Institutional features of inter-municipal cooperation: Cooperative arrangements and their national contexts

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Institutional features of inter-municipal cooperation: Cooperative arrangements and their national contexts

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Abstract
Inter-municipal co-operation is a widespread phenomenon throughout Europe. But in spite of its wide spread, inter-municipal co-operation has not been subject to systematic comparative research. This article presents some of the findings of a joint research project concerning inter-municipal co-operation in a series of European countries. A comparative analysis shows that inter-municipal co-operation comes in all shapes and sizes. Nevertheless it is possible to distinguish four basic types of co-operation: quasi-regional governments, planning forums, service delivery organizations and service delivery agreements. Research shows that the national institutional context to a large extent explains the presence or absence of the different types in a country.

Keywords
administrative organization and structures, administrative science, administrative theory, inter-governmental relations, public administration, regional and local government

Over the past fifty years, in most European countries municipalities have been confronted with developments that have put pressure on their performance, their domain and even their existence. Especially smaller communities have been finding it increasingly difficult to meet the demands and standards of local government in
relation to the production of public services that require a large or increasing scale of production. Furthermore, all local communities are confronted with the increasing scale and complexity of social processes, which result in an increasing level of externalities of local policies. And last, European integration and market pressures carry new opportunities and threats for local government (Bennett, 1993: 7-8, 17-18; Marcou, 1993: 63-64; Wannop, 1995: 375; Loughlin and Peters, 1997: 41-42; Hughes, 2003: 8-15).

One strategy in use to cope with these developments is inter-municipal co-operation. The joint provision of public services creates economies of scale and scope and is a way to overcome production-related obstacles and meet the rising expectations of citizens. Inter-municipal planning and coordination makes it possible to incorporate mutual interdependencies and to increase the capacity for solving policy problems that escape the boundaries of a single municipality (Herweijer, 1998: 150; Hulst, 2000: 2-4; Airaksinen and Haveri, 2003: 9; Hepburn et al., 2004: 14-16).

Nowadays, inter-municipal co-operation is a widespread phenomenon throughout Europe. In some countries (France, the Netherlands) inter-municipal co-operation has been in place since the nineteenth century; its actual overall presence seems to fit in with a general tendency towards the use of horizontal, governance-like arrangements in the public sector (Saarelainen, 2003: 55, 59; Haveri and Pehk, 2007: 2-4). In spite of its wide spread, inter-municipal co-operation has not been subject to systematic comparative research. There is no overview of the variation in density of inter-municipal co-operation in different countries or policy sectors, or of the different institutional arrangements in use. Research into the way co-operative arrangements operate and perform and in the factors that determine presence and performance is rare. Insofar as such research is available, it focuses on the special case of metropolitan areas (cf. Lefèvre, 1998; Herschell and Newman, 2002; Nunes Silva and Barlow, 2002).

Against this background a research project was set up to take stock of and analyze inter-municipal co-operation in a comparative European perspective. The project involved the inventory and analysis of different institutional arrangements for co-operation with regard to their presence and performance, and included eight countries: Belgium (i.e. Flanders), Finland, France, Germany, Italy, the Netherlands, Spain and England.

This article focuses on the presence of different co-operative arrangements. It addresses the following question: What forms of inter-municipal co-operation are present in European countries, and what explains their presence?

**Theoretical framework**

A theoretical framework built on basic concepts of sociological and historical institutionalism served as a starting point for the research. One assumption is that actors are goal-oriented and rational, albeit in a bounded way, and pursue their interests, making use of their powers to achieve their goals. But central to this approach is the assumption that institutions provide meaning and influence the way actors define their interests and preferences (cf. Berger and Luckmann, 1966;
March and Olsen, 1987; DiMaggio and Powell, 1991; Hall and Taylor, 1996). The institutional context is also assumed to determine the opportunities and constraints actors face and to set the rules of the game. While existing institutions thus shape the strategies and conduct of actors, these in return can crystallize out in new institutions (Thelen and Steinmo, 1992: 10; Scharpf, 1997: 38; Scharpf, 2006). Finally, external factors are considered as the drivers for new actor strategies and institutional change (Morgan and Hirlinger, 1991; Carr and LeRoux, 2005: 18; UNDP, 2006: 8). Socio-economic, technological and demographic developments can change the policy issues actors face, induce them to choose new strategies within the existing institutional setting or give rise to an incremental or radical change of the institutional context.

This general framework was applied to the issue of inter-municipal co-operation to construct a basic conceptual model consisting of three variables: the presence and form of inter-municipal co-operation; features of the administrative institutional context; and external factors. We will take a closer look at each of the variables and their inter-relationship.

The concept of inter-municipal co-operation was used in a broad sense. It included all arrangements where local governments co-operate with each other, with other public authorities or with private institutions. The term purely inter-municipal co-operation was reserved for arrangements that exclusively consist of local governments. With respect to the form of co-operation, we distinguished a number of different design dimensions. For this article three are especially relevant.

