



# Horizontal Intergovernmental Coordination at Local and Regional Levels

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## Evidence from Europe and Beyond

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*Edited by*  
Nathalie Behnke · Bettina Petersohn



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Editors

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## FOREWORD

The increasing complexity of modern governance, characterised by multi-level systems and interconnected policy challenges, calls for effective horizontal intergovernmental coordination. This edited volume provides a timely and comprehensive analysis of this critical aspect of public administration.

Editors Nathalie Behnke and Bettina Petersohn have brought together an esteemed group of contributors to explore the theory and practice of horizontal intergovernmental coordination across a range of European countries and beyond—spanning both federal and unitary systems. The case studies highlight diverse political decision-making challenges, from crisis response to intercultural exchange, regional economic development, public-private partnerships for climate action, and technology-driven advancements in transport services. A central theme is the role of horizontal coordination in tackling these complex policy issues.

The book offers valuable insights into the challenges and opportunities of coordinating across various levels of government. The authors show how effective coordination can lead to more efficient and equitable policy outcomes, while also identifying the barriers and challenges that can impede collaboration.

By adopting a comparative approach, the authors provide a nuanced understanding of the factors that influence the success or failure of horizontal coordination, including institutional structures, policy contexts, and the behaviour of actors involved. The book also offers practical guidance for policymakers and practitioners seeking to enhance intergovernmental cooperation in addressing complex policy issues by drawing out

the “do’s and don’ts” as well as good practices of intergovernmental coordination.

The Forum of Federations has a deep interest in intergovernmental relations, which are crucial in both federal and multilevel governance systems. Almost a decade ago, Cheryl Saunders and Johanne Poirier wrote in the Forum of Federations’ publication *Intergovernmental Relations in Federal Systems*: “Despite their significance, [intergovernmental relations] are often opaque, even to analysts of a single federal system.” Nathalie Behnke and Bettina Petersohn have made a significant contribution by shedding light on the dynamics of horizontal intergovernmental coordination from various angles and perspectives. I am confident that this volume will be an invaluable resource for scholars, policymakers, and practitioners seeking to understand the importance of effective horizontal coordination and multilevel governance.

Forum of Federations, Ottawa/Berlin  
2024

Felix Knüpling

## PREFACE

As early as 2017, in the follow-up to a research project on intergovernmental coordination that I conducted, the idea was born to establish a European network on intergovernmental coordination. It took a while to assemble a core group of international colleagues who endorsed the project. In 2021, under the competent leadership of Noemí Bessa Vilela, the proposal was accepted by COST, and the COST Action 20123 “Intergovernmental coordination from local to European governance” began its work, initially comprising some 60-odd members, while, in the meantime, it has grown to the impressive number of over 300 persons. Over three years now, I had the honour and the pleasure to share leadership of the Working Group on Horizontal Coordination with my colleague and dear friend Bettina Petersohn, and to profit from the knowledge, commitment, and support of the colleagues with whom we cooperated closely over a series of meetings, workshops, and conferences. From the very beginning, this edited book was the main goal of our Working Group. I am deeply grateful to 42 co-authors who invested a lot of their time into writing the chapters for this book. While not all of them are first and foremost scholars of intergovernmental relations, they willingly endorsed the common template and analytic framework, which is mainly rooted in political science thinking and literature. What is more, many conducted original research so as to be able to provide the information as requested in the template and thereby secured a joint oeuvre that delivers relevant empirical insights.

Over the long process of writing, reading, commenting, discussing, and revising, the developments in the world showed time and again that

intergovernmental coordination is not just an intellectual game that we play in the academic ivory tower. Rather, the Covid-19 pandemic, ever more worrying global signs of progressing climate change, global migration, the attack by Russia on Ukraine, and lastly, the Hamas attack on the open-air music festival in Israel, both resulting in horrible wars with no end in sight, demonstrate clearly that governments need to cooperate closely and coordinate their actions across units and levels of government to solve the global, but also national and local problems of our times with the least negative spillover possible. Coordination is a core virtue of democratic states, and in an era where democracy is coming ever more under pressure, it seems more important than ever to find good examples of how wicked problems can be dealt with in a peaceful and effective manner among actors with potentially conflicting interests.

With this book, as the coordinated effort of authors from various disciplines of the social sciences—sociology, political science, public administration, law, public finance, economics, business administration and management, and urban and regional planning—coming from 23 countries in or neighbouring Europe, we can present the first encompassing treatment of the issue of horizontal intergovernmental coordination. We hope that the evidence that we collected provides useful insights for practitioners and scholars alike, and that this book will launch many new research initiatives, taking our understanding of the intricacies of intergovernmental coordination to the next level.

This book would not have been possible without the support of many people and institutions. COST finances our network, which was crucial to forming the group of authors. Furthermore, COST enabled by its funding to pay the open access fees for this book so that it can be made available to a broad, interested audience without barriers. Noemí Bessa Vilela, the leader of our COST Action, not only contributed as a co-author. Most importantly, she was the organisational and managerial backbone of all activities during the formation process of the book. Not only did the group of authors write their own chapters, but also, in mutual peer review, they commented on other chapters and hence contributed collectively to the improvement of the book's content. Bettina Petersohn, my working group co-leader and co-editor of this book, was a constant inspiration, and source of support and motivation. She shared with me the workload that came with developing the concept, communicating with authors and, most importantly, reading, commenting, improving, and re-reading the chapters. It is great to do academic work with such a sparring partner!

Specifically, I wish to thank Louis Blöcher and Kateryna Stepaniuk. Both are students of mine who helped me in the last months not to get lost in keeping track of the incoming emails and revised versions of 25 chapters, who corresponded with the authors, corrected, polished, and edited the chapters. Without their precious, competent, and dedicated help, we would never have finished the book in this year. Louis Blöcher compiled the appendix, searching the internet for useful indicators and providing a unique source of background information for interpreting the comparative evidence. Lastly, my project coordinators for the production process of the book with Palgrave, Asma Azeezullah and Stewart Beale, were continuously supportive and patient with eventual delays. I am deeply content that this project has come true, and I do hope that many people will profit from it.

Darmstadt  
September 2024

Nathalie Behnke

## ABOUT THE BOOK

The most pressing policy challenges of our time—from climate change mitigation and sustainable development over migration and integration to providing efficient and equitable services to the citizens—require complex and coordinated strategies to deal with them and do not stop at territorial borders. Hence, they compel subnational governments at both regional and local levels to coordinate intensely with others across policy sectors, across territorial units, and even across state boundaries. While political decision-makers are acutely aware of this need for coordination, we still lack knowledge on how best to achieve such coordination. Practical evidence shows that attempts at horizontal coordination are burdened with manifold complexities and often fail. The theoretical foundations underlying the intricacies of coordination structures and mechanisms have not been systematically explored. It is thus the aim of this volume to systematically expose and analyse the challenges of horizontal coordination at both regional and local levels in a broad sample of European and bordering countries.

This volume investigates the problem of coordination in a systematic way with an explicit focus on horizontal intergovernmental coordination. It looks simultaneously at institutions and processes at the regional and local levels. While, mostly, scientific communities investigating regional-level coordination (federalism scholars) and local-level coordination (local governance scholars) are distinct and hardly take notice of each other, the analytic framework of horizontal coordination provides a unifying perspective and a shared conceptual toolkit (looking at structural

coordination problems as well as types of institutional settings, actor constellations and processes for solving them), and makes evidence and analysis at both levels of government comparable and amenable to overarching theory-building.

The volume covers a broad set of countries, both federal and non-federal, all analysed under the same perspective of multi-level governance (two, three, or four levels variously). It has a geographic focus on Europe, covering also several Western Asian countries, which closely cooperate with the EU. Hence, the countries under investigation share a common institutional framework and are all more or less influenced by the institutional and cultural background of the EU.

The volume is suitable for different ways of use. It can be used as a handbook when seeking a condensed description of individual countries (country reports) or typical situations of horizontal coordination (case studies). Next, it can be used for conducting systematic comparisons between two or more countries due to the consistent chapter structure. Third, it can be used as an inspiration for theoretical reflections on causal relationships and mechanisms related to horizontal coordination. Finally, it also provides a most useful source for practitioners because it offers them hands-on examples of good practices from which to learn or transfer working solutions to their own coordination problems.

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PART I

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## Introduction



## CHAPTER 1

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# Introduction: Horizontal Intergovernmental Coordination—A Conceptual Framework

*Nathalie Behnke*  and *Bettina Petersohn* 

## THE RELEVANCE OF INTERGOVERNMENTAL COORDINATION

Intergovernmental coordination is one of the most important challenges for modern governments. It is needed to accommodate the actions of distinct jurisdictions in multilevel state architectures (Agranoff, 2004; Aja & Colino, 2014); to avoid spillovers beyond the border of a territory, especially in situations of institutional incongruency (Bolleyer, 2009); to solve collective action problems (Feiock, 2013); to integrate policy implementation in dealing with wicked problems (Head & Alford, 2015; Trein et al., 2020); or simply to ensure information, communication, and consequently learning and harmonisation in policymaking among governments

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at the same (or different) levels of government (Behnke & Mueller, 2017). It received a certain amount of attention among federalism scholars (Bakvis & Brown, 2010; Fenna, 2012; Hegele, 2018). In public administration and public policy research, interest surged in particular during and after the Covid-19 crisis (see e.g. Kuhlmann & Franzke, 2021; Navarro & Velasco, 2022; Schnabel & Hegele, 2021). Yet there is still a striking lack of awareness of its relevance, let alone of knowledge on how to structure and organise coordination such as to achieve desired outcomes.

Intergovernmental coordination is so important because it is a necessary response to a twin trend of increasing complexity of both multilevel architectures and policy problems. *Multilevel architectures*, especially the countries inside or neighbouring the political and geographical Europe, have become significantly more multilevel over the past decades. Powers were shifted upwards from the nation state to the EU, because the EU was and still is attracting ever more policy jurisdictions. And powers were shifted downwards to subnational government, because even in traditional unitary states (in part as a reaction to actual or aspired EU membership) decentralisation reforms were enacted, thereby empowering regional and local authorities (Benz, 2024, pp. 21–22). Regarding *policy problems*, the most pressing policy challenges of our time—from climate change mitigation and sustainable development over migration and integration on to providing efficient and equitable services to the citizens—are depicted as so-called ‘wicked problems’. Those policy problems are generally complex, intersect and interact with other policy problems, they escape an easy solution by one policy intervention and often have no definite solution at all (Rittel & Webber, 1973, p. 160). What is more, wicked problems lack a clear definition of the nature of the policy problem and leave little room for trial and error, thereby further complicating the implementation of a solution. Complexity is hence due, on the one hand, to the nature of the problems which typically are not single-issue problems but span various aspects and perspectives. Furthermore, actor constellations add to the complexity: governments at different levels, politicians, bureaucrats, parliamentarians, and stakeholders from the economy and civil society are involved. All of them pursue potentially conflicting interests, which makes negotiations complex, burdensome, and time-consuming.

This twin trend of increasing complexity hence challenges the coordinative capacity of policymakers more than ever before. More complexity means more interdependency, and if this interdependency is not processed adequately, the effects of uncoordinated policy decisions can at best be inefficient and at worst fatal, especially in situations of crisis outside the

regular day-to-day business (Kuhlmann et al., 2024). Crisis management necessitates coordination even more acutely to avert the lingering catastrophe (for many see Boin et al., 2018). Moreover, in an era in which citizens of democratic states increasingly scrutinise the actions of their governments, failure to achieve coordination jeopardises the democratic legitimacy of elected governments. It is hence vital for governments at all levels to reap the benefits of coordinated action and to avoid the negative externalities of non-coordination across policy sectors, across territorial units, and even across state boundaries.

In such a complex multidimensional setting, however, we still lack systematic knowledge on how to organise, manage, and implement intergovernmental coordination under various conditions. There is not even consensus about what coordination actually is, let alone how it can be achieved. It is hence the aim of this edited volume to *provide a shared conceptualisation of coordination with particular emphasis on horizontal intergovernmental coordination*; and to explore systematically *how governments at all levels manage coordination in practice*—in day-to-day business as well as in crisis situations. This introductory chapter serves to outline the concept of intergovernmental coordination as a foundation on which the chapters assembled in this book will build upon. Furthermore, it provides an outlook on the structure of the book, explaining the comparative rationale and set-up as well as the analytic criteria along which individual chapters are organised.

