INTER-MUNICIPAL CO-OPERATION
Ad-Hoc Projects or Permanent Institutional Structures?
Regional Workshop - 10-13 June 2008, Peccioli

In all South-Eastern Europe, local governments have been confronted in the last decade with population migration as well as market and social pressures intertwined with the transition to the market economy. In the same period, following the pace of local government reforms, local authorities have been entrusted with new responsibilities, but these have hardly been accompanied by adequate funding and the modernisation of their administrations. In addition to insufficient financial resources, many local communities are adversely affected by their limited size, which entails reduced managerial capacity (greater difficulties in recruiting knowledgeable and skilled staff) and higher per capita costs (diseconomies of scale) in service delivery. These drawbacks have resulted in poorer quality of services, have clouded the citizen image of local government and are now hampering the progress of decentralisation.

In various SEE countries, the national authorities have gradually started to encourage horizontal co-operation between local authorities and have passed new legislation to this aim. Local authorities have begun to work with private service providers, and have developed relationships and joined action with their neighbours. However, in many cases, local authorities continue to compete rather than work with each other. Within this framework, inter-municipal co-operation (IMC) has become a key area for reform, as a tool to improve local government performance, achieve economies of scale in the provision of certain basic public services, gain access to EU funds and strengthen local government role as a key player in the design and implementation of sustainable development policies.

Thus, the Council of Europe, the Open Society Institute/Local Government and Public Service Reform Initiative and the UNDP Bratislava Regional Centre have agreed to co-organise, in 2008-2009, a series of workshops and round tables to raise awareness on the issues at stake, identify obstacles hampering IMC, suggest appropriate measures to overcome these obstacles and spur the culture of collaboration. This first event, prepared together with CROGEF, hosted by the Consorzio Alta Valdera, with the participation of the Regione Toscana and the Comune di Firenze, will take place on 10-13 June 2008, in Peccioli (Sala Polivalente).

Bulgaria, Croatia, Romania, Serbia and "the former Yugoslav Republic of Macedonia" will send representatives (both from central and local governments) to exchange views with experts from the Council of Europe, OSI/LGI, UNDP, France, Italy, Poland and the United Kingdom seeking to debate on key questions and best practice in this field. The Alta Valdera Consorzium will share its experience with the participants, and presentation stands in the hall of the workshop venue will allow for direct contacts between participants and representatives of the various municipalities. On the last day, discussions will continue with the city of Florence and the Regione Toscana. Building on the outcome of the workshop, the CoE, OSI/LGI and UNDP intend to elaborate a toolkit aimed at providing guidance on how to improve the legal and administrative framework, and develop targeted training programmes in support of IMC.
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**Council of Europe programmes in the field of local and regional democracy**

The Council of Europe has a longstanding experience in working for the reinforcement and consolidation of local and regional democracy in its member states. The co-operation programmes in the field of local and regional democracy, developed and implemented by the Directorate of Democratic Institutions of the Council of Europe, are designed to: i) ensure that democracy takes root at local and regional level; ii) encourage effective decentralisation strategies; and iii) support the development of effective local and regional self-government, in line with the principles enshrined by the European Charter of Local Self-Government.

The programmes encompass both assistance with policy-making and assistance with policy implementation, seeking to build up a sound institutional and legal framework for decentralised governance, and the capacity of local and regional authorities. These are indeed the preconditions of effective democratic governance at local and regional level.

1. **Development of a sound institutional and legal framework**

The scope of the activities targeted to the development of a sound institutional and legal framework is potentially very broad; however, the main focus is on two core operational objectives:

- **Set up effective local and regional government structures and promote administrative and fiscal decentralisation** - this objective corresponds to the “traditional” bulk of Council of Europe activities in this area, i.e. assistance with the reforms concerning the local and regional government systems, including territorial structures, the operation of local/regional administrations and financial arrangements for local government. Key operational targets are: a clear allocation of responsibilities between levels of government, the assigning of financial resources to local and regional authorities, commensurate with the tasks for which they are responsible, and freedom for them to decide how to use these resources.

- **Shape a sound relationship between state administration and local government** - wide gaps may separate the virtual world designed by legislation from its effective implementation. This can also be a consequence of central administration’s resistance to decentralisation, and of reciprocal mistrust in the relations between central and local administrations. Therefore, the assistance programmes focus also on changing the behaviour and practices at the level of central administration and on promoting both a culture and also mechanisms of co-operation between state administration and local authorities.

2. **Development of local and regional government capacity – “The Centre of Expertise on Local Government Reform”**

Created at the beginning of 2006 following the decision of the Third Summit of Heads of State and Government, the Centre of Expertise for Local Government Reform devises and implements innovative programmes in partnership with local and other international stakeholders.

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1 The European Charter of Local Self-Government (ECLSG), which entered into force in 1988, is the only international convention on this subject. It is one of the most important legal instruments of the Council of Europe and has been ratified to date by 43 member states and signed by 1 other. The Charter commits the Parties to applying basic rules guaranteeing the political, administrative and financial independence of local authorities. It stipulates that the principle of local self-government shall be recognised in domestic legislation and, where practicable, in the constitution.
On the basis of the best of European experience, the Centre develops practical and impact-oriented, flexible capacity-building tools in fields of interest for local authorities. The Centre helps committed local authorities to adapt these tools to their needs and to implement them.

The preparation of country-tailored tools represents the necessary step of transforming information into knowledge. During the implementation of the country-specific programmes, local authorities transform this knowledge into local skills; they also transform skills into capacity by obtaining access to and by making use of effective instruments and procedures; and, last but not least, they transform capacity into real-life action and new practice.