The first dimension concerns the kind of tasks involved in co-operation. A distinction is made between service delivery and policy co-ordination and planning (Brasz and Van Wijnbergen, 1974: 7; Everink and van Montfort, 1994: 427; Hagelstein, 1995: 94-95). The former refers to the joint production of public services such as water distribution, school transport or waste collection (van Montfort and Coolsma, 1995; Herweijer, 1998: 151-152). The latter involves the regulation of externalities of local policies and the distribution of scarce resources in a way that is rational from a supra-local perspective. Consider for instance the co-ordination of local plans for new housing or business parks or the planning of regional health centres (Hulst, 2000: 3-4; Hulst, 2005).

The second dimension relates to the degree of organizational integration. Co-operation can take place using loosely coupled networks that serve as a means for mutual consultation and co-ordination. The degree of formalisation is low, but the participants maintain contacts with each other on a regular basis (Hulst, 2000: 23-26; Airaksinen and Haveri, 2003: 8-11). Formal agreements constitute a more integrated form of co-operation. They can establish formal decision-making procedures for the co-ordination of local policies or organize service delivery between the partners. A standing organization represents the most institutionalised form of co-operation. It implies the integration of activities formerly carried out individually by municipalities into a new organization jointly run by the municipalities and any admissible participants.
It is possible to distinguish between two types of standing organizations: those which operate as an agency of the municipalities, servicing individual local governments at their request; and those which enjoy formal decision-making powers transferred to them by the municipalities, and thus decide and act in their place. Whether or not inter-municipal organizations dispose of formal decision-making powers concerning local affairs constitutes the third dimension taken into account.

With respect to the administrative institutional context we distinguished three different categories of features. The first category, the formal structure of the state, includes the number of administrative tiers, the distribution of responsibilities between the different tiers, the scope and autonomy of local government and the number and size of the municipalities (Agranoff and McGuire, 2004: 496-501; UNDP, 2006: 17-21). These features in one way or another will determine whether local governments actually face the pressures that arise from increasing scales of production and the increasing scale and complexity of social processes.

The second category, the administrative culture, comprises sets of values, norms, informal rules and traditions relating to the state, its political organization and public administration. It is generally assumed that these normative elements affect the relations and interactions between the public and private sector and between public authorities themselves (cf. Loughlin and Peters, 1997; Hulst, 2000: 34-35; Loughlin, 2001; Visser, 2002).

The third category of elements of the national administrative institutional context assumed relevant consists of legislation, incentive structures and policies of central or intermediate government that specifically relate to inter-municipal cooperation. They define opportunities and constraints for co-operation and make some institutional arrangements more attractive than others (Parrado Diez, 2006: 8-13; UNDP, 2006: 26-27, 29-32; Osterrieder et al., 2006: 31-32).

Regarding the external factors, the last element of our conceptual model, the introduction of this article mentioned that there are a number of developments that put local governments throughout Europe under pressure to provide better public services and to increase the quality, complexity or range of their local policies. Technological developments and increasing citizen demands require rising scales of service production; the complexity and scale of actual social processes ask for policy-making on other than local scales; international competition requires adroit socio-economic and spatial policies for the regional economic centres in a country. These factors can serve as drivers for inter-municipal co-operation.

However, co-operation is just one possible strategy to cope with the pressures on local government. The basic assumption of the research project was that the administrative institutional context plays a central role in whether inter-municipal co-operation serves as the preferred strategy and, if so, what form it takes.

Figure 1 shows the conceptual model which was used to conduct the eight country studies. The aim of the research was to produce more elaborate theoretical propositions about the relation between external factors, specific features of the administrative institutions and the presence and design dimensions of inter-municipal cooperative arrangements.
The administrative institutional context:
- the formal structure of the state
- the administrative culture
- legislation, incentives and policies with regard to cooperation

External factors:
- scale of efficient production for public services
- scale and complexity of social processes
- international competition

The presence and form of inter-municipal cooperation:
- tasks
- organizational integration
- formal competencies

Figure 1. Conceptual model.
Country studies

Selection of countries

To create favourable conditions for theoretical generalisation, the selection aimed for a considerable variation in the national institutional context, more in particular in the formal state structure, with special attention to the position of local government within it. A distinction was made between (1) federal systems with strong positions for the states and municipalities, and limited central government (Germany, Belgium); (2) quasi-federal systems, where relatively autonomous states co-exist with central government that not only performs a number of functions but also establishes the framework of law for lower tiers of government (Spain); (3) regionalised unitary states with an intermediate level of government of substantial weight, but with a strong presence of central government (France, Italy); and (4) de-centralised unitary states with a weak or absent intermediate level and relatively strong local government (England, Finland, the Netherlands). Furthermore, the selection had to represent variation in the average population of local government, because it seemed likely that rising scales of production and growing externalities would especially affect small municipalities with a limited policy capacity and not, or to a much lesser extent, large-scale local government. Lastly, variation was sought on the policy domain of local government, because of the possible correlation between the responsibilities of local government and the presence of inter-municipal co-operation. The expenditure of local government (as a percentage of total public expenditure) was used as an (imperfect) indicator of the local policy domain. The sample as a whole includes substantial variation on the formal state structure and on the scale and policy domain of local government (Hulst and van Montfort, 2007a: 18).