## CONCEPTUALISING HORIZONTAL INTERGOVERNMENTAL COORDINATION

By focusing on horizontal intergovernmental coordination, we deliberately pick one specific aspect of multilevel governance (MLG) which we analyse in greater detail. MLG research deals basically with problems of coordinating decisions and actions in complex state architectures of divided yet interdependent authority. In this sense, MLG is the management of interdependencies, and the major instrument of managing interdependencies is coordination (Benz, 2007). MLG as an analytic framework inspired a host of conceptual and empirical research in the past 25 years (Bache & Flinders, 2004; Behnke et al., 2019; Benz, 2024; Enderlein et al., 2010; Hooghe & Marks, 2003; Piattoni, 2010), which helped us understand the nature of decision problems in the European Union, of power conflicts between subnational and national governments, and of

dynamics of authority migration upwards and downwards from national governments. As the word ‘multilevel’ suggests, however, horizontal relations and coordination problems, that is, between actors at the same territorial level, have found far less attention in MLG scholarship than vertical relations across two or more levels of government. Horizontal relations are, however, an integral part of MLG. They have been investigated, among others, in local government studies (Teles & Swianiewicz, 2018), metropolitan governance studies (Feiock, 2004; Heinelt & Kübler, 2005), and public administration research (Lægreid et al., 2014). By focusing on horizontal intergovernmental coordination, we thus add to a so far under-researched aspect in MLG studies. Also, we link subdisciplines by encouraging scholars who dealt with horizontal coordination in the realm of the above-mentioned subdisciplines to reinterpret their findings in the analytical categories of MLG.

### *Coordination as Process or Outcome*

Coordination has been called the ‘philosopher’s stone for government’ (Peters, 2015, p. 2), meaning that it is one of the oldest and never entirely soluble problems of public action. It is ubiquitous, of increasing relevance, and there is no single best way to solve it. Coordination becomes necessary as a result of specialisation of tasks and concomitant institutional differentiation, hence creating interdependence between actors in solving complex problems.

It is, however, not only a problem of harmonising action *between* organisations; coordination problems occur just as well *within* organisations, following necessarily from the perennial problem of combining specialist and generalist perspectives when taking decisions on complex issues. The specialist perspective is important to understand the details of the problem at hand. The generalist perspective is necessary to understand the ramifications of a problem, its links with other problems, and the external effects of decisions on policy sectors or territories outside the narrow focus of the specialist. Within organisations, division of labour between organisational sections and units secures the necessary expertise, but then necessitates coordination across units. The same trade-off between a specialist and a generalist perspective also occurs in the division of labour between organisations, or, for that matter, between territorial units, governments, and states.

In organisation and public management research, coordination is often treated as a state of the world, a result or an outcome of preceding actions. Based on an understanding of coordination as an outcome, Metcalfe invented his so-called coordination scale (Metcalfe, 1994), which has been quoted and adapted amply since. Similarly, in policy research, the notion of ‘policy integration’ is linked to the same understanding of coordination or integration as a state of the world (Tosun & Lang, 2017; Trein et al., 2020). In our view, that is, from an MLG perspective, it is however more helpful to conceive of coordination as a process (Schnabel & Hegele, 2021). As elaborated in the theory of actor-centred institutionalism (Scharpf, 1997), coordination processes involve actions, interactions, and decisions of (mostly corporate) actors within an interaction situation. The interaction situation is structured by institutions which distribute power among the actors involved and set up norms of acceptable behaviour. It is hence possible to analyse the institutional framework that structures the situation, the preferences or positions of actors, their strategies of interaction in the decision-making process, and the results that ensue from the process. The process perspective on coordination not only allows to analyse in greater detail how coordination comes about and sheds light on the challenges of reaching coordinated outcomes; it is also possible to distinguish analytically and empirically a decision process which may be more or less coordinated from an outcome which may or may not result in coordinated action. Coordination processes, even if they take place, may fail to lead to the desired outcome. Negotiations may fail, and the decisions taken by the actors may result in negative externalities for others or may deviate from joint resolutions.

Following the conceptualisation of actor-centred institutionalism, coordination as a process involves several steps: *First*, actors must form a *position*, which may itself involve preference aggregation within corporate actors, and positions and preferences may conflict between actors. *Second*, *communication* must take place, taking the form of information, negotiation, arguing, or bargaining among the actors. To be sure, game theory also acknowledges the possibility of coordination without communication, based on mutual observation and adaptation or adherence to conventions, as exemplified by the decision to organise traffic on the left or on the right side of the street. But the type of problems that can be solved without communication and based on mutual observation and adaptation allows only for limited complexity and presupposes identical interests among all involved actors. Hence, the standard situation of coordination

will involve communication. *Third*, decisions need to be taken according to a *decision-making rule* (typically voting, with varying quorums ranging from a dictatorial decision to unanimity). The whole process is embedded in an institutional framework of formal and informal rules, roles, and expectations. And every step involves its own challenges making the result prone to failure. For example, conflicts of interest need to be moderated, potential collective action problems need to be overcome, and the result must be accepted by the actors involved.

While this description of coordination as a process does not offer a neat and simple definition, it allows to treat rather different situations as substantially comparable and to reach generalisable insights across a great variety of empirical instances. With this conceptual focus on process, we can also distinguish different dimensions of success of coordination: the successful establishment of a coordination body and its use by actors over time to manage a policy problem; the successful interaction of actors resulting in shared understanding, proposals, or agreements and joint projects; or the successful management of the underlying policy issue, and the coordination of monitoring and evaluation efforts.

### *Actors of Coordination: The Focus on Governments*

Studies of coordination based on a broad application of the governance concept tend to emphasise the role of non-state actors as relevant stakeholders in processes of production and co-production of public policies, especially in network and participatory governance literatures (Hendriks & Boswell, 2018; Rhodes, 1997). MLG theory, while acknowledging the relevance of private actors for policymaking, mostly emphasises *state* actors at various levels or in different units of government as the main units of analysis. Territories and nation states still play a core role in governance. And within nation states, state actors—at central as well as regional levels—are the ones entrusted by the sovereign to take binding decisions within the confines of their territory (Mayntz, 1987). In our analysis of inter-governmental relations, based on the question how policymaking and policy implementation can be coordinated, we follow the emphasis of MLG research on the relevance of state actors. What is more, we focus primarily on relations *between executive actors*, that is, executive politicians, ministries and public agencies, and public servants due to their elevated role in policymaking and implementation. This does not preclude, however, relations *within* governmental units, for example between branches

of government, between executive departments, or collaborative networks involving non-governmental stakeholders. But, for example in intra-parliamentary relations, party conflicts or challenges between governmental and oppositional factions are of less interest here. Relations are broadly understood, encompassing formal and informal institutions, networks, processes, routines, or even cognitive patterns, where relevant.

### *Dimensions of Coordination: The Focus on Horizontal Relations*

Typically, coordination problems are grouped along the dimensions of vertical and horizontal (and sometimes cross-sectoral) coordination (Schnabel & Hegele, 2021). Still, what ‘vertical’ and ‘horizontal’ mean in a given situation can only be understood by taking into account the situation context as a frame of reference (Behnke, 2018, p. 262).

*Vertical* coordination always involves a notion of hierarchy, where actors at a superior level of decision-making (in organisations: a higher hierarchical level; between organisations: e.g. a ministry as opposed to a government agency; and between territorial units: the central government as opposed to regional or local governments) interact with actors at a lower level of decision-making. Often, the hierarchy of levels is mirrored in a hierarchy of powers, attributing to the actor at the higher level more decision or adjudication powers. Power relations and means of power are hence unequally distributed, but transaction costs can be lowered by hierarchical modes of decision-making.

*Horizontal* coordination takes place between actors or units at the same hierarchical level. Again, this may mean different sections in an organisation, different departments in a government, or different governments at the same level—inter-municipal, inter-regional, or inter-national coordination. Horizontal coordination can be bi- or multilateral, involving two, a few, or all units of one level. Sometimes, horizontal coordination may also involve a vertical component, when units at a lower hierarchical level coordinate their action to prevent encroachment in their powers from higher-level governments (Bednar, 2009; Schnabel, 2017). In the above-mentioned, broader understanding of governance, horizontal coordination may also be used to denote coordination processes and institutions between state and private actors, for example in collaborative networks, to enhance the efficiency, effectiveness of policy delivery. A special case of horizontal coordination is *cross-sectoral* coordination. It lies at the heart of the literatures on policy integration and focuses specifically on the

problem how policymaking actors can coordinate their decisions and actions across policy sectors, thereby providing coherent policies and avoiding negative spillover effects (e.g. between climate protection and economic development).

The defining characteristics of horizontal coordination are its border-spanning nature as well as its lack of hierarchy. The fact that coordination always connects actors from different units, territories, or policy sectors brings with it a natural myopia of the actors involved. Coordination is hence specifically aimed at creating a shared understanding of problems, at broadening the perspective of the actors involved beyond the narrow confines of their area of expertise, and to potentially overcome not only different perspectives but also conflicts of interest. The lack of hierarchy can be problematic insofar as a powerful tool for reducing transaction costs cannot be applied. Instead, horizontal governance mechanisms such as networks based on mutual trust; negotiations based on the better argument; or bargaining based on the aim to maximise one's own position come into play, all involving high transaction costs in terms of time and effort. Those elevated challenges of horizontal coordination at regional and local levels, and in part cross-sectorally and between state and private actors, are explored in empirical examples throughout the book, providing a foil for the discovery of common patterns, typical problem structures, or particularly useful constellations and mechanisms of coordination.

## THE COMPARATIVE PERSPECTIVE

Analysing horizontal intergovernmental coordination necessarily requires a comparative perspective. Countries are still a prominent unit of reference for policymaking, and we can learn much about our own country by observing practices that are (not) effective and successful in another country. Only by learning how institutions, coordination instruments, and processes are organised in other countries, regions, or situations, which problems actors face and how they solve it, can we put the experience from our own country in perspective. We thereby avoid the fallacies of methodological nationalism by taking those experiences that we make on a daily basis for granted, assuming that they will occur in similar ways in other countries, too. Furthermore, a comparative perspective is conducive to uncovering coordination patterns and formulating conjectures under which coordination can be achieved in which ways. To be sure, practices that are successful in one setting may or may not travel easily to

institutional and cultural settings in other countries. But we need examples for learning, and particularly in groups of countries which are institutionally similar in relevant respects. It may be a promising strategy to adopt concepts already tested elsewhere.

Systematically, we compare coordination along *two dimensions*: across *types of multilevel architectures* and, concomitantly, across *levels of government*. The sample of country reports in this book includes states with two or three levels of government and varying degrees of regional or local authority. We prefer to avoid the conventional distinction between federal and unitary states, as even traditional unitary states have devolved powers to regions and local authorities in the past decades (Keating, 1998). Rather, MLG as an overarching framework can be applied to those differentiated multilevel architectures and enables comparisons along situational configurations instead of classifications of state architectures. Hence, we use the notions of ‘federal’ or ‘unitary’ only in a descriptive, and not in a classificatory, manner, indicating that there are three levels of government with autonomous political powers (‘federal’) or that the regional level, where it exists, has only administrative powers and the main substate unit is the local level (‘unitary’). The number of governmental levels in a state impacts the second dimension of comparison—the level at which horizontal coordination takes place—at regional and/or at local level. In countries where units at the regional level (NUTS 2 in the European nomenclature) have a constitutionally protected status and autonomous political rights, potential coordinative relations are more manifold—horizontal at regional level, horizontal at local level, vertical between central and regional, between regional and local, and—to a lesser degree—between central and local level. What is more, in some countries, regions expose a strong asymmetry in terms of political or economic power, making multilateral horizontal coordination at regional level more difficult to achieve. Where, on the other hand, the regional level is mainly an administrative and statistical unit, horizontal coordination at local level gains more importance. More specifically, intermunicipal coordination within a country as well as across the border between municipalities of neighbouring countries comes into focus. Also, the horizontal coordination at local level often exposes a dynamic of central-local intergovernmental relations fundamentally different from the relations between central and regional governments, in terms of types and areas of coordination as well as areas of conflicting interests.

