrangements are seen as a way of addressing the challenges of suboptimal municipal size and can serve as

functional substitutes for territorial amalgamation. The most important assets of IMC are their spill-over effects. Of course the benchmarking opportunities that it creates, together with the significant results in terms of economies of scale, are also quite important. Nevertheless, it is common, in research, to see references to cooperation extending beyond the initially agreed areas. Cooperation may positively influence management practices and knowledge sharing between organisations, since a more inclusive political culture is encouraged through partnership working. The focus on strategic responsibilities and the enlargement of the number of agents involved in policy may also have recognisable positive effects. These “soft-learning” effects are one of the most interesting facts regarding cooperation.

However, on IMC there are not only observable advantages. On the contrary, as argued in a previous book (Swianiewicz 2010, p. 14): “It is definitely an alternative, but the question is if it is a realistic and effective way to cope with the negatives of territorial fragmentation.” Problems related to the political costs of bottom-up voluntary cooperative arrangements, usually linked to leaders’ agreements and compromises, but also the downsides related to democracy and accountability are often quoted:

The joint provision of functions, although frequently bringing financial benefits, requires transaction costs, which may be identified with a complicated organizational-managerial setting. Complex intercommunal arrangements, including the necessity of debating the issues by the councils of the involved local municipalities, may also slow down the pace of the decision-making process. (ibidem)

In fact, cooperation is not a simple matter of choosing and engaging, but it entails complex negotiation, sharing and collectively delivering services. It is prone to failure, causing unwarranted side effects, and in most cases, it harnesses the democratic control of the involved municipalities. The motivation for this book lies not only in the emerging new answers to the challenge of scale and efficiency at the local level but also in trying to provide new evidence regarding the way these cooperation arrangements work.

The book helps not only to describe and explain the functioning of these mechanisms of cooperation but goes further in providing practical reasoning and evidence to make inter-municipal arrangements more effective at achieving valued purposes. This book draws on the argument that

there is sufficient level of maturity in recent research to offer clear lessons about how IMC works, despite its evident fragilities.

### WHY A NEW BOOK ON INTER-MUNICIPAL COOPERATION?

The rise of cooperation between municipalities and its evolution may have been the main characteristics of the phenomenon in this last decade. Therefore, our main challenge for this book was precisely to capture both this general facet of IMC and, at the same time, provide data and information resulting from in-depth analysis, going down from the country-level comparison to the institutional level. Thus, both the increasing incidence of the phenomenon and the lack of systematised research covering several new countries are important justifications for the relevance of the following chapters.

As often argued, diversity is the best word to describe IMC institutional landscape in European local governance. Moreover, this is a matter of not only comparative analysis at the national level but also diversity within each country. Typologies as the ones presented in previous comparative studies, though relevant in providing wider pictures of IMC forms, tend to water down the colour of such diversity. Though diversity in IMC seems to frighten scholars and to create too many constraints for them to engage in comparative analysis or, as an alternative, to take refuge in comparing specific features resulting from descriptive analysis, our aim is to find evidence of the relevant information in-depth analysis and comparative research can provide. To push forward research on this topic and, at the same time, to shed some light on the current state of affairs of such a relevant aspect of local governance in Europe is, therefore, a huge endeavour.

In-depth, individual case analysis certainly provides other kind of data and information regarding the functioning of these arrangements, illustrating in a more complex and detailed way some of the post-typology research questions that should be addressed.

This book tries to capture some of the aforementioned research challenges and is an effort to shed some light on municipal cooperation's main complexities. Its main aim is to explore the dynamics, experiences and drivers of IMC in Europe. Both the increasing incidence of the phenomenon and the lack of systematised research covering several new countries are important justifications for the relevance of a new book on this topic in Europe. The decade difference between this volume and the

data collected for Hulst and Van Montfort's (2007), though revisited later in their article first published in September 2011 (Hulst and Van Montfort 2012), allowed us to include the subsequent effects of two events of undeniable importance for European countries. First of all, it covers a period of economic crisis which stimulated debates and territorial reforms, with relevant impacts on how cooperation between municipalities would evolve. Second, the EU enlargement added a set of new and, often, different experiences of local government and has changed the nature of the motives for IMC.