Research

After the countries had been selected, public administration scholars with expertise on the different national administrative systems were invited to write studies on the co-operative arrangements in their respective countries. The experts conducted their country studies according to a standardized topic list based on the conceptual model which was discussed above. It included: the central features of the national administrative system, the legal framework specific for inter-municipal co-operation, central government policies concerning inter-municipal co-operation, the actual situation (e.g. the number and legal status of institutions of inter-municipal co-operation), the design dimensions of co-operative arrangements and their performance (i.e. effectiveness, efficiency and democratic quality).

The contributors to the research project mainly based their country studies on their own previous research, on existing research reports, and on available databases. Additionally, small-scale desk research was carried out to fill vital gaps. For each of the countries the experts produced a comprehensive picture of the presence
and characteristics of inter-municipal co-operation, of developments over the last decade(s) and of the role of elements of the institutional context. 6

**Four basic types of inter-municipal cooperation**

The eight country studies show that co-operative arrangements vary largely on almost all design dimensions presented in the previous section. There is a great variety with respect to the tasks, the scope, the degree of institutionalisation and the decision-making powers of co-operative arrangements. Nevertheless, it is possible to distinguish some basic forms. Taking into account the tasks involved in the co-operative arrangement, the degree of institutionalisation and the extent of decision-making powers, four basic types can be distinguished: quasi-regional governments, planning forums, service delivery organizations and service delivery agreements.

Quasi-regional governments are standing organizations governed by municipalities that engage in the co-ordination of local government policies and/or in supra-municipal planning in one or more sectors. They are entrusted with formal decision-making power and financial resources. Generally, quasi-regional governments are governed by a council and an executive board, composed of delegates from the participating municipalities and accountable to the local councils. As a rule, they are active on a number of policy fields and sometimes also involved in service delivery. Planning tasks frequently involve spatial planning and socio-economic development.

Planning forums are loosely coupled networks of municipalities and other public or private actors that engage in the coordination and planning of their respective policies or activities. Their institutional integration is low: participants maintain more or less stable relations and they interact on a regular basis. There is no standing organization with formal decision-making authority. Planning forums are especially active in the fields of spatial planning, socio-economic development, public housing and environmental planning. Although they are present in all countries in some form, their incidence varies substantially.

Service delivery organizations are standing organizations involved in the delivery of public services. They can dispose of their own decision-making powers transferred to them by the co-operating municipalities (and other government organizations), or they can function as agents on the instruction of individual municipalities. Service delivery organizations are found in all investigated countries but with great diversity. The organizations vary with respect to the number of participants and the number of services they provide.

Service delivery agreements are characterised by the fact that the participating actors enter into a formal agreement to co-operate in the delivery of services without establishing a joint standing organization. In some cases the agreement implies that one of the partners, frequently the largest municipality, renders and sells services to the other partners. In other cases, municipalities use agreements to create buying power for out-sourcing service delivery to private companies.
Table 1 contains an overview of examples of the different types in the eight countries included in the research.

The next two sections set out to explain the presence of each basic type of inter-municipal co-operation using the different elements of our conceptual model. Analyzing the different patterns of co-operation, we will formulate a number of propositions about the specific conditions that are likely to produce certain types of co-operation. The next section discusses the cooperative arrangements for policy co-ordination and planning.

**Quasi-regional governments and planning forums**

*Policy coordination and planning*

Quasi-regional governments and planning forums are both arrangements to provide for the planning and co-ordination of local policies. Before we turn to the two different types of arrangements, the question must be addressed of under what circumstances local governments seek co-operation for planning and co-ordination. The country studies suggest that specific features of the national institutional context serve as conditions for the establishment of co-operative arrangements of this kind to cope with the pressures caused by specific external factors.

With respect to environmental factors, strong natural, social and economic interdependencies in a region seem to constitute essential drivers for co-operation. Such interdependencies imply that local policy decisions have an impact beyond the local boundaries on the one hand and that municipalities depend on their neighbours to deal effectively with issues that manifest themselves within their jurisdiction on the other. They call for the regulation of the externalities of local policy decisions and for the distribution and redistribution of scarce resources on a supra-municipal level: some form of regional co-ordination and planning is required.

The need for regional planning that results from regional interdependencies is well documented in the literature. Much attention has gone to metropolitan areas where high population densities create complex, boundary-crossing policy issues which cry out to be solved (Barlow, 1991; Jouve and Lefèvre, 2002; Salet et al., 2003). The country studies, however, suggest that nowadays semi-rural areas with regional urban centres and even rural areas have to cope with comparable policy issues.7

The country studies show that whether regional natural, social and economic interdependencies actually result in inter-municipal co-operation as a strategy to cope with the need for regional planning depends on the presence of an intermediate tier of government and the functions it fulfills. The presence of a strong intermediate tier of government that has the formal competencies, resources and the willingness to co-ordinate local policies or to establish regional plans reduces the pressure on local governments to provide for regional co-ordination and planning through co-operation. Flanders and Spain present examples. In Flanders both the regional government (*gewest*) and the province dispose of the formal
Table 1. Manifestations of four basic types of inter-municipal co-operation