Another aspect is the difference in tasks and policy areas between regional and local governments. The latter are often tasked with the delivery of key public services, for example waste collection, primary education, and social care. The responsibilities of local governments therefore tend to be in policy areas with high expenditure requirements which contrasts with their typically more restricted leeway to dispose autonomously of financial resources compared to regional governments.

The broad comparison across countries and levels of government makes it necessary to treat individual features of countries as essentially comparable. For example, regional units in different countries have different names (*Länder* in Germany, *Autonomous Communities* in Spain, *Regions* in Belgium, to give just a few examples; and local authorities or municipalities to denote the local governments). While the country specific denominations are used in the individual chapters, in comparative perspective we refer to the ‘regional’ and ‘local’ governments, respectively.

Finally, the comparison across varying state architectures provides not only insights into typical institutional structures, coordination situations, and patterns or mechanisms of coordinating; it furthermore hints also at motivations of governments to initiate coordination or to join coordinative networks. Local governments engage in horizontal coordination to pool resources and save costs by sharing facilities; or to provide better access to services by sharing burdens with neighbouring municipalities. Regional governments often coordinate in order to secure harmonised policy implementation and to prevent encroachment into their powers by central governments. Reaping funding opportunities from higher-level governments, especially from the European Union, is a strong motivator for horizontal coordination at both regional and local levels.

## STRUCTURE OF THE BOOK

The book consists of four parts. This introduction serves to elaborate the concept of horizontal intergovernmental coordination—its meaning, dimensions, and the structural problems linked to it as well as the intricacies of uncovering and measuring it empirically. This first chapter hence provides the basic conceptual definitions and a broad analytical framework for the subsequent empirical chapters. In the second part of the book, we assemble country reports from 18 European and neighbouring countries, exposing which arenas and mechanisms of horizontal coordination exist, how they work, and how they relate to a country’s institutional

framework. This broad comparative approach allows for profound insights into patterns of horizontal coordination. In the third part, illustrative case studies, giving examples of specific situations of horizontal coordination, contribute to understanding which structural problems are more acute in some situations than in others and which institutional or procedural ways that were selected to deal with certain challenges worked for better or worse. From a comparative analysis of those case studies, we are thus able to distil dos and don'ts, best or worst practices of intergovernmental coordination given specific circumstances. In the fourth part, the editors conclude on those comparative patterns and synthesise the lessons learnt.

### *Case Selection and Methodology*

The country reports are authored by scholars who are experts in their country's policymaking and public administration fields. The country sample—admittedly—does not follow an analytic scheme. As this book is the joint product of the Working Group on horizontal coordination of COST Action 20123 ‘Intergovernmental coordination from local to European Governance’,<sup>1</sup> the included countries form a convenient sample, resulting from the composition of the members of the working group. Still, the countries assembled in the book cover a wide range of institutional characteristics, as well as variation in geography and history. Furthermore, they vary in their characteristics of territorial governance such as the number and authority of territorial units or the size, density, and distribution of the population. Those features are likely influential on the evolution and workings of institutions and patterns of horizontal intergovernmental coordination.

For example, if a country is an island, or otherwise geographically separated from its neighbours (e.g. by mountains or deserts), there is less incentive and necessity for cross-border cooperation. If, on the other hand, the state border cuts across a densely populated or heavily industrialised area, then it is likely that there will be a long tradition of cross-border cooperation to manage mobility, economic growth, or the environmental impact of those industries. Furthermore, historical legacies of, for example, wars, authoritarian regimes or strong migration movements leave their traces in today's coordinative set-up. If minorities in a country have rights of self-administration, either territorially or

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<sup>1</sup> url: igcoord.eu, see also <https://www.cost.eu/actions/CA20123/>

non-territorially, this impacts the arrangements of horizontal coordination. And if a country was governed by an authoritarian regime in the near past, this may still impact on structures and processes of local self-government.

Regarding the characteristics of territorial governance, for example, if a country has a very low population density, then horizontal coordination across administrative boundaries of local governments is by necessity different from a metropolitan area. Local decisions create less spillover, but it may be even more important to pool resources to provide basic services and infrastructure. But also the distribution of population density and the relationship between metropolitan and rural areas is relevant for the development of intergovernmental relations. The *appendix* gives an overview on relevant indicators of the territorial governance structure which provide a context for interpreting the results. Besides general statistical information (Appendix Table 1) on the country size, the population size, the economic power indicated in GDP per capita, and the EU membership status, Appendix Table 2 offers a number of indicators of territorial governance structures. NUTS 2 regions, according to the EU classification, indicate the number of regional units of comparable size. Population density at NUTS 2 level, the Rural Access Index, and the Urban population index are different measures for illustrating the asymmetry between urban or even metropolitan areas and rural areas. The more extreme this asymmetry, the more diverse the patterns of horizontal coordination are expected to be, ranging from arrangements to manage metropolitan areas to bilateral agreements between sparsely populated areas to secure basic services like hospitals, schools, or public transport. The local autonomy index measures the degree of autonomous policy decisions that local governments can take. Again, it can be assumed that the more autonomy they have, the more intensely they will cooperate horizontally.

As those examples illustrate, the case selection and also the ‘data collection’ procedure are not guided by a deductive logic, trying to prove theoretically formulated causal conjectures in a controlled experiment. Rather, the idea is to assemble a broad collection of qualitative descriptions. Those descriptions follow the same template for structuring the material, and they profit from the inside knowledge and understanding of the authors who are able to emphasize those mechanisms and problems that are of relevance for their country. Also, the authors offer their interpretations, thereby enriching the potential for theory building. The broad range of varying political, economic, and cultural backgrounds adds to the

robustness of the analysis which mainly consists in discerning inductively dominant patterns, hence providing a starting point for theory building in future research.

### *Country Reports and Case Studies*

The descriptions of coordination situations come in two types of formats: we distinguished between country reports and case studies. The country reports aim to give a broader overview over the legal foundations and empirical instances of horizontal intergovernmental coordination, while the case studies serve as examples of good or bad practices in how actors actually deal with coordination problems in specific situations. In combination, country reports and case studies contribute to practical learning on how best to deal with various coordination situations.

More specifically, *country reports* serve to display the big picture of the situations, actors, processes, and institutions of intergovernmental relations that exist in one country. They provide rich empirical evidence and examples of existing practices as a basis for exchange and mutual learning. All country reports are structured according to the same template: In the *Introduction*, they briefly describe their country in terms of its geographical and political situation in Europe as background of conditions under which horizontal coordination is taking place. In the second section, '*Intergovernmental Relations: The Polity*', the constitutional and institutional architecture of a country is exposed with regard to intergovernmental relations. Most importantly, the tiers of government, their number, powers, and their interaction are described. Also, if existent, specific institutions of horizontal intergovernmental relations are explained. Based on an understanding of the institutional set-up, section three then proceeds to outline the practice of *Horizontal Intergovernmental Coordination: Policy and Politics*. Typical instances of horizontal coordination are described and analysed in an exemplary way to understand the type of problems that occur, the position and motivation of actors involved, and the way in which coordination is typically addressed. Here, a wide variety of situations is displayed across the reports as regards the level of coordination—local, regional, cross-border; the types and groups of actors involved and the main policy issues. Of special interest is the next section, which we labelled '*EU-Induced Changes in Horizontal Coordination*'. While this may not be relevant for all countries (and hence this section is omitted in a few chapters), it turned out that for member states and

perhaps even more for candidate states the expectations and incentives that the EU provides can be a strong motor for adapting institutions and routines of horizontal coordination. The transposition of European law and concomitant need for coordination, the empowerment of local governments to form horizontal networks for acquiring EFRE funds or the establishment of formal representations of regional and local governments in European networks are but the most obvious effects of progressing European integration. Comparative reading of this section across the country reports gives a detailed picture of the enormous legacy that the EU has in influencing policymaking capacities of states through its formal and informal instruments. The chapters end by highlighting relevant '*Recent reforms/trends/developments*' such as new reform agendas of current governments or reactions to recent crises (e.g. Covid, migration challenges, climate change, or the war in Ukraine). In the '*Concluding reflections*', the authors evaluate the state of horizontal coordination in their country and highlight specific challenges or best practices from which to learn.

The *case studies* provide brief application-oriented descriptions of extreme or typical situations of horizontal coordination. They detail a particular type of coordination problem and illustrate ways in which actors deal with the challenges of the situation. The practical examples offer lessons for best practices as well as barriers to achieve the envisioned aims relative to the type of problem and the decision situation in which actors find themselves. Hence, the case studies provide deeper insights in the coordination mechanisms and offer hands-on experience for practitioners as well as the empirical foundation for systematic lesson-drawing and theory development. As a group of cases, they represent a broad array of decision situations, cover crisis situations, coordination between governments to facilitate intercultural exchange and regional economic development, coordination involving agencies and the private sector for supporting climate change policies, as well as coordination involving experts and advancements in technology to improve the delivery of transport services. Taken together, the case studies exemplify various ways in which coordination problems are addressed in everyday policymaking in different contexts.

The case studies are also structured along one identical template: A *Pitch* of issue and scope (geographic, time) is followed by *Conceptual clarifications*. Here the authors explain the type of coordination situation, (e.g. its purpose, the motivation of the actors involved, the scale and of direction of coordination); the number of entities involved either within

same authority or cross-border with different authority frames as well as the focus of coordination and level of institutionalisation (ad-hoc vs permanent; issue-specific or policy area focused or general coordination mechanism). The main section serves to describe the coordinative '*practice*', that is, how coordination is organised, which actors were involved, what exactly they did, and what the results of the coordination efforts were. The description is followed by an '*Evaluation*' regarding the quality of coordination, its effects in terms of goal achievement, and a consideration of the reasons of failure or success, resulting in a concluding section on *Lessons learnt*.

### *Analysis and Comparison*

The uniform structure of the contributions makes it possible to distil in the conclusion of this book preliminary findings on patterns and drivers of horizontal intergovernmental coordination in MLG structures. Three aspects are elaborated there. *First*, we distil the most relevant challenges that regional and local governments face and that induce them to enter into horizontal coordination. *Second*, we compare the coordination mechanisms in use in different countries according to their degree of formalisation or institutionalization as well as their issue-scope. We use the notion of 'coordination mechanism' loosely to encompass various institutions, processes, tools and routines by which actors try to achieve coordination. The two comparative categories (institutionalisation and issue-scope) result in a rather broad categorisation from highly institutionalised, enduring mechanisms with a broad issue-scope over mechanisms of medium size to issue specific mechanisms which show, however, varying degrees of institutionalisation and durability. *Third*, we distil factors emerging from the country reports—and even more so from the case studies—that promise to facilitate the establishment and functioning of coordination mechanisms. To be sure, in distinguishing coordination as a process from a coordinated outcome, we do not assume that functioning coordination mechanisms will automatically result in more effective policy solutions. They are, however, a precondition for successfully solving policy problems.

While the comparative evidence provides rich starting points and suggestions for formulating assumptions about common problems, trends, and responses, the rather loose organisation of the country sample obviously does not allow to draw clear causal conclusions. The patterns, mechanisms, and driving factors that we found across the chapters are certainly

not exhaustive. Other coordination mechanisms may be relevant in other countries, and other problems certainly exist which have not been reported here. It need also be taken into consideration that the authors of the chapters have their own disciplinary background as federalism, local governance, or public administration scholars, as political scientists, lawyers, or economists. Hence, they may be biased in their look at their own country, highlighting some problems and mechanisms while neglecting others.

Still, we are confident that the broad array of countries and concomitant institutional, political, and cultural set-ups that we assembled here provides a robust insight into relevant aspects of the problems of horizontal intergovernmental coordination. Whatever challenges, mechanisms, or driving factors we highlight in the conclusion was mentioned across a number of cases and hence clearly bears a certain relevance beyond the individual experience. The comparison is based on systematic and structured accounts of relevant aspects. And in our analysis, we systematically take into account insights from scholarship of different scientific communities—comparative federalism, MLG, policy studies, local governance, and public administration.