We aimed also at including *unusual suspects*—countries which so far have been less frequently discussed in international literature, particularly regarding their contribution for research on IMC. Most typically, when these arrangements in European countries are referred to, one may expect illustrative cases from France, Finland, Germany, Italy or the Netherlands. Much less is known about most of the rest of Europe. Our book includes some expected cases (Finland, France, Germany, Italy, the Netherlands and Switzerland) and less covered ones in previous publications on the topic (Greece, Portugal, Spain and the UK), several countries of the so-far heavily under-explored EU new member states from the eastern part of the continent (Croatia, Czech Republic, Estonia, Poland, Slovakia, Slovenia and Romania) and non-EU members (Albania, Iceland and Norway). IMC in five countries of Eastern Europe (including two of the new member states) was studied at the end of the previous decade (Swianiewicz 2011) but only within an exploratory study. Moreover, our selection covers also several relatively small (in terms of population size) European countries (Iceland, Slovakia and Slovenia), while the previous comparative study of Hulst and Van Montfort (2007) was focused on mid-sized and large countries (the smallest included in their study were Finland and Belgium).

These twenty countries provide a relevant and diversified source of information and knowledge. These are the results of the contribution of renowned scholars and, more important, of the research knowledge they bring from previous projects and publications. It also results from diverse methodological approaches, which range from surveys to case studies, including financial data analysis, network analysis, historical and political essays and comparative studies. The book is organised in four parts, which—in our perspective—reflect three of the most relevant research lenses to use in studying this phenomenon. The first part on “Drivers, Democracy and Delivery” (Chaps. 2, 3, 4, 5 and 6) follows a comparative



path in which each chapter brings together data from two or more countries, in a cross-country comparative thematic analysis. On the other hand, in each chapter of Part II, “Cooperation in Europe” (Chaps. 7, 8, 9, 10, 11, 12, 13 and 14), country-case analyses are presented. We also included a third part, on “Success and Failure: Case Studies” (Chaps. 15, 16, 17, 18 and 19), where short reports on specific case studies on individual institutions and inter-municipal arrangements are meant to provide relevant information and learning outcomes for research. We knew that learning from failure is as relevant as gathering evidence from best practices.

In what follows, Chap. 2 looks at the impact of austerity on IMC, using a survey of experts in eleven countries. The fiscal stress policies seem to have had an influence on cooperative arrangements. Chapter 3 is focused on the role of different political actors in initiating and running these institutions, based on a survey conducted in eight European countries, confirming the important role played by mayors. The following chapter introduces the relevance of democratic legitimacy as the main focus of research on IMC and claims that these new arrangements borrow their legitimacy from the elected authorities of member municipalities. Chapter 5 looks at the governance capacity issue. Following a comparison between Portugal and Spain, the authors suggest that in order to improve efficiency in service delivery, inter-municipal associations require specific political and organisational resources. The first part of the book ends with a chapter focused on three Nordic countries, Finland, Iceland and Norway, and on the motives for engaging in cooperative arrangements, underlying the relevance of legal and constitutional constraints in explaining the prevalence of such arrangements.

The chapters included in Part II are exclusively focused on country cases. The new trends of cooperation in France, the complex networks of overlapping arrangements in the Netherlands, the highly autonomous and small municipalities of Switzerland, the challenges within the German Federal State of Brandenburg, the Icelandic municipal size effect, the inter-local financial transfers in Poland, the regionalisation process in Slovenia and the multi-layered Spanish quasi-federal system, all deserve an individual chapter in this section.

Part III presents five different short case studies. From success to failure of cooperative arrangements, in-depth information is given on specific Polish, Romanian, Albanian, Czech and Icelandic institutions. The final chapter brings us back to the issues raised in the introduction regarding the rise and evolution of IMC in Europe and to the need to raise new research questions.