<table>
<thead>
<tr>
<th>Type</th>
<th>Present in</th>
<th>Absent/rare in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quasi-regional government</td>
<td>Present in: France: Communautés d’agglomération; Communautés urbaines</td>
<td>Belgium/Flanders</td>
</tr>
<tr>
<td></td>
<td>The Netherlands: Plusregio’s</td>
<td>England</td>
</tr>
<tr>
<td></td>
<td>Absent/rare in: Belgium/Flanders</td>
<td>Finland</td>
</tr>
<tr>
<td></td>
<td>Absent/rare in: Finland</td>
<td>Germany (some exceptions)</td>
</tr>
<tr>
<td></td>
<td>Absent/rare in: Italy</td>
<td>Spain (some exceptions)</td>
</tr>
<tr>
<td>Planning forums</td>
<td>Present in: England: Regional Chambers &amp; Assemblies</td>
<td>Belgium/Flanders</td>
</tr>
<tr>
<td></td>
<td>Finland: Regional councils</td>
<td>France</td>
</tr>
<tr>
<td></td>
<td>Germany (in some states): Regionale (Planungs)verbände; Regionale Planungsgemeinschaft</td>
<td>Italy</td>
</tr>
<tr>
<td></td>
<td>Italy: Area pacts; zone plans</td>
<td>The Netherlands: Inter-municipal networks; urban networks</td>
</tr>
<tr>
<td></td>
<td>Present in: Belgium/Flanders</td>
<td>Absent/rare in: Belgium/Flanders</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>Spain</td>
</tr>
<tr>
<td>Service delivery organizations</td>
<td>Present in: Belgium/Flanders: Opdrachthoudende &amp; dienstverlenende verenigen</td>
<td>Absent/rare in: England</td>
</tr>
<tr>
<td></td>
<td>Finland: Inter-municipal companies; inter-municipal boards</td>
<td>Absent/rare in: France</td>
</tr>
<tr>
<td></td>
<td>France: Sivu, Sivom, Syndicats mixtes</td>
<td>Absent/rare in: Spain</td>
</tr>
<tr>
<td></td>
<td>Germany: Zweckverbände</td>
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<td></td>
<td>Italy: Unioni; comunità montani</td>
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<tr>
<td></td>
<td>The Netherlands: Intergemeentelijke diensten</td>
<td></td>
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<tr>
<td></td>
<td>Spain: Mancomunidades</td>
<td></td>
</tr>
<tr>
<td>Service delivery agreements</td>
<td>Present in: Belgium/Flanders: Intergemeentelijke dienstverleningsovereenkomst</td>
<td>Absent/rare in: England (except for agreements between single local governments and state agencies, local public service agreements)</td>
</tr>
<tr>
<td></td>
<td>Finland: Inter-municipal service contracts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Germany: Interkommunale Vereinbarung</td>
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<td>Italy: Covenzioni</td>
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<td></td>
<td>The Netherlands: Samenwerkingsovereenkomst dienstverlening</td>
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<td></td>
<td>Present in: Belgium/Flanders</td>
<td>Absent/rare in: France</td>
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authority to establish spatial plans that bind local government policies. Inter-
municipal co-operation to coordinate local spatial policies is a rare phenomenon
(De Peuter and Wayenberg, 2007: 26-27). In Spain, formal decision-making with
respect to regional spatial planning and regional socio-economic development is
the competence of the Comunidades Autonomas. As a consequence inter-municipal
cooporation in these fields is rare. Only two of the numerous metropolitan and
urban areas have standing arrangements for inter-municipal planning and
coordination (Barcelona and Valencia), and these were established by the respec-
tive Comunidades, not by the municipalities themselves (Nieto Garrido, 2007:
180-181).

In contrast, there is a high incidence of arrangements for inter-municipal policy
coordination and planning in countries without an intermediate tier of government,
where the intermediate tier of government does not have the formal authority to
fulfill planning functions or where it deliberately chooses not to make use of its
competencies. Reference can be made to Finland, England and Germany. Finland
and England are examples of two-tiered administrative systems where over the past
decades co-operative arrangements for regional planning have developed: regional
councils in the former and regional chambers and assemblies in the latter. Although
the French regions constitute intermediate governments in their own right, their
policy domain is limited and they do not dispose of formal competencies in relation
to local government. At present the number of co-operative arrangements engaged
in spatial and/or social economic planning is well over 2000 (West, 2007: 81).

The case of Germany illustrates the role of willingness. The states (Länder)
represent a strong intermediate tier of general government and are competent to
establish regional spatial or socio-economic plans. A number of states (Baden-
Wurttemberg, Brandenburg, Sachsen, Bayern, Rheinland-Pfalz amongst others),
however, have chosen to limit themselves to the establishment of legal frameworks
for inter-municipal planning. In these states we find a large number of arrange-
ments for policy coordination and planning, where local governments co-operate
with each other and (sometimes) other entities (Heinz, 2007: 102). Sleswig-Holstein
created its own regional planning agency and establishes spatial plans for its five
regions. In this state, inter-municipal co-operative arrangements for planning and
coordination are absent.

So the different patterns found in the countries included in the research suggest
that co-operative arrangements for co-ordination and planning will tend to develop if
two conditions concur: the presence of strong natural, social and economic interde-
pendencies in a region and the absence of a strong intermediate tier of government
that actually fulfills planning functions. But which of the two basic forms in use for
inter-municipal co-ordination and planning arises in a concrete situation?

Quasi-regional governments or planning forums?