In connecting conceptual, analytical, and empirical insights from those various communities, we elaborate an analytic framework that encourages scholars to take other perspectives into account and to use categories of analysis that travel across scholarly disciplines of scientific communities. While we would not claim to formulate a theory of horizontal intergovernmental coordination, our conclusion offers empirically well-grounded hints towards descriptive patterns and causal relationships. The mechanisms and factors we identify may be interpreted as hypotheses and are meant to encourage further empirical research aimed at testing their validity in other contexts. In this way, the insights generated in this volume are of relevance for academics and practitioners alike, offering helpful empirical information, hints for best practices, and analytic interpretations stimulating empirical research and further theory building.

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PART II

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## Country Reports



## CHAPTER 2

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# Belgium: Challenges of Dual Federalism for Effective Governance

*Daan Smeekens, Peter Bursens, and Patricia Popelier*

## INTRODUCTION

When Belgium was established in 1830, it was a unitary state. To accommodate the major cleavages between the Dutch speakers in the north and the French speakers in the south, it has gradually evolved into a federal state. In fact, Belgium presently has three official languages: Dutch, French, and German. Over a population of 11.697.557,<sup>1</sup> Dutch-speaking

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<sup>1</sup>The numbers reflect the situation on 1 January 2023, as per the Belgian statistical office Statbel. See <https://statbel.fgov.be/en/themes/population/structure-population>

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Flanders constitutes about 58% of the population, whereas French-speaking Wallonia accounts for about 32% of the population. Also, 10% of Belgians live in the Brussels-Capital-Region. The Capital Region is bilingual, but only about 15% of the Brussels population speaks Dutch.<sup>2</sup> German speakers make up less than 1% of the total population. However, language has not been the only important cleavage upon which the decentralization of Belgium has been based. Also, the difference in economic situation between Flanders and Wallonia, as well as their opposing ideologies, formed fault lines along which the country federated (for more detail: Deschouwer, 2012; Huyse, 1987; Popelier, 2022; see also Popelier, 2021).

From the above, it becomes clear that Belgium is a *dyadic* federal system in the sense that, following the definition of Duchacek (1988, p. 5), it has only two distinct communities which dominate the political landscape. Besides, the two communities are also *bipolar*: they are foundationally adversarial (Popelier & Cantillon, 2013, p. 626). The dyadic characteristics of the Belgian political system have caused a *dual* federal system to develop, in which the two language groups are as separate from each other as possible (Popelier & Vandenbruwaene, 2011, p. 228). In this chapter, we will give an overview of the institutions of horizontal intergovernmental cooperation that do exist. However, talking about horizontal intergovernmental coordination—cooperation between federated subunits rather than with the federal level—is difficult without also addressing vertical intergovernmental coordination. Because of the duality and anti-cooperative design of the political system, the need to reach out to the other federated subunits has been minimized, and many of the instruments and institutions that allow for intergovernmental relations (IGR) in Belgium deal at the same time with the relation between the federal and federated levels, and the relation between the federated levels among themselves. An important part of horizontal intergovernmental cooperation is constituted by IGR between local entities: the 10 provinces and 581 municipalities. The former are responsible for all matters of ‘provincial interest’, and the latter for all matters of ‘municipal interest’, meaning that municipalities can do whatever is in the interest of their inhabitants and is not assumed by higher levels of authority. Municipalities are in addition competent for, *inter alia*, public space (e.g. roads), education, culture, sports, and environment. For these competences, they can

<sup>2</sup>The numbers reflect the latest Brussels language census, dating from 2018. See <https://www.briobrussel.be/node/14763?language=en>

engage in horizontal inter-municipal relations and cooperation, including the establishment of public and private entities, such as common sports facilities or waste management companies. In the remaining parts of this chapter, however, we will only deal with IGR between the federated sub-units (and inevitably also the federal government).

We first explain how the federal system in Belgium is structured, and expound on the formal bodies allowing for IGR, as well as the different types in which cooperation happens or can happen. Then, we go into the consequences of the institutional setup: In what instances do IGR still play a role, and what are the specific challenges in practice? We will discuss the changes in IGR induced by the European Union and the requirement for an integrated inter- and supranational stance to be able to speak with one voice as a member state. Finally, we address some trends and developments of IGR in Belgium.

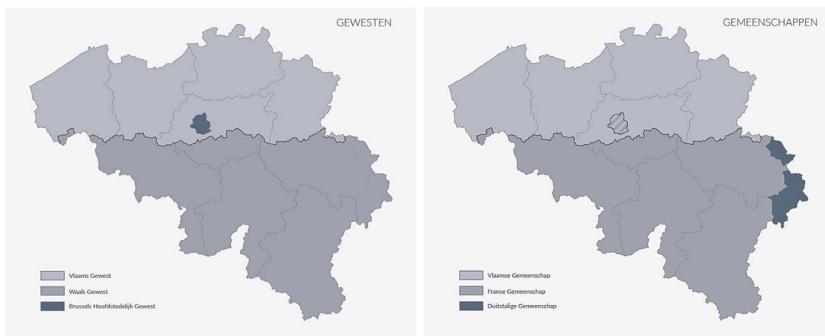
### INTERGOVERNMENTAL RELATIONS: THE POLITY

Since 1970, Belgium has been transformed from a unitary state into a federal system with *confederal* traits. Complementing a system of central power-sharing, its purpose is multinational conflict management in a divided state. As a power-sharing system, it is centered on two large groups—the Flemish in the north and the French-speaking in the south. In addition, federal arrangements also include the small German-speaking group and a population in Brussels that is considered bilingual and that has been developing an increasingly stronger regional identity over the last years.

The Belgian federal system consists of two types of federated entities: Regions and Communities. The creation of three Communities (the Flemish, the French, and the German-speaking Community), with competences in the realm of language, education, person-related matters, and culture, was a reply to Flemish demands for cultural autonomy and the preservation of the Dutch language. These demands arose from French-speaking domination over the Dutch language, as well as the poor social-economic status of Flemings and their subordinate position in public life in the nineteenth and first part of the twentieth century. The three Regions (the Flemish, the Walloon, and the Brussels Region)—with territory and economy-related competences—were created in response to the Walloon demand for economic autonomy (Peeters, 2007, pp. 33–35). Initially, Belgian prosperity was based on the industry of coal mines and steel

factories situated mainly in Walloon territory, and on the Brussels financial center (Boehme, 2013, p. 161). After World War II, the economic power balance turned as a result of the expansion of the Antwerp port and investments in the petrochemical industry and automobile manufacturing. Meanwhile, the introduction of universal voting rights gave the Flemish majority political power in the central government. When the central government refused to go along with Walloon demands for interventionist economic policies to keep the old coal and mining industries alive through state subsidies, the Walloons claimed autonomy over economic policy.

The two types of federated entities are marked by a territorial overlap (see Fig. 2.1). The French Community and the Walloon Region share jurisdiction over the French language area, but the French Community also covers French-speaking institutions in Brussels, whereas the Walloon Region also covers the territory of the German-speaking Community. The Flemish Community and the Flemish Region share jurisdiction over the Dutch language area, but the Flemish Community also covers Dutch-speaking institutions in Brussels. The bilingual Brussels territory is under the jurisdiction of the Flemish Community, the French Community, and the Brussels Region. Meanwhile, several reforms have brought asymmetry to the federal setup. The institutions of the Flemish Community and the Flemish Regions have merged. The German-speaking Community can exercise specific regional competences in agreement with the Walloon



**Fig. 2.1** Belgian Regions (left) and Communities (right). (Available at belgium.be, ‘De gewesten’, [http://www.belgium.be/nl/over\\_belgie/overheid/gewesten](http://www.belgium.be/nl/over_belgie/overheid/gewesten); belgium.be, ‘De gemeenschappen’, [http://www.belgium.be/nl/over\\_belgie/overheid/gemeenschappen](http://www.belgium.be/nl/over_belgie/overheid/gemeenschappen) (17 April 2024).)

Region. The French-speaking Community has transferred competences to the Walloon Region and, for the Brussels territory, to the French Community Commission in Brussels (for more detail: Popelier, 2019, pp. 24–27). In addition, another body, the Joint Community Commission, also has legislative powers within the Brussels territory for person-related competences with regard to individuals and bilingual institutions.

With every state reform, more powers have been transferred to the federated entities. Consociational instruments—such as language parity in the federal executive, veto rights for language groups—combined with divergent preferences and distrust between political parties, paralyzed central decision-making, which was exactly what a transfer of power was supposed to solve (Coenraets & Maron, 1994, p. 188; Pas, 2004, p. 160). For this reason, transfers of competences typically occurred on the basis of exclusivity, as this minimizes the need for dialogue and negotiation. Framework and concurrent competences are kept to a minimum. The axiom of autonomy-exclusivity-equality permeates the entire federal system as well as the political debate, even if it turns out that this radical dual structure cannot be strictly adhered to in daily political and jurisprudential practice (Reybrouck, 2022).

The constitutional texts—the formal constitution and the institutional (mostly special majority) laws—lay down various types of horizontal intergovernmental relations. Most can be used in both horizontal and vertical relations, whereas some only apply to horizontal relations (B). These relations can materialize in an informal way, or in a more formal setting. Formal settings of (horizontal) intergovernmental cooperation are the Senate, the Concertation Committee, and the Interministerial Committees (A):

#### A. Formal settings:

1. *The Senate*, as the Second Chamber of Belgium's federal Parliament, consists of members of the Community and Regional Parliaments. In this way, it does not usually operate as an instrument of horizontal cooperation. In some cases, however, it is used to advise in intergovernmental conflicts, for example if a federated entity fears that it will be seriously harmed by a bill discussed in the parliament of another federated entity (see B).
2. *The Concertation Committee* functions as a political body to deal with intergovernmental conflicts as well. In this capacity, it does not

often intervene. Matters are mostly resolved between the party leaders or ministerial cabinets, further away from the spotlights (Poirier, 2002, p. 34). At the same time, it is also the central forum for negotiation, cooperation, and coordination between the federal government, Communities and Regions.<sup>3</sup> It therefore functions as an arena for both vertical and horizontal intergovernmental coordination. This committee consists of the federal Prime Minister and five other federal ministers, the Minister-President and one other minister of the Flemish government, the Minister-Presidents of the Walloon Region and of the French Community, and the Minister-President of the Brussels Region with one minister of the other language group. The Minister-President of the German-speaking Community is only part of this Committee if the matter concerns the German-speaking Community.<sup>4</sup>

3. *Interministerial Committees* are venues, established by the Concertation Committee, in which ministers convene to enhance negotiation and cooperation in specialized domains, for example foreign affairs, or social policy.<sup>5</sup> In later stages of the COVID-19 crisis, for instance, the Interministerial Committees were used to negotiate preventative measures among the competent levels of government. This is also the venue where the Belgian position in the EU Council of Ministers is prepared (see below).

## B. Types of IGR:

1. *Break into the legislative procedure.* The Parliament of any Region or Community can intervene in the legislative procedure of another parliament if it considers, by three-fourths of the votes cast, that it may be seriously prejudiced by a draft bill or proposal treated there.<sup>6</sup> In that case the procedure in the other Parliament is suspended for consultation. If the issue is not resolved within 60 days, the matter is referred to the Senate, which delivers a reasoned opinion to the Concertation Committee; in turn, the Committee then decides on the basis of consensus.

<sup>3</sup> Art. 31/1 Ordinary Law of 9 August 1980 on institutional reform.

<sup>4</sup> Art. 31 of the same law.

<sup>5</sup> Art. 31 *bis* of the same law.

<sup>6</sup> Art. 32 of the same law.