The Centre of Expertise is not an isolated actor in the field of capacity building for local authorities in Europe. It develops tools in the light of the best of European experience, so its work is highly dependent on good quality information and expertise. The implementation of its country-specific programmes relies on partnerships with local, but also often with international stakeholders.

The Centre therefore strives to develop partnerships with national and international organisations which can help it understand the needs of local authorities, identify good practice throughout Europe, prepare functional tools and successfully implement practical programmes based on these tools.

3. Strategic approach and cooperation with partners

In recent years, constant efforts have been devoted to encouraging (and advising on) the drafting of coherent strategies – aimed at defining the blueprint of decentralisation – and “work programmes” to be used not only as benchmarks for evaluating the pace of local government reforms, but also as a tool for encouraging demand-driven support for these reforms.

This approach was endorsed by the first Regional Ministerial Conference of South-Eastern European countries, held in Zagreb in October 2004. At the second Regional Ministerial Conference that took place in Skopje on 8-9 November 2006, stock was taken of the implementation of the Zagreb Agenda, and a new emphasis was placed on more narrowly focused, action-oriented plans.

Within the framework of the “Zagreb process”, a co-operation agreement on local government assistance in South East Europe was concluded in 2005 between the OSCE and the Council of Europe. This agreement has established a wide co-operation framework for joint action of the two Organisations in support of local government reforms and capacity building for local authorities in South East Europe.

In 2007, further to the Skopje Regional Conference, the Council of Europe entered into a partnership with the Open Society Institute (OSI), to provide the countries of South East Europe with specific assistance in the implementation of their national action plans and regional frameworks for sharing experience and know-how. In early 2008, the UNDP Bratislava Regional Centre and the Council of Europe agreed to develop closer co-operation in supporting the progress of local and regional democracy.

4. The Strategy for Innovation and Good Governance at Local Level

In 2005, the Heads of State and Government of the member states of the Council of Europe, meeting in Warsaw for their Third Summit, declared that “effective democracy and good governance at all levels are essential for preventing conflicts, promoting stability, facilitating economic and social progress, and hence for creating sustainable communities where people want to live and work, now and in the future. This can only be achieved through the active involvement of citizens and civil society. Member states must therefore maintain and develop effective, transparent and accountable democratic institutions, responsive to the needs and aspirations of all.”

In order to meet this objective, the Council of Europe proposed a Strategy for Innovation and Good Governance at Local Level. In essence, the Strategy identifies the goal to be pursued (making citizens benefit from good governance at local level), the targets to be met (implementing twelve principles that encapsulate the gist of “good democratic governance”) and the tools for implementation.

Good governance is a multi-faceted concept, drawing on principles, rules and practices developed across the world. The Strategy takes account of the work on good governance already carried out
by other international organisations, in particular the Organisation for Economic Co-operation and Development (OECD), the United Nations and the World Bank. At the same time, it relies on the Council of Europe’s own *acquis* and experience in the fields of democracy, human rights and the rule of law. On this basis, twelve essential Principles of Good Democratic Governance at local level are proposed:

1. **Fair Conduct of Elections, Representation and Participation**, to ensure real possibilities for all citizens to have their say in local public affairs;

2. **Responsiveness**, to ensure that the local authority continuously meets the needs and expectations of citizens;

3. **Efficiency and Effectiveness**, to ensure that objectives are met while making the best use of resources;

4. **Openness and Transparency**, to ensure full public access to information and facilitate understanding of how local public affairs are conducted;

5. **Rule of Law**, to ensure fairness, impartiality and predictability;

6. **Ethical Conduct**, to ensure that the public interest is put before private ones;

7. **Competence and Capacity**, to ensure that local representatives and officials are well able to carry out their duties;

8. **Innovation and Openness to Change**, to ensure that benefit is derived from new solutions and good practices;

9. **Sustainability and Long-term Orientation**, to take the interests of future generations into account;

10. **Sound Financial Management**, to ensure prudent and productive use of public funds;

11. **Human rights, Cultural Diversity and Social Cohesion**, to ensure that all citizens are protected and respected and that no one is either discriminated against or excluded;

12. **Accountability**, to ensure that local representatives and officials take responsibility and are held responsible for their actions.

A necessary precondition for the implementation of these Principles is that local authorities have the powers, responsibilities and resources enabling them “to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population”².

The implementation of the Strategy will depend fundamentally on the initiative of local authorities, prompted and encouraged as the case may be, by governments. National action plans may be concluded in order to formalize their respective roles and initiatives. Within the Council of Europe, a stakeholders’ platform has been established in order to oversee the implementation of the Strategy and further develop it in the light of experience.

Municipalities meeting the objectives of good governance may be awarded the European Label of Innovation and Good Governance, and a European Prize of Excellence could be created to distinguish outstanding achievements of local authorities across Europe.

The aim of the Strategy for Innovation and Good Governance is to stimulate central and local governments’ joint action to improve the quality of governance at all levels, starting at the level closest to citizens where strongly and effectively rooted democracy is essential.

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Further information on the activities of the Council of Europe in the field of local and regional democracy can be obtained on the website [www.coe.int/local](http://www.coe.int/local). A database of pertinent domestic legislation (state and regional laws), international agreements and best practice at national and local levels can be accessed at [www.loreg.org](http://www.loreg.org).

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² Article 3.1 of the European Charter of Local Self-Government