The research data suggest that the presence or absence of interventions by upper-
level government constitutes an important factor in the institutional design of
co-operative arrangements for planning. In-depth study of inter-municipal co-operation shows that the planning and co-ordination of local government policies is a zero-sum game or at best a mixed motive game: the interests of the actors involve conflict, at least partially. Planning decisions made at the supra-local level may avoid inefficiencies and enhance the efficacy of local policies; they also restrict the policy options of individual municipalities and can result in an uneven distribution of resources and benefits (Ostrom et al., 1961: 842; Toonen, 1990; Hulst, 2000: 3-4). For example, a regional plan to lay out business parks and co-ordinate local economic policies can avoid cut-throat competition between local governments to attract investors, but it will also restrict municipalities in their choice of policy instruments and will favour some municipalities over others as regional centres for economic growth.

Because of these characteristics of the co-ordination issue, municipalities are not very willing to establish joint authorities with formal decision-making powers to co-ordinate local policies. Therefore, quasi-regional governments seldom arise spontaneously. Local governments generally prefer planning forums, where decision-making takes place on the basis of consensus and local government autonomy is not at risk (LeFèvre, 1998; Salet et al., 2003; Hulst, 2000: 180-181). If upper-level government keeps aloof from the issue of inter-municipal co-operation in the field of planning and policy-making, planning forums will have the upper hand.

In England and Finland central governments have encouraged inter-municipal co-operation with respect to regional planning, but otherwise have left the design of institutional arrangements to local government. This would explain the lack of regulatory power and formal decision-making authority of the Finnish regional councils and the English Regional Chambers and Assemblies. On the other hand, quasi-regional governments in France and the Netherlands can be directly linked to legal and/or financial interventions of upper-level governments. These interventions include the introduction of administrative forms for co-operation that imply compulsory functions, the attribution of the right to levy taxes and/or the allotment of specific grants to finance projects for the joint municipalities.

In France, until 1992, central government by and large left it to the municipalities to organize their co-operation. As a result co-operation predominantly focused on public service delivery. Inter-municipal planning, if present, took place in loosely coupled networks where conflicts between the participants frequently paralyzed decision-making (Scargill, 1996). The 1992 law on territorial administration, and even more so the 1999 Chevènement Law, marked a change in the central government approach to inter-municipal coordination and planning. New administrative forms of co-operation were introduced – Communautés de Villes, Communautés d’Agglomération, Communautés Urbaines – that defined blocks of competencies obligatory for municipalities to transfer to inter-municipal public bodies. Moreover, financial incentives were created to promote the use of these new administrative forms. The legal operation to create ‘federative’ inter-municipal authorities resulted in an increasing number of cooperative arrangements that can be labelled as quasi-regional governments. These authorities possess competencies
in the fields of, amongst others, socio-economic development, environmental protection, spatial planning and town policy (West, 2007: 72-78).

In the Netherlands, voluntary co-operation under the 1950 and 1985 Joint Provisions Acts time and again failed to produce effective planning for urban areas. Local governments cooperated in loosely coupled networks, and decision making on pressing issues related to regional spatial planning and infrastructure lingered on for years without resolve. Therefore, in 1995 central government invited the municipalities in seven urban areas to establish metropolitan joint authorities. They would receive grants for regional infrastructure and transport, and social housing. The establishment of a metropolitan joint authority was a voluntary matter. However, if the municipalities decided to do so, it implied a series of mandatory responsibilities and competencies that all somehow relate to the planning and co-ordination of local policies. Ultimately, under the regime of the 1995 legal framework metropolitan joint authorities were established in all seven areas (Hulst and van Montfort, 2007b: 159). In other regions, urban and rural, municipalities did not establish quasi-regional governments.

The French and the Dutch cases illustrate the way different forces interact. On one hand the increasing regional interdependencies in both countries and the absence of upper-level government provisions for planning and co-ordination make inter-municipal planning almost imperative. On the other hand, local governments seek administrative forms that minimize a loss of autonomy. Financial incentives increase the common interests of local governments involved and serve to make municipalities accept the obligations to transfer formal planning authority to the new institutions. But within the newly created institutional setting local governments in France preferred the administrative forms with the least statutory obligations and local governments in the Netherlands were reluctant to establish plans that constrain local government opportunities (West, 2007: 84-85; Hulst and van Montfort, 2007b: 160-161). So, while central government interventions seem a determinant factor when it comes to the establishment of quasi-regional governments, they do not guarantee that institutions act as genuine regional actors.

Service delivery organizations and service delivery agreements

Inter-municipal co-operation with respect to public service delivery

Reviewing the patterns of purely inter-municipal co-operation with respect to service delivery, there are striking differences between the eight countries included in the research. The presence of co-operative arrangements ranges from an almost total absence in England, a relatively modest number of 91 dienstverlenende and opdrachthoudende associations in Flanders, through 600 unioni and comunità montane in Italy to a staggering 13,000 SIVU and SIVOM in France. This information raises the question of under what circumstances is co-operation on service delivery likely to occur.
As for the external factors, it is evident that in general the scale for the efficient production of public services tends to increase due to technological developments and rising expectations of citizens. But different services have different production functions. Some services – waste processing, hospital services – require substantial capital investments and make small scale production prohibitive. Other services – waste collection, home care for the elderly – tolerate small-scale production, although scale efficiencies may occur.