2. *Joint laws.* Communities and Regions can decide to make joint parliamentary acts (called ‘decrees’ or, in Brussels, ‘ordinances’) for the joint establishment and management of common services and institutions, the joint exercise of own powers, or the joint development of initiatives.<sup>7</sup> These decrees are first agreed upon by an interparliamentary committee, consisting of an equal number of representatives of the concerned Parliaments. An identical decree is then adopted by each Parliament separately. In addition, governments can adopt joint regulations. In practice, this instrument is only used by the Walloon Region, the French-speaking Community, and the Brussels institutions (Caboor & El Bachiri, 2018, p. 206).
3. *Mandatory consultation.* In specific cases, the Special Majority Law on Institutional Reform prescribes forms of consultation or deliberation between governments. For example, regional governments have to consult each other with regard to regulations on forests or bodies of water stretching across the territory of several regions, or for decisions on the opening and closing of hunting, birding, and fishing operations.<sup>8</sup>
4. *Voluntary cooperation agreements.* All Regions and Communities can conclude cooperation agreements for the joint establishment and management of common services and institutions, the joint exercise of own powers, or the joint development of initiatives.<sup>9</sup> Important agreements—for example, those that bind individuals or have financial implications—require the approval of the concerned Parliaments. Through such cooperation agreements, interfederal bodies have been created, such as the Interfederal Institute for Statistics. These voluntary cooperation agreements are also used to ensure the transposition of EU directives in all concerned Belgian government levels. Indeed, sometimes these directives are even made obligatory by the Constitutional Court). One example is the EU directive on packaging and packaging waste, which requires action from both the federal level and the Regions.
5. *Mandatory cooperation agreements.* In some cases, these cooperation agreements are mandatory. For example, Regions must conclude cooperation agreements with each other for the regulation of

<sup>7</sup>Art. 92bis/1 Special Majority Law of 8 August 1980 on institutional reform.

<sup>8</sup>Art. 6, §2 of the same law.

<sup>9</sup>Art. 92bis, §1 of the same law.

matters relating to roads, waterways, ports, or cemeteries that extend over more than one region.<sup>10</sup> Communities must do so to regulate matters relating to the Ostend and Antwerp Maritime Schools and their boarding schools.<sup>11</sup> Article 92bis, §5 of the Special Majority Law of 8 August 1980 on institutional reform provides that conflicts on the interpretation and implementation of those mandatory cooperation agreements will be settled by a court set up specifically for this purpose. However, this arbitration mechanism has never been operational, and no such courts exist.

6. *Transfer of powers.* Cooperation agreements can only involve the joint exercise of powers, not a transfer. The Constitution, however, makes two exceptions, already mentioned above. The French Community, the Parliament of the Walloon Region, and the French Community Commission may decide by common accord that the latter two exercise, in full or in part, competences of the French Community.<sup>12</sup> Also, the German-speaking Community and the Walloon Region can decide by common accord that the Parliament and the Government of the German-speaking Community exercise, in whole or in part, competences of the Walloon Region.<sup>13</sup> This was the case for a whole range of competences, such as monuments, housing, energy, and spatial planning.
7. *Preparation of the Belgian stance in the EU Council of Ministers.* In the EU Council of Ministers, the Belgian stance is based upon consensus within the interministerial committee.<sup>14</sup> The federal government is present even if the matter concerns exclusive competences of the Regions or Communities. However, although all levels have a veto right in theory, in practice a gentlemen's agreement inhibits the use of a veto by a level that is not competent in a particular case (Bursens & Deforche, 2008, p. 11). If no consensus is found, Belgium must abstain in the Council of Ministers. However, in practice, a common Belgian stance for negotiations in the Council is very often found (Beyers & Bursens, 2013, p. 277). The stance agreed upon is binding. However, if during the deliberations in the

<sup>10</sup> Art. 92bis, §2 of the same law.

<sup>11</sup> Art. 92bis, §4 of the same law.

<sup>12</sup> Art. 138 Constitution.

<sup>13</sup> Art. 139 Constitution.

<sup>14</sup> Cooperation Agreement 8 March 1994, *Mon.b.* 17 November 1994.

Council of Ministers an adjustment proves necessary for a meaningful participation in the debate, and there is no time to contact the other entities or a consensus cannot be found, the minister involved can take a provisional position “that best fits in with the common interest”. The President of the Council is then within three days informed of Belgium’s final stance. A system like this in which all governments are present in the decision-making process on equal footing is unique in Europe, and it comes with certain challenges (see below).

8. *The Brussels Capital Community.* For matters that concern several Regions, in particular mobility, road safety, and road works from, to, and around Brussels, negotiations are to take place in a ‘Brussels Capital Community’.<sup>15</sup> In this body, the Regions, the federal government, as well as the municipalities of the Brussels Region, the province Flemish Brabant, and the province Walloon Brabant are members. This body, however, never became operational.

If a law has been adopted without observing the obligatory forms of cooperation, the Constitutional Court can nullify the law. In addition, the Constitutional Court derives cooperation requirements from the principles of loyalty and proportionality (Rasson, 2012). If any Parliament issues a law within its field of competences, it must not make it impossible or excessively difficult for the other entities to exercise their own powers.<sup>16</sup> The test involves an examination of the law-making procedure: involvement of the other entities in the exercise of authority is an indication that the law is proportional.<sup>17</sup> In converging but fragmented competences, the Constitutional Court may even require that a cooperation agreement is adopted. Examples, however, concern the relations between the federal government and federated entities, rather than between the federated entities themselves.<sup>18</sup>

<sup>15</sup> Art. 92bis, §7 Special Majority Law of 8 August 1980 on institutional reform.

<sup>16</sup> This is settled case law. See already Const. Court No 70/96, 11 December 1996.

<sup>17</sup> Const. Court Nos 4/95, 6 to 10/95, 2 February 1995.

<sup>18</sup> For example, Const. Court Nos 132/2004, 14 July 2004 and 128/2005, 13 July 2005

## HORIZONTAL INTERGOVERNMENTAL RELATIONS: POLICY AND POLITICS

The historical context pre-1970—the year in which Belgium implemented its first state reform—made it clear that institutional reforms were necessary to untangle and ease the tensions between the different ethnolinguistic groups. Over the course of the six consecutive institutional reforms that transformed Belgium from a unitary into a federal state, increasingly more schisms between the Dutch-speaking and the French-speaking groups within the country were established, for the specific reason of separating the spheres of competence of the different federated units. For instance, the institutions within the Brussels Capital Region, established during the third state reform in 1988, did not have any *community* competences, yet a division along linguistic lines still turned out to be unavoidable, resulting in separate Dutch and French institutions with competence over community matters. Since then, however, the Brussels Capital Region is an area in which there is still a substantial degree of power-sharing and cooperation across language groups, for instance through the disproportional representation of Dutch speakers in the Parliament, the double-majority rule for passing certain acts, or the alarm bell procedure within the legislature (for more detail on consociationalism in Brussels: Bodson & Loizides, 2017). Over the course of the state reforms, more and more competencies were devolved from the federal level exclusively to the Regions and Communities. The system allows for as little shared powers as possible. Thus, each time powers are transferred to the federated units, cooperation and coordination on the respective matters becomes more obsolete and hence happens increasingly less in reality.

Some would argue that Belgium is not only divided according to linguistic groups, but that the bipolarity extends to political cultures, public spheres, and even separate societies in general (Deschouwer, 1999, p. 104; De Winter & Van Wynsberghe, 2015, p. 48). This is true to some extent, as there exists no Belgian media landscape, and the Flemish and Walloon media only focus on their respective population, without reaching across the language border (Popelier & Cantillon, 2013, p. 629). Media are a competence of the communities. As such, Belgium's three communities have established a completely independent media landscape. Public broadcasters' coverage of information concerning the Regions or Communities other than their own Community is sometimes lacking (Belser & Cattilaz, 2022, p. 28; De Winter & Van Wynsberghe, 2015, p. 49). Ad hoc

cooperation does exist but is not structural. In practice, there are few Belgian viewers who alternate between public broadcasters. Rather than directing their gaze over the linguistic border, Flemish viewers would watch public broadcasts from the Netherlands, whereas Walloon citizens would prefer French media. These dynamics cause the various broadcasters to position themselves as sentinels of their respective community interest, rather than for collaboration and trust-building. On the other hand, comparative surveys have found that the Flemish and the Walloon are in fact more similar to each other regarding core value attachments than Belgians (in general) and their neighbors, including, for instance, the Flemish compared to the Dutch or the Walloon to the French (Billiet et al., 2006, p. 929; De Winter & Van Wynsberghe, 2015, p. 48).

Since 1978, no statewide political parties have existed in Belgium, but rather only French- or Dutch-speaking parties, representing their own language groups. As political parties are accountable to their constituency only, in Belgium they are accountable to either the Walloon or the Flemish voters, and as a result have no incentive to reach out across the language border (Deschouwer, 1999, p. 103). On the contrary, as parties only need to convince voters from their own language community, most of them present themselves as defenders of their own communities while distinguishing or even distancing themselves from the other. Add to this the often diametrically opposing political cultures in the two main groups, and it becomes clear that the federal political landscape is a breeding ground for conflicts and deadlocks, for instance when forming a federal government or deciding on social and economic policies. However, it should be noted here that a very low number of conflicts at the federal level are conflicts in which French and Dutch speakers are, as one, diametrically opposed (Vandenbergh, 2023, p. 499). Rather, even within the federated entities, the different factions are often unable to reach a compromise on key political debates, as the historical social-economic and cultural fault lines along which the country has been divided still permeate party agendas.

For intergovernmental relations, this setup has three practical consequences.

Firstly, with the division of power being based on distrust between language groups, the system is not aimed at close cooperation, but rather seeks to allow the various entities to function as separately from each other as possible. At the same time, exclusivity results in fragmentation, which makes it difficult for governments to develop coherent policies without

having to cooperate with the federal level after all (Poirier, 2002, p. 28; Popelier, 2022). This is especially true for outward-looking policies on the European (see below) and international level. The principle of *in foro interno, in foro externo* gives the Belgian Regions and Communities the power to conduct foreign policy in domains in which they also have domestic power. The inter- and supranational stages, however, are much more country-focused and are often open solely to national actors rather than subnational ones (Beyers & Bursens, 2013, p. 275). Indeed, the tension between on the one hand separating strategies by the subnational units, whereby they bypass the federal level to act directly at the inter- or supranational level, and on the other hand the different levels adopting a cooperative strategy to coordinate their mutual interests at the inter- or supranational level is in Belgium particularly apparent with respect to its EU membership. For instance, a lack of coordination between the different Belgian parliaments led to an international crisis in 2016, when it meant that a long-anticipated deal between the EU and Canada (CETA) could not be passed. The federal government of Belgium had, for seven years, supported the CETA trade agreement. Yet, in order for the federal government to sign such a mixed treaty, it needs the consent of all regional parliaments concerned. As the Belgian Regions are responsible for external trade, endorsement of those Regions for matters of EU external trade is as important as that of any of the EU member states. The Walloon and Brussels Parliament, in the CETA case, did not give their consent due to regional economic interests and party-political considerations, much to the dismay of Canada and the other EU member states, and especially also the Flemish government (Bursens & De Bièvre, 2023). Eventually, the French-speaking parties did not blow the deal but were able to find a compromise. What they did do, however, was demonstrate how a dual federal system, designed to avoid any type of horizontal intergovernmental cooperation, can result in awkward situations for the country as a whole.

A second consequence, as a result of the first, is that intergovernmental relations are formalized for fear that otherwise the antagonist language communities would not easily cooperate spontaneously (Poirier, 2002, pp. 31, 35). There is a preference for instruments for intergovernmental cooperation that preserve the autonomy of the different entities, for example through cooperation agreements. Given the equality between federal and federated entities, formalized forms of intergovernmental cooperation give each partner a veto right, which can make the process of reaching agreements a laborious one. However, formal institutions for

cooperation are a necessary but not a sufficient condition for effective intergovernmental cooperation (SERV, 2023a, pp. 44–45). Policymakers and other relevant actors need to show willingness and trust to cooperate, both of which are attainable rather in informal fora than through formal mechanisms. One important example of such informal channels are exchanges among the leaders of political parties, especially those that are part of the federal government, across the linguistic fault line. After all, the constitutional principle of loyalty (Art. 143) prescribes not only not to hinder the other subnational units in their competences but also to constructively cooperate, implying at least a timely exchange of information, as well as swift implementation of cooperation agreements and support of each other's shared interests in inter- and supranational institutions.

Thirdly, asymmetrical developments determine the extent to which horizontal cooperation is essential. As the federal setup in Belgium is typified by territorial overlaps, it is imaginable that different institutions competent in the same territory would need to cooperate on a multitude of areas. The Walloon Region and the French-speaking Community have not taken the opportunity provided by Art. 137 of the Constitution to merge their institutions. The Flemish Region and the Flemish Community, on the other hand, have immediately done so after the establishment of the regions in the second state reform of 1980. This means that there is a higher need for instruments of horizontal cooperation on the French-speaking side than in Flanders (where there is in fact no option for intergovernmental cooperation anymore, since it concerns only one single government). In the Brussels territory, the Brussels Region, the French Community, the Flemish Community, the Joint Community Commission, and the French Community Commission all have jurisdiction on different matters. Given the fragmentation of competences, this is where most horizontal intergovernmental activity is situated.