We intended to deliver a readable and informative book, particularly useful for those interested in local governments, multi-level governance and territorial reform issues. The comprehensive information we believe to provide in what follows aims at reinforcing the relevance of IMC and of the new research questions which remain still to be answered. Most of all, this is a call for increasing the research agenda intensity on the topic, going beyond the comparison of institutional forms of IMC and addressing its most difficult questions: why is this phenomenon so widespread? Does it work? Is it manageable? Is it democratic?

We hope the following pages help in identifying some clues for these questions. Certainly, they are not complete and definitive. However, we expect at least to contribute to this important debate. We are certain that the *liquid state* of cooperation—a way of portraying its mutable and multiple nature—has proven to be one of the most interesting features of contemporary local governance in Europe.

## NOTES

1. When appropriate, in this volume, inter-municipal cooperation is referred to by its acronym, IMC.

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PART I

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Drivers, Democracy and Delivery

# Inter-municipal Cooperation and Austerity Policies: Obstacles or Opportunities?

*Ringa Raudla and António F. Tavares*

## INTRODUCTION

The literature addressing the rationale for inter-municipal cooperation (IMC) has grown significantly in recent years, with studies pointing out the benefits associated with IMC, including the economies of scale and scope, enhanced negotiation of outsourcing deals, and improvement of credit ratings to attract external funds (Council of Europe 2010; Swianiewicz 2010; de Sousa 2013; Bel et al. 2013). In contrast to the extensive discussion of these motivations, the role played by austerity policies as possible drivers or obstacles to IMC has been conspicuously absent from the debate.

Different countries have responded to the crises unfolding since 2008 in different ways (e.g. Pollitt 2010; Raudla et al. 2016). The scope and content of the austerity measures adopted in response to the fiscal crisis

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have also varied considerably from country to country. Hence, we would expect that the austerity pressures have led to different developments in intergovernmental relationships as well. While there are many studies that have looked at whether IMC reduces local government (LG) expenditures, there has been less focus on the question of whether increased financial constraints lead to more extensive use of IMC by municipalities, especially in the European context (Bel and Warner 2015a; Homsy and Warner 2014). Furthermore, the paucity of comparative research on IMC identified in recent research (Teles 2016) justifies a closer look at the variation in the IMC solutions resulting from austerity policies in European countries. Given that the connection between fiscal austerity and public sector reforms is a complex one (Pollitt 2010), no linear effects of austerity measures on IMC can be expected.

IMC is frequently described as a tool to increase the LG capacity (Teles 2016) without resorting to blunter policy instruments such as forced amalgamations. Some authors have also argued that the fiscal crisis and the ensuing need to adopt austerity measures pressure LGs to find alternatives for delivering services in more effective and efficient ways, with IMC being a possible response (Bel and Warner 2015b). The profound challenges experienced by European countries as a consequence of the fiscal crisis, combined with the increase in the scope, size, and diversity of IMC, justify a closer look at whether and how austerity policies have shaped the developments of IMC across different countries. In particular, we are interested in the following questions: Has IMC become more prevalent in countries affected by the fiscal crisis? Has IMC been a primary tool employed by LGs to respond to austerity policies? Or has IMC been part of a broader set of reforms directed at the LG, which also includes territorial amalgamations and local finance reforms? Have austerity policies presented obstacles or opportunities for IMC initiatives? Are there variations across countries?

We conducted a survey of experts in 11 selected countries to investigate these questions: Portugal, Spain, Italy, Greece, Poland, the Netherlands, the UK, Finland, Iceland, Croatia, and Estonia.<sup>1</sup> The rationale for this choice is to include both countries that were hit hard by the fiscal crisis and implemented extensive austerity policies (primarily Southern European countries) and countries where IMC is known to be or becoming prevalent (the Netherlands, Finland, and Iceland).

The first section of this chapter describes the impacts of austerity policies on LG, addressing the different policy tools employed to cope with fiscal stress and improve local resilience. The section outlines theoretical predictions