The foregoing implies that there are two conditions (i.e. elements of the administrative context in a country) that determine whether local governments are actually confronted with pressures on their performance and are likely to engage in inter-municipal co-operation. The first and obvious condition is the local policy domain. If municipalities lack responsibilities for certain public services, evidently there is no need to co-operate. In Spain, France and Italy the provision and distribution of drinking water is the responsibility of local government; in England it is in the hands of privately owned licensed water companies operating on a regional scale. Not surprisingly, there are no inter-municipal co-operative arrangements for water provision in England, while such arrangements are very frequent in Spain, France and Italy (Nieto Garrido, 2007: 178; West, 2007: 71; ANCI, 2009). The near absence of inter-municipal co-operation in England finds its explanation in the relatively small policy domain and constraints local governments face with respect to the delivery of public services. Over the last decades local governments have lost responsibilities and/or control in policy areas that were suitable for co-operation. Moreover, the ‘ultra vires’ doctrine implies that local governments themselves cannot expand their policy domain, as councils that act beyond their powers act unlawfully (Kelly, 2007b).

This contrasts with the position of local government in, for example, France, Italy, Spain and the Netherlands. In all these countries the municipalities have substantial responsibilities in the field of service delivery, and decentralisation has increased local control. Moreover, local government in the countries mentioned enjoy a general competence: they are free to take up new tasks and services, provided these have not already been assigned to other public authorities (Schaap and Ringeling, 2006: 39, 140). Given the fact that the municipalities in the four countries mentioned possess more competences and tasks than their local counterparts from England, it is understandable that they more often cooperate with each other.

The second feature of the administrative context that bears upon the extent of inter-municipal co-operation is the scale of local government. The greater part of local government in France (average: 1,600 inhabitants), Spain (4,800) and Italy (7,200) is so small that it faces difficulties offering basic public services in a cost efficient way. In these countries municipalities intensively co-operate to provide a wide range of basic public services such as waste collection, water provision, urban sewage and public transport (West, 2007: 87; Nieto Garrido, 2007: 178; Fedele and Moini, 2007: 132).
But inter-municipal co-operation with respect to service delivery is not restricted to small local government or to countries characterized by small local government. Here the specifics of the production function of services come into play. Where services are at stake which require substantial financial investments and/or offer large efficiencies of scale, municipalities are inclined to collaborate, irrespective of their own scale. Therefore, in all countries where local governments bear responsibility for public health services, fire departments or waste processing, we found even the larger communities in a region to engage in co-operation. Typically, with some of the constraints on co-operation lifted, even the large councils in England have begun to co-operate to share services such as revenue collection and IT (Kelly, 2007a: 208). In contrast, in our sample of country studies, we did not find examples of co-operation with respect to capital or knowledge-extensive services such as the maintenance of public parks or the management of children’s playgrounds.

The analysis of the patterns of co-operation in the countries included in the research allows for the conclusion that the policy domain of local government, its scale and the features of the public services delivered constitute the ingredients which set the stage for inter-municipal co-operation. These factors define the opportunities and constraints, and create the incentive structure. A combination of small-scale government and a large local policy domain is likely to result in a high density of inter-municipal co-operation, while a low density will be the probable outcome of a combination of large scale government and a restricted local policy domain. Co-operation involving large scale municipalities will occur when local government bears the responsibility for capital or knowledge-intensive services.

**Service delivery organizations or service delivery agreements?**

In the earlier section on the four basic types of inter-municipal co-operation a distinction was made between two basic types to organize co-operation on public services: service delivery organizations and service delivery agreements. The former are standing organizations governed by the municipalities, which provide the service to all partners or their citizens; the latter are contract-like arrangements that organize service provision through a big neighbour, a private company or the co-ordinated efforts of the partners.

In some cases the characteristics of the service or the service industry constrain the options of local government. Some services require large investments and a standing organization for their efficient provision (power plants, environmental agencies). If there are no large-scale standing organizations present in the industry – private or public – local governments must resort to the joint establishment of such an organization. In many cases however both options are open and municipalities will seek the form that is likely to suit their goals. Then the national administrative context comes into play, creating opportunities and constraints, and affecting the preference for certain forms of co-operation. The patterns of co-operation in the countries included in our research show that three elements
of the administrative context play a role: the legal framework for co-operation, incentive structures related to co-operation and the administrative culture.

With respect to the legal framework, the following observations can be made. In all countries under investigation the establishment of standing service organizations must meet some formal criteria and follow certain procedures. As a general rule, the municipalities must draw up a statute for the service organization, install a governing board, and comply with certain rules for decision making and accountability. The more elaborate these requirements, the bigger the costs to start up and manage a service delivery organization. Sometimes, there are also rules with respect to the minimum number of inhabitants or the territorial boundaries for co-operation.

Italian national legislation with respect to co-operation established in 1990 was particularly restrictive and upper-level government (the regioni) had a big say in the boundaries of the service organizations, their statutes and the relationships with other government entities. Under this restrictive legislation, only 19 standing organizations for service delivery (unioni) were created between 1990 and 1999, while municipalities co-operated through agreements (convenzioni) on a much larger scale. When the 1999 reform lifted the most pressing restrictions, the number of service organizations rose rapidly to reach a number of 255 in 2005 (Fedele and Moini, 2007: 126-127). So, while heavy formal requirements and legal restrictions can withhold municipalities from establishing standing organizations and make them choose lighter, contract-based forms of co-operation, the simplification of legislation can have the opposite effect.