## EU-INDUCED CHANGES IN HORIZONTAL COORDINATION

As has become clear, the design of the Belgian federal setup is such that both vertical and horizontal coordination can be avoided as much as possible. It also has become obvious that intergovernmental cooperation cannot be completely avoided as powers are often allocated in an intricate way across the federal and federated levels. In addition to these internal incentives to coordinate policymaking, Belgian membership of the EU requires Belgian government levels to convene regularly and cooperate intensively.

More specifically, EU membership has necessitated Belgium to come up with a solution to reconcile the dual characteristics of its federal state with the requirement of speaking with one single voice in all venues of the EU where member states are represented. These include working parties, COREPER, and ministerial meetings of the Council of the EU, the European Council, and consultative committees of the Commission. To this end, the federal level and all federated entities concluded a Cooperation Agreement in 1994,<sup>19</sup> following the ratification of the Maastricht Treaty and the fourth Belgian state reform. This agreement stipulates the intra-Belgian intergovernmental coordination mechanisms to determine the single Belgian negotiation position and to appoint the single Belgian negotiator for the mentioned EU venues. As the Belgian constitution has put all government levels on equal footing, the Belgian position needs to be agreed upon by consensus while Belgium needs to abstain if no single joint position can be reached. Abstaining would undermine Belgian credibility and decrease its impact in EU policymaking, including in legislative dossiers that must be complied with in later stages. In other words, EU membership puts a substantial pressure on the Belgian federal level and its Regions and Communities to engage in vertical and horizontal coordination. The 1994 Cooperation Agreement has created the bodies and procedures to do so. By using these on a daily basis, much of Belgian policymaking comes down to extensive intergovernmental cooperation despite the aim of constitutional reforms to avoid such cooperation as much as possible (Beyers & Bursens, 2013).

One major example in this context is agriculture policy. The governance of agriculture markets, including rural and environmental policies and subsidies, is dealt with at the EU level, often by means of directives and regulations, yet requires regular positions and voting by member states. Within Belgium, agriculture is a competence of the Regions, *de facto* of the Flemish and Walloon Region. As Belgium has to speak with one voice at the EU level, the Cooperation Agreement stipulates that a representative of the federal government acts as spokesperson in the Council meetings, assisted by representatives of both Regions. The Belgian negotiator is mandated by the intergovernmental coordination mechanism created by the same Cooperation Agreement which acts on the basis of consensus and therefore implies horizontal cooperation at the political level. As the federal administration has no expertise in agricultural

<sup>19</sup> Cooperation Agreement 8 March 1994, *Mon.b.* 17 November 1994.

matters—only the Regions are competent—the input for the EU mandate comes from the two regional administrations which have created an inter-regional body (*de facto* operating at the federal level) to coordinate the mandate for the federal representative. Such a body inherently requires horizontal cooperation, yet here among officials and experts of both administrations.

The EU triggers intergovernmental cooperation among Belgian government levels not only while formulating positions and negotiating policies but also at the later stages of implementation of EU directives. A similar logic applies, as the EU only holds member states (and not its subnational entities) accountable for correct and timely transposition and subsequent compliance. Again, both vertical coordination and horizontal coordination are necessary as most EU directives require transposition at the regional level, sometimes even including additionally the federal level. Relevant policy domains include environmental, industry, transport, and energy policies. A striking example comes from environmental policy and, more specifically, the EU packaging and packaging waste directive for which—due to the complex Belgian division of competences in the area of waste—a special Cooperation Agreement was concluded between the federal government and the three Regions. Again, interregional cooperation was necessary for allowing Belgium as a member state to notify full transposition to the European Commission. A final example deals with infringement procedures in case of noncompliance with EU legislation. Both for the administrative stage carried out by the European Commission and for the judicial stage before the Court of Justice, the EU deals with the member state Belgium, even in case only one or more federated entities are in breach of EU law. Again, horizontal and even more so vertical intergovernmental coordination is necessary for Belgium to interact with and defend itself before EU institutions.

## RECENT TRENDS AND DEVELOPMENTS OF INTERGOVERNMENTAL RELATIONS

The previous paragraph has shown that the *de iure* dual character of Belgian federalism—which implies the avoidance of intergovernmental relations—has often switched to a *de facto* cooperative character—which implies the presence of such relations, not least under the pressure of EU membership. The institutions and procedures for such cooperation were

established and until recently used rather successfully. The effectiveness of said intergovernmental relations is, however, decreasing, for several reasons. First of all, the Cooperation Agreement dates from 1994 (once updated in 2001). It no longer reflects the current constitutional division of competencies within Belgium, nor does it cover recent trends in the EU such as a decreased use of the *méthode communautaire* (producing EU legislation such as directives and regulations) and an increased use of intergovernmental bodies, or alternatively, of less binding policy instruments, for instance through the European Semester. An upgrade of the Cooperation Agreement is needed to include—vertical and horizontal—intergovernmental relations in new areas and procedures.

At the same time, it has become clear that the existence of IGR procedures alone is no guarantee for effective horizontal intergovernmental relations. Their efficacy depends on the political willingness to use them. The latter has become a problem in times of increased tensions between the Flemish government on the one hand and the governments of the Walloon and French-speaking federated entities on the other hand. Substantial differences in ideology exist between the dominant political parties, the nationalists in Flanders, and the social-democrats in the French-speaking part of Belgium. Notably, part of the agenda of the Flemish nationalists is to show that Belgian federalism is dysfunctional. The coordination of EU policies is arguably one of the main instances they use to make their point. By dragging intergovernmental negotiations, vetoing common positions, provoking abstentions in the Council, or simply not showing up as representative of the member state Belgium in EU venues, IGR de facto fail. This is subsequently used to plead for even more exclusive competences that require even less intergovernmental relations. Lately, the domain of EU environmental and climate policies has been the stage for such cumbersome intergovernmental relations. IGR are not only under stress when related to EU policies, also domestic areas have been subject to increasing horizontal tensions in the run-up to regional, federal, and European elections in 2024. Examples include the reception of refugees and reform of the labor market and social security policies.

While some political actors clearly prefer more autonomy and therefore less horizontal cooperation, the recent episode of the COVID-19 pandemic has mainly resulted in the opposite. The external shock of the pandemic seems to have had a similar effect as EU membership, that is, an increase in vertical and horizontal intergovernmental relations (Bursens et al., 2023). Both with respect to preventive policies (lockdowns, school

closures, etc.) and health policies (hospitals, procurement of protective gear, etc.), it has become clear that competences were spread over the federal level and the federated entities, and that effective policies require coordinated efforts of all these levels. Many of the measures and policies during the pandemic were conceived in intergovernmental bodies such as Interministerial Committees and the Concertation Committee or in ad hoc advisory bodies, adopted by federal executive decisions and implemented at lower levels such as the federated entities and local authorities. All of this reminds once more of (German-style) cooperative federalism than of Belgian dual federalism.

### CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNT

The unique institutional setup in Belgium has been created out of the bipolar French-Dutch divide, and the specific need to untangle their spheres of competences. Without autonomy for the federated entities, national decision-making processes would arguably be even more cumbersome than they already are, as it is hard to imagine that a common stance on, for instance, education or economic matters could be found at a national level. As such, Belgian dual federalism has allowed for many important decisions to be taken and implemented at the subnational level, and, more generally, for the country to remain one of the most stable and prosperous on the continent. Nonetheless, as some of the above examples show, the lack of horizontal intergovernmental cooperation between the units undermines the coherence and effectiveness of public policies, leads to higher costs of governance, and eventually can lead to tensions between governments, exacerbating their lack of trust (SERV, 2023b, p. 2). More importantly, the biggest challenge resulting from inadequate intergovernmental cooperation is the loss of confidence of both citizens and businesses in politics.

Whereas formal settings of horizontal intergovernmental cooperation do exist through the Senate, the Concertation Committee, and the Interministerial Committees, informal intergovernmental cooperation, steered by party politics, still seems to set the tone—especially since using the formal fora would require a lot more interfaces between governments than is often present. With veto powers for every authority present in a specific debate, it is very difficult to find a compromise. Moreover, current

relations between the Dutch-speaking and French-speaking political parties—fed by increasing ideological polarization—have recently led to a failure of intergovernmental cooperation. Regardless of existing procedures for cooperation between governments, political willingness is vital for them to actually materialize.

The European Union, in its current setup, however, does trigger a stronger intergovernmental cooperation among government levels when formulating the Belgian position, when negotiating EU policies, as well as when implementing EU directives. The EU and other inter- and supranational organizations do not acknowledge different stances within its member states as a consequence of the internal political (federal) systems. Externally, Belgium must speak with one voice, implying prior consultation and negotiation of governments until such a unified voice can be found. The trend of globalization has shown once more that a political system informed by dualism only is not viable. Whereas a strict separation of competences through dual federalism can be the principle, the interlinkages between different governments' powers and the state-normative perspective of the international sphere prove that a certain degree of cooperation is indispensable and even essential for effective governance. Both the political willingness to cooperate and the institutional capacity in which such intergovernmental cooperation can come to fruition are crucial and seem to be the factors increasingly missing from the Belgian political landscape.

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## CHAPTER 3

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# Bosnia and Herzegovina: Horizontal Coordination Still Under Construction

*Maja Sahadžić and Bojan Vlaški*

### INTRODUCTION: TERRITORIAL MEETS ETHNIC

Bosnia and Herzegovina (BiH) is one of the former Yugoslav republics, situated in Southeastern Europe that still deals with the after-effects of the Bosnian War (1992–1995). From the external perspective, the territory of BiH covers an area of 51,209.02 km<sup>2</sup> (*Bosna i Hercegovina u brojevima*, 2022). Internally, however, a division of territory is linked to rather specific percentages. Annex 4 (the Constitution of BiH) of the 1995 General Framework Agreement for Peace in Bosnia and Herzegovina (the Dayton Peace Agreement or DPA) defined Bosnia and Herzegovina (BiH) as a compound of the Federation of BiH (FBiH) and the Republic of Srpska (RS) (the Entities). FBiH consists of 10 cantons, while the RS is organized as a unitary territorial unit. The Brčko District (BD), as a unique

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administrative unit under the sovereignty of BiH territory and in the joint ownership of the Entities, emerged in 1999 following an arbitration process. Due to the captured power ratio among the sides in conflict during the Bosnian War, FBiH covers 51% of the country while RS covers 49%. After the arbitration process, BD claimed 1% of the territory at the equal expense of the Entities.

In academic circles, BiH is referred to as a *complex state* (Balić & Izmirlija, 2013). Given the debates about whether BiH after the Bosnian War devolved or the Entities were aggregated to form BiH, the term is deliberately vague to show that BiH is no longer unitary but also to suggest that BiH is established on federal principles (Sahadžić, 2021b).

Importantly, BiH features 13 constitutions and one statute. At the *state level*,<sup>1</sup> the Constitution of BiH defines the existence of legislature (Parliamentary Assembly of BiH) and executive (Presidency of BiH and the Council of Ministers). However, it does not define the existence of the judiciary as there is no Supreme Court as a court of the last instance or a court that harmonizes the implementation of the applicable law (Marković, 2011a). *Substate levels* (the Entities, including cantons, and the BD) have their own constitutions (BD has a statute) which define their internal set-up and remarkably high substate autonomy. Article I 2 of the Constitution of FBiH defines that FBiH is composed of 10 territorial units—cantons. Cantons also have their constitutions which define internal matters. From the Constitution of RS, it is conclusive that RS is entrenched as unitary. Article 1 Paragraph (1) of the Statute of BD defines BD as a unique administrative unit. The institutional autonomy of the substate levels is high, meaning that the Entities have full constitutional powers to establish their parliaments, governments, judicial systems, and constitutional courts. Because of that, they are also free to apply different institutional organizations. For example, the FBiH has a Parliament of FBiH that is bicameral (House of Representatives and House of Peoples), while the RS has the National Assembly of RS that is unicameral. Cantons have their constitutions, while cantons and BD also have unicameral assemblies.

Wide substate autonomy is paired with the limited exclusive powers of the state level and wide residual powers of the substate levels. The Constitution of BiH assigns exclusive powers to the state level; however, these are limited to those powers which are expressly assigned to the state

<sup>1</sup> In BiH, the term “state level” refers to the federal level of government, unlike in some other systems where it refers to the level of states (for example, the United States of America).

level in the Constitution of BiH. Article III 1 of the Constitution of BiH defines the responsibilities of the state level which include foreign policy, foreign trade policy, customs policy, monetary policy, finances of the state-level institutions, immigration, refugee, and asylum policy, international and inter-Entity criminal law enforcement, common international communications facilities, regulation of inter-Entity transportation, and air-traffic control. Other powers of state level are regulated in several constitutional norms (for example, Art. IV 4, Art. V 3, Art. VI 3, Art. VII, and Art. VIII). This leaves the substate levels with vast residual powers. In other words, all responsibilities that are not expressly assigned to the state level belong to the Entities and the BD following Art. III 3.a) and Amendment I to the Constitution. Moreover, based on Art. III 2.a) and d) of the Constitution of BiH, the Entities can enter special parallel relationships with neighbouring states consistent with the sovereignty and territorial integrity of BiH, as well as to conclude agreements with states and international organizations with the consent of the state-level legislature. In FBiH, the Constitution of the FBiH also allows cantons to enter international agreements, but with the consent of the FBiH and the state level ((Art. V 2 3) of the Constitution of the FBiH). Importantly, the state level can assume additional powers on the basis of mutual agreement of the Entities following Art. III 5.a) of the Constitution of BiH. Since the mutual agreement of the Entities has not always been easy to reach, on several occasions, the Office of the High Representative (OHR) of BiH<sup>2</sup> influenced the transfer of powers to the state level in specific issues such as the laws that establish the High Judicial and Prosecutorial Council and a value-added tax (VAT) (this is discussed further in text under the policy and politics of horizontal intergovernmental coordination). At the same time, the state level started the practice of so-called parallel competences to introduce policies in specific fields such as the framework laws on primary, secondary, and higher education.

Also, the fiscal system of BiH was entirely restructured in 2006. Direct taxes are exclusive powers of the Entities and the BD, and indirect taxes are now transferred to the state level (Antić, 2013). The state level can set rates and bases for all indirect taxes (customs, excises, VAT), the Entities and the BD set rates and bases for direct taxes (corporate and personal income tax), and cantons have powers to collect real estate and property

<sup>2</sup>The OHR (together with the High Representative for BiH) was created in 1995 to supervise the implementation of the Dayton Peace Agreement.

tax. Vertical distribution of VAT is defined both by the state and substate levels, meaning that there are two levels of indirect tax revenues (see further in: Sahadžić, 2019).

Not all levels appear to be equally relevant in intergovernmental dynamics as political tensions build up not only at the consociationally structured state level but also at the Entities' level and between the Entities due to their full constituent powers. The limited powers of the state level do not include the power of the state level to overlook the (content of) decisions of the substate levels. This allows the Entities to define their specific position within the system and regulate their own distribution of powers and competences. The EU accession process might be a game-changer in the sense that the state-level might gain relevance in coordinating activities across numerous agencies and directorates which might be in charge for specific strategies, action plans, or statistics.

Added to this, the operation of the system is complicated by an ethnic factor. The Constitution of BiH implies that the constituent power is vested in the *constituent peoples* (Bosniaks, Croats, and Serbs) (Barbarić & Forić, 2023). The central place of the constituent peoples is especially emphasized in Art. IV 1–3 of the Constitution of BiH, which indicates their specific involvement in representation and decision-making. In fact, the *principle of parity* and *proportional representation* of the constituent peoples is the key ingredient of the constitutional system of BiH. For example, the Presidency of BiH consists of one Bosniak, Croat, and Serb each (the Bosniak and Croat are elected from FBiH, and the Serb is elected from RS). Also, the participation of the constituent peoples is emphasized in decision-making procedures, such as the so-called entity voting procedure or vital national interest procedure, which areas also considered vetoes. Trust is the fundamental issue among the constituent peoples. The Serb leadership repeatedly threatened to organize independence referendums in the RS, Croats called for the creation of a third, Croatian-majority, entity, while the Bosniaks promoted unitary and centralized tendencies in the further development of BiH (Perry, 2015, p. 492). These exhausting relations cause Serbs and Croats to fear losing their autonomy to centralizing tendencies, while Bosniaks fear the likelihood that RS will break away and that the Croats will achieve more autonomy. This feeds not only tensions but also the competition (Barbarić, 2021; Vukojević, 2016) over distribution of power and policy responsibilities. Given the prominent positioning of the constituent peoples, the Others (or those who do not declare as one of the constituent peoples) are marginalized. This is despite

the numerous decisions of the European Court on Human Rights establishing their discrimination (*Sejdić and Finci v BiH*, *Zornić v BiH*, *Pilav v BiH*, *Šlaku v BiH*, *Pudarić v BiH*, and *Kovačević v BiH*).

The population size, according to the latest 2013 census, is 3.531.159 people (*Popis stanovništva, kućanstava i stanova u Bosni i Hercegovini, Rezultati popisa, 2016*). The Bosniaks make up 50.1% of the population living mainly in five cantons with the Bosniak majority and two cantons with mixed Bosniak and Croat populations. The Croats make up 15.4% living in three cantons with a Croat majority and two mixed cantons. The Serbs make up 30.8% of the population living mainly in the Republic of Srpska (*Popis stanovništva, kućanstava i stanova u Bosni i Hercegovini, Rezultati popisa, 2016*). This merely confirms that it is not the numbers that decided the parity but the captured power ratio at the end of the Bosnian War. Still, there is a twist. Even though the three peoples are constituent in the whole territory of BiH, Bosniaks and Croats are merely considered a minority in RS. The same goes for Serbs in FBiH (compare: *Popis stanovništva, kućanstava i stanova u Bosni i Hercegovini, Rezultati popisa, 2016*). BD has a population of 83.516, and the population is ethnically mixed. The Others make up 3.7% of the population, and they are scattered throughout the state (*Popis stanovništva, kućanstava i stanova u Bosni i Hercegovini, Rezultati popisa, 2016*).

This ethnoterritorial fault-line is reinforced by ethnic political parties that originated from the beginning of the 1990s. During the 1990s, there was an obvious institutionalization of the ethnic political agendas where the entire political structure collapsed into three nationalist parties (Abazović et al., 2007). Today, the political parties in BiH are still divided along ethnoterritorial lines regardless of the number of parties on the political spectrum. The traditional political parties are still the nationalist parties from the 1990s that attract votes from their constituent groups. Their territorial split is also remarkable as they respect entity (RS) and cantonal borderlines (cantons with the Bosniak and Croat majority in FBiH).

Present circumstances in BiH imply a status quo in which a more cohesive management of the system cannot take place primarily due to the institutionalization of ethnic conflict or, in other words, institutional and procedural deadlocks caused by the ethnoterritorial fault-lines. These are related to the content of decisions and its perceived consequences (such as more fragmentation or more centralization). The deadlocks are then pursued through the decision-making process, which includes veto

mechanisms such as the so-called entity voting procedure (a double-majority procedure often abused as a veto) and vital national interest procedure (a veto for the protection of each constituent people). This is further supported by (daily) extreme nationalist rhetoric of each ethnic political leadership. While this indicates profound effects on the stability and cohesion of the system (Sahadžić, 2023) of BiH, coordination as a federal device is merely never discussed in political circles. On the one hand, there seems to be a lack of understanding of what *coordination* as an instrument and mechanism is and how it could help to support the interaction across levels and actors. On the other hand, coordination efforts have been hindered by rather diverse political agendas of each ethnic political leadership. Put simply, coordination could be much better.

### INTERGOVERNMENTAL RELATIONS: THE POLITY

Coordination as an instrument and/or mechanism is often considered redundant (Palermo & Kössler, 2017). Based on the available and used instruments and mechanisms of coordination, this thinking seems to be true in BiH. Furthermore, the idea of coordination has remained as marginal as ever, even in, by rule, unsuccessful proposals for constitutional changes aimed at tackling often-unbearable institutional and procedural status quo. Only a very few proposals were initiated by the government actors under considerable pressure from international actors: the April Package and the Butmir and Prud Packages. Seven proposals originated from domestic non-governmental actors or individuals, to name just a few: Better Ideas, Better Constitution (Law Institute), Our Position for the Constitution (ACIPS), and the Draft of the Constitution of the Republic of BiH (Tuzla Citizen's Forum). All proposals included amendments to the Constitution of BiH aimed at the simplification of the constitutional framework and more cohesion of the system. However, only three tackled the issue of coordination, although very briefly, from the vertical point of view. The April Package mentions that the state level will adopt laws to establish mechanisms of coordination and cooperation with substate levels, while the proposals of the Law Institute and ACIPS focus on the role of the Presidency of BiH in encouraging inter-Entity coordination (full texts of all proposals available at: *Ustavne inicijative*).

This comes mainly as a consequence of two approaches to the BiH complex system. On the one side, federalism is perceived as a dirty word in BiH, so many local scholars refuse to perceive the system as federal. To

that end, scholars prefer to call BiH a complex state while wrangling about the nature of the system (see: Marković, 2020; Vranješ, 2023; Balić, 2020). On the other side, those who recognize the federal principles in the constitutional set-up adopt the traditional (restrictive) approach to federalism that promotes hierarchical and/or symmetrical aspects of the system (Vehabović, 2010; Sadiković, 2020; Stanković, 2020). Often, they promote the principle of (federal) loyalty (sometimes also referred to as comity, the principle of mutual consideration, loyal cooperation, or duty of loyalty) as a coordination mechanism that can hold the system together (Trlin, 2020; Sadiković, 2020). By doing so, they refer to Belgium, Italy, Spain, South Africa, or the EU as examples. Given that coordination is a federal device, it is understandable why it does not necessarily fit academic debates in BiH.

When constitutionally entrenched, intergovernmental coordination in BiH mostly focuses on vertical instruments and mechanisms. This is in line with the trend of the so-called top-down (Touati et al., 2018) or dirigist coordination (Papadopoulos, 2007). In practical terms, this means that the state level, although merely stripped of powers and competences, is envisaged to provide or maintain interconnection between the Entities. However, this type of horizontal coordination also includes vertical steering from the state level. According to Art. III 4. of the Constitution, the Presidency of BiH may facilitate inter-Entity coordination unless an Entity objects. This rather vague provision is further expanded in Art. 50 Paragraphs 1 and 2 of the Rules of Procedure of the Presidency of BiH. The Rules foresee that the Presidency may invite the Entities to attend a cooperation conference possibly resulting in a Memorandum of Understanding between the Entities. In principle, the Presidency has the right to simply encourage inter-Entity coordination (Marković, 2011b). While there are no specified procedures, the conference is envisaged as a platform for discussion among the relevant Entity and state-level officials. The idea behind the potential positive outcome of the conference is to sign a memorandum obliging the Entities to undertake parallel activities or establish institutions in charge of the activities. The state level appears merely as a witness (Ademović et al., 2012). Even then, none of the cooperation conferences have been organized on any topic so far.

Further on, the distinct relationship between BD and the state level in the constitutional system of BiH led to a distinct form of coordination through the Office of the Coordinator of BD in the Council of Ministers of BiH established in 2005. This type of coordination is asymmetrical

compared to the Entities (Vranješ & Vlaški, 2023) since the Entities do not enjoy this benefit. This is also the type of coordination that is not easily typified given the specific status of BD. Based on Arts. 45 and 50 of the Statute of BD, the Office is a public administration office responsible for representing the interests of BD before the institutions at the state level of BiH. This conveys the impression that the coordination is rather vertical. Based on Art. 27a Paragraphs 1 and 2 of the Law on the Council of Ministers of BiH, the Office coordinates the work of the Council of Ministers of BiH and BD to implement the final arbitration decision for BD. This includes, among others, being informed and attending all the meetings of the Council of Ministers and having access to all the materials forwarded to the Parliamentary Assembly of BiH and vice versa. This, however, suggests that BD performs on an equal footing. Moreover, the Office has participated so far in coordinating activities related to marketing, investments, diaspora, and regional cooperation.