Whereas legal requirements and restrictions may induce local government to opt for co-operation through service agreements, financial incentives provided by central or regional government can make service organizations the preferred alternative. In some cases upper-level governments have offered grants to cover the costs of specialized personnel or equipment or to cover the general costs involved in the management of an inter-municipal service organization. As a result, informal or contract like forms of co-operation are replaced by co-operation through service organizations.

The Dutch Ministry of Housing, Spatial Planning and the Environment successfully used financial incentives to replace informal inter-municipal co-operation with standing inter-municipal environmental agencies. The Ministry offered municipalities with a population under 70,000 grants to cover part of the costs of the establishment and staffing of joint organizations. The financial support led to the establishment of a series of inter-municipal agencies and had a positive influence on the quality of environmental protection activities (Tonnaer, 1992; ECWM, 2003: 8). In the same way, Italian regional governments have successfully offered grants to promote the consolidation of different local service units co-operating through agreements into single service offices (Fedele and Moini, 2007: 131-132).

A last factor to bear on the choice between service organizations and service agreements is the administrative culture. For the larger part of the twentieth century, public administration in the Western world has been dominated by the
traditional Weberian paradigm, although there have always been considerable differences between Western European countries. The traditional model of public administration has, however, been on the retreat since the 1980s. The ideas of New Public Management (NPM) pervaded both the science and practice of public administration. Competition and contracting, flexibility in organization and horizontal relations between the public and the private sector and within the public sector itself became popular concepts. They have contested, and up to a certain point replaced the principle of service provision through hierarchical, public organizations (Pollitt and Bouckaert, 2000; Hughes, 2003: 51-60). This new administrative culture also bears upon the way co-operative arrangements have been set up over the past two decades. England and Finland provide good examples.

Under the influence of NPM, governance through horizontal networks and contractual relations has become a dominant characteristic of British local government (Rhodes, 1996; Stoker, 1998). These elements are also reflected in the way central government has approached inter-governmental co-operation with respect to service delivery. In England, single local governments have engaged in cooperative arrangements with specialized agencies and central government to provide for co-ordinated and improved service delivery at the local level. In line with the dominant approach, co-operation was organized through agreements (Local Public Service Agreements), not through the establishment of joint service organizations (Kelly, 2007a: 201-205). In Finland, NPM themes such as de-centralisation, lightening of bureaucracy, the introduction of market mechanisms and a stronger focus on results have become part and parcel of the administrative culture. They have not only stimulated inter-municipal co-operation in general, but also seem reflected in the growing preference for contract-like agreements (Haveri and Airaksinen, 2007: 47-48). The opposite situation is found in Spain. This country is considered to be operating in the rear guard with respect to the adoption of NPM principles and practices. Inter-municipal co-operation with respect to service delivery to a very large extent still takes place through standing organizations (Hood, 1995; Nieto Garrido, 2007: 174 et passim).

Conclusions

The inventory and comparative analysis of inter-municipal arrangements in eight European countries present a broad variety on a series of design dimensions. Nevertheless, with varying incidence, four basic types are present in almost all countries: quasi-regional governments; planning forums; service delivery organizations and service delivery agreements. This article set out to explain under what conditions which of the basic types of co-operation are likely to occur. In the end, the establishment of co-operative arrangements is a matter for the partners to decide, where factors such as the political relations, past experiences, and the idiosyncrasies and specific goals of the actors involved influence the outcome. However, the patterns of co-operation suggest that – given specific external circumstances and developments such as the growing complexity of social processes and a
Intermediate government fulfilling planning functions

Upper-level government interventions

Design: Quasi-regional governments or planning forums

Inter-municipal cooperation on planning and coordination of local policies

Natural, social, economic regional interdependencies

Figure 2. Explaining co-operation for planning and coordination.
rising production scale for public services, which constitute drivers for co-operation – a number of elements of the national administrative context are central to the incidence of co-operation as such and to the administrative form it is likely to take.

Inter-municipal co-operation with respect to the co-ordination and planning of local policies serves as a strategy to cope with the presence of strong natural, social and economic inter-dependencies in a region. These inter-dependencies are always present in metropolitan areas with high population densities, but also occur in rural or semi-rural areas with regional urban centres. If a strong intermediate government provides for regional planning the need for co-ordination by local government itself will be low. But if the state structure does not include an intermediate tier of government with the relevant competencies, or if intermediate governments expressly choose to leave co-ordination to local government, some form of co-operative arrangement is likely to emerge.

Whether, in a concrete situation, inter-municipal authorities or loosely coupled networks are the likely outcome depends on the interventions of upper-level government. In the absence of strategies of upper-level government to promote the transfer of local competencies to an inter-municipal authority, there is little probability that quasi-regional governments emerge, even if the externalities of local policies are obvious. The main reason for this is that as a general rule local government is not prone to give up control over decision-making that involves the regulation of externalities of local policies. The data indicate that the use of financial incentives and legislation with compulsory elements prove to be effective strategies to overcome the reserve of local governments to establish quasi-regional governments.

Figure 2 contains a graphic representation of these propositions, which specify the relations between the variables of the basic conceptual model constructed at the beginning of the research project.

It must be noted, however, that the existence of quasi-regional governments does not guarantee that regional planning and co-ordination actually take place. The explanation for this lies in the hybrid character of these authorities. Quasi-regional governments are authorities in their own right, but they are controlled by local governments, who answer to a local, not a regional constituency. One of the topics for further research would be to find out what strategies or circumstances can counter-balance the centrifugal forces quasi-regional governments are subject to.

Rising production scales constitute a general driver for local governments to engage in co-operative arrangements for service delivery. The research findings suggest that two elements of the national institutional context to a large extent determine if these arrangements actually arise: the scale of local government and the role municipalities play in the field of service delivery. The presence of a large number of small municipalities with responsibilities to provide services is a good predictor for the presence of co-operative arrangements, while co-operation will have a low incidence if large-scale local governments with comparable service tasks dominate the picture. But, the relation between the scale of local government and
co-operation is complex. The production function of a service determines what scale makes service delivery by individual municipalities prohibitive and up to what point collaboration is profitable for the larger municipalities. The elaboration of the relation between the territorial scale of local government and the presence of co-operative arrangements requires further research that takes into account the features of the services involved.

There are a number of elements of the national administrative context that play a role in the institutional design of co-operation with respect to service delivery. In some situations the characteristics of the service involved limit the options, but in many cases both service delivery organizations and service delivery agreements can serve as vehicles for co-operation. If municipalities in a certain region opt for co-operation, the applicable legislation and the administrative culture bear upon the preference for one of the two basic types. Legislation that implies heavy administrative burdens for the establishment of standing organizations and the presence of an administrative culture dominated by NPM favor the establishment of service agreements, while the presence of a traditional Weberian administrative culture and financial incentives from upper level government to eliminate financial obstacles can make local governments decide to establish standing service organizations.

Figure 3 contains the graphic representation of the relations between the variables in question, thus specifying the basic model presented in the theoretical framework section.

How the different elements of the administrative context interact in concrete situations, for instance when and why municipalities set up standing organizations even if legislation implies heavy administrative burdens, what the relative weight is of administrative fashion in relation to the requirements of the service in question – these are all matters that call for more in-depth research into the institutional design of service arrangements.

The fore-going summarizes the propositions explaining the presence and forms of inter-municipal co-operative arrangements for planning and co-ordination and
the delivery of public services, consistent with the patterns we found in eight European countries. Some topics for further research were already suggested. Only in-depth case study research can reveal how different elements of the administrative context interact in concrete situations and result in administrative forms which deviate from the general pattern in a country, or which type of incentive is the most effective to bring local governments to transfer competencies to a quasi-regional government. A last theme worth mentioning relates to the performance of different forms of inter-municipal co-operation in terms of efficacy, efficiency and democracy. Up to now, reliable data on performance have been scarce. This is unsatisfactory from a scientific point of view and leaves the practitioners involved in the establishment and management of co-operative arrangements empty handed. Therefore, research into factors for success and failure of co-operative arrangements should be at the top of a future research agenda.

Notes
2. The research was limited to co-operation that enjoys some degree of institutionalisation, i.e. co-operation that shows more or less stable patterns over time and concerns certain standing services or policies. Furthermore, the concept is reserved for institutional arrangements that formally depend on the participants for their establishment, decision making and continued existence. Therefore, organizations that enjoy a statutory independence are excluded, even if participants are somehow involved as a co-founder or shareholder.
3. Other dimensions are discussed in Hulst and van Montfort (2007a: 11-15).
4. For a discussion of other strategies, see Hulst and van Montfort (2007a: 4-6).
5. A total of twelve experts from seven different countries contributed to the research project. The country study about France was written by an expert from England (Hulst and van Montfort, 2007: ix-x).
6. The country studies provided only limited data on the performance of different forms of co-operation and on factors that influence this performance. The performance of co-operative arrangements, however, transcends the scope of this article.
7. In the planning literature the concept of the City Region, which dates from the 1940s, is back on the research agenda. Its significance is that it focuses on the interdependencies between urban centers (metropolitan or not) and their surroundings (Parr, 2005; Neuman and Hull, 2009).
8. The presence of twelve intercommunales for regional development (streekontwikkeling) may suggest otherwise, but these organizations mainly function as project managers for the development of business and housing sites on the instruction of individual municipalities and support municipalities to develop their local spatial plans.
9. We do find arrangements – consorcios – where municipalities co-operate with the provincial or regional government in regional development projects; their main function, however, is vertical co-ordination between the different government tiers.
10. Data from: Agentschap voor Binnenlands Bestuur van het Gewest Vlaanderen, jaarbeeld, 2008; Fedele and Moini, 2007: 129; Direction general de collectivités locales: les collectivités locales en chiffres, 2008. It is near to impossible to give a reliable picture of
the density of inter-municipal co-operation, because of the large variety of arrangements. The numbers presented refer to the two administrative forms of purely inter-municipal co-operation most frequently used for the joint delivery of public services in the respective countries.

11. Kelly (2007b) also suggests that the institutional framework created by central government over the past decades furthers competition instead of collaboration.

References