Finally, for a country where the lack of coordination is anticipated, given the ethnoterritorial impact, it is surprising that several formal intergovernmental bodies have been formed. Among those are two intra-jurisdictional, vertical, executive-political bodies: the Management Board of the Indirect Taxation Administration and the Fiscal Council of BiH. Importantly, from the horizontal perspective, there is one inter-jurisdictional, administrative intergovernmental body: the Inter-Entity Body for Environment Protection. While the Management Board of the Indirect Taxation Administration and the Fiscal Council of BiH hold their meetings regularly in order to enable continuous functioning of the indirect tax and fiscal system at the state level, the Inter-Entity Body for Environment Protection has held more than 60 sessions in 16-year period of its functioning, coordinating environmental protection measures between the entities and providing support to Entity governments in their implementation of international conventions in this field.

Although not constitutionally entrenched in the constitutions of the Entities, horizontal intergovernmental coordination between the Entities has been present for quite some time at the Entity's level. The Entity's prime ministers have held several meetings in more than two decades. For example, during 2017 the governments of FBiH and RS held two joint sessions about common interests. During the first joint session in RS (Banja Luka), the parties defined the methodology of work. Importantly,

ministers also held bilateral meetings. The second session took place in FBiH (Sarajevo). It took almost six years to organize the next joint session in 2023 in RS. The common interest included the Reform Agenda for BiH (2015–2018), cooperation with the International Monetary Fund (IMF), measures against the grey economy, the export of forest wood assortments, the status of unpromising military assets, environmental protection, the construction of traffic infrastructure, the continuation of police cooperation, the enforcement of criminal and misdemeanour sanctions, technical regulations, and science and technology. Apart from police cooperation and environmental protection, where cooperation between the Entities' administrations is regular and quite intensive, in other areas of common interest there were not too many next steps in solving common issues.

The Constitution of FBiH more closely regulates intergovernmental cooperation among the cantons in FBiH. Following Art. V.1.3 of the Constitution of FBiH, cantons can establish *cantonal councils* in order to coordinate policies and activities related to issues of common interest to their communities and to inform their representatives in the House of Peoples. Councils can establish *coordination bodies* (such as commissions and working groups), for the exchange of information and coordination of activities of the cantons in the execution of their competences (except for military or political agreements). Also, according to Art. III.3.(4) of the Constitution of FBiH, cantons can coordinate the solution of inter-cantonal issues and issues falling outside of their cantonal borders thanks to *inter-cantonal councils for coordination*. Some authors suggest that, even if the provision for inter-cantonal coordination would not exist, there would be no real obstacle for the cantons to cooperate and coordinate their activities in achieving common goals as long as they respect the distribution of powers and competences (Omerović, 2011). However, as in the previous case, councils or coordination bodies have not been formed so far (Taletović, 2014). After BiH received the candidate status for European Union (EU) membership in 2022, cantonal governments would be expected to have a keener interest in improving coordination in the field of tourism which is related to the purpose of the EU accession.

Since the spotlight is on the Entities' level, the local self-government is, more often than not, regarded as of second importance.

## HORIZONTAL INTERGOVERNMENTAL COORDINATION: POLICY AND POLITICS

Internal constitutional design that overlaps with not only ethnoterritorial elements but also the disadvantaged political context harbours the competition among the constituent peoples and levels of government and generates the lack of trust in the management of the system. In other words, the ethno-territorial institutional and procedural frameworks strengthen incentives to compete rather than coordinate. This is paired with the lack of trust between three constituent peoples. Under these circumstances, the establishment of any kind or merely implementation of the existing instruments and mechanisms of coordination becomes challenging, if not impossible. The rather obvious theoretical premise is that since the implementation is hard to enforce, the coordination remains rudimentary or distorted (Sahadžić, 2023). In BiH, this is in line with the theoretical analyses proposing that it is expected that higher levels will push for the enforcement of harmonization, while the response from the lower levels will be competition (Vantaggiato, 2020). For example, even if the state level would be in position to push for more coordination and therefore more cohesion, the Entities would most certainly counteract these attempts as they would prefer to preserve their autonomy. The same stands for the FBiH. Even if the level of FBiH would constitutionally entrench the possibility of intergovernmental coordination among the cantons, it is likely that the cantons would push back against it in order to keep their autonomy.

According to Art. III 5.a) of the Constitution of BiH, the state level is entitled to assume additional powers over the matters necessary to preserve the sovereignty, territorial integrity, political independence, and international personality of BiH, respecting the distribution of powers and mutual agreement of the Entities. In other words, the Entities can enter *mutual agreements* to transfer powers to the state level to enable more cohesion to the functioning of the system. Added to this, Art. IV 4.e) defines that the Parliamentary Assembly is responsible, among other, for the matters necessary to carry out duties assigned to it by mutual agreement of the Entities. Importantly, the procedure for concluding mutual agreements between the Entities is not prescribed and the Entities have not yet acted in this direction.

Mutual agreements between the Entities are envisaged as horizontal intergovernmental agreements aimed at providing more coordination

among the Entities thanks to the state-level platform. The idea is to create at least frameworks in the areas of interest. For example, a police reform aimed at integrating police forces across the Entities and the BD took place between 1996 and 2008 and resulted in introducing a large number of agencies and additional police bodies at the state level. However, it did not integrate the police forces. A mutual agreement could not be reached given that the borders between the Entities would become irrelevant in the process of the establishment of local police forces. Since this tackles a very ethno-territorial core of BiH, for most political actors, the reform was unacceptable. Using this type of horizontal intergovernmental coordination has proven to be highly objectionable, because of the content of the agreements. Given that a potential mutual agreement between the Entities involves a transfer of powers, the Serb political leadership in the RS is reluctant to enter these agreements as it fears of the RS gradually losing all powers and therefore autonomy. Interestingly enough, a mutual agreement was reached in one of the most unexpected and controversial areas: the unification of armed forces at the state level. Uncommonly in comparative federalism, until 2005 there were two armies on the territory of BiH: the Army of the FBiH and the Army of the RS. To establish one army for the entire territory, in 2006 an agreement between the Entities was reached about establishing unified armed forces at the state level and the Armed Forces of BiH were formed. Admittedly, international actors such as NATO played a role in this agreement. Another example is the area of indirect taxation from 2003. In both cases, mutual agreements were signed by the Entities' prime ministers, after previously obtaining the consent of the Entities' parliaments regardless of the non-existent procedural framework (Steiner et al., 2010).

To circumvent obstacles, OHR imposed the legislation when agreements between the Entities were expected but decision-making was deadlocked due to political differences. To that end, OHR imposed several laws transferring powers from the Entities to the state level, including, for example, the High Judicial and Prosecutorial Council. However, as the transfer of powers from the Entities to the state level is perceived as weakening RS, it has already spiralled into serious political crises. Specifically, it initiated calls for the recovery of powers previously transferred to the state level and ultimately independence referendum (Sahadžić, 2021).

Another type of agreement are *coordinative agreements* between different administrative bodies in BiH that connect administrative bodies at different levels of government in BiH. Most often, these agreements are

made in the area of police cooperation. These include, for example, 2019 inter-police agreements on assistance and operational cooperation in border surveillance for more effective prevention of illegal migration. The agreement was signed between BD and four cantons (Canton 10, West Herzegovina Canton, Herzegovina Neretva Canton, and Canton Posavina) to engage police officers in coordination with members of the Border Police of BiH to perform border surveillance tasks. The Office of the Coordinator of BD in the Council of Ministers of BiH was established thanks to one of those agreements (the 2005 Agreement on the Establishment of the Office of the Coordinator of the BD). Other areas include security measures, traffic, or environmental protection. For example, in police legislation at all levels of government there are legal obligations for responsible police agencies to mutually cooperate, which has resulted in dozens of agreements and enhanced intergovernmental cooperation. Inter-entity coordination has improved in the field of environmental protection since the establishment of the Inter-Entity Body for Environment Protection. In the field of traffic, agreement between the public corporations for highways in two entities has resulted in harmonized system for toll payments which brought benefit to customers in both entities.

As discussed above, the coordination conferences have not taken place so far. However, informal meetings of the Entities' prime ministers with the Chairman of the Council of Ministers of BiH have happened. This has happened occasionally and without legally binding decisions. Occasional informal meetings between Entities' ministers also took place with the intention to coordinate activities of mutual interest. These include, among others, education, infrastructure, retirement, and veteran issues. Occasional informal meetings of Entities' governments with the Government of BD were also recorded. At the cantonal level, certain forms of informal inter-governmental coordination have happened. These include, among other, informal meetings of federal and cantonal prime ministers, visits of the delegations from the Government of FBiH to certain cantons, and occasional joint sessions of the Government of FBiH and the governments of cantons. The subject areas were situated in the fields of finance, economic development, infrastructure, social welfare, traffic and other infrastructure, education, and forestry. The information about these informal meetings can be found in news releases at the official web pages of governments and ministries involved.

## EU-INDUCED CHANGES IN HORIZONTAL COORDINATION

BiH received the candidate status for EU membership in 2022. After that, the so-called decision on the coordination system, adopted earlier by the Council of Ministers of BiH, became a central document defining the harmonization, internally and externally. Internally, the decision impacts the coordination not only vertically—between the levels of government, but also horizontally—among one level of government (Entities, cantons) and administrative bodies (each level). While vertically the decision is detailed about coordination mechanisms, horizontally each level has a blank check to regulate it independently. Externally, the joint bodies (such as the Collegium for European Integration) agree and formulate a position of BiH on specific issues and communicate it through permanent delegations of BiH in the EU. Beyond introducing a quite elaborate coordination system, the decision does have a flaw. BiH is notorious for (a lack of) consensus in decision-making. In agreeing and formulating positions, however, the decision does not regulate the procedure when consensus cannot be reached; hence, the question remains what will happen with coordination if or when consensus cannot be reached. It is possible that actors will search for alternative routes with incomplete solutions, such as in the case with the police forces. It is also possible that international actors, such as OHR, will interfere. Otherwise, decision-making will simply remain frozen, which has often happened so far.

Added to this, by signing the Stabilization and Association Agreement, BiH assumed the obligation to develop regional policies as well as inter-regional, cross-border, and transnational cooperation. To do so, BiH has to establish statistical regions (NUTS) and adopt a law on regional development strategy together with an action plan (Sadiković, 2023). The most recent work plan of the Agency for Statistics of BiH (at the date of publication: 2023) mentions that the Agency will agree on further steps regarding NUTS with other relevant institutions, although it does not specify the institutions (*Plan rada Agencije za statistiku Bosne i Hercegovine za 2023. godinu*, pp. 129–130). Given that BiH is the only candidate state that does not have a strategy for regional development, statistical regionalization, nor an adequate institutional framework for EU Cohesion Policy (Sadiković, 2023), it can be expected that coordination will be at stake. There is no information available about the institutions which are in the process of developing these strategic documents. The state level has a plethora of government agencies and directorates, and the Council of

Ministers of BiH has not yet assigned tasks in the field. It seems logical that, among others, the Directorate for European Integration and the Directorate for Economic Planning will play a role in developing a strategy for regional development and a framework for EU Cohesion Policy.

### RECENT REFORMS/TRENDS/DEVELOPMENTS

Obviously, in BiH, horizontal coordination has been poised by vertical coordination instruments, mechanisms, and/or activities. While it cannot be denied that in multilevel systems, such as BiH, coordination depends on institutional framework and pertinent ethnoterritorial arrangements, it should not rely on hierarchy or hierarchy alone. As some important actors of the federal system are not willing to apply hierarchical way of coordinating between governments, given the constitutional division of powers, horizontal intergovernmental coordination seems to have more possibility to be effective. This is because coordination is a concept that should interconnect levels and actors and allow for interdependence (Pearson, 1966). In dynamic systems such as BiH, coordination should depend on the adaptiveness of the system or how constituent peoples and levels of government can continuously (re)negotiate issues for the purpose of effective governance (see: Daniell & Kay, 2017). This implies a search for horizontal coordination in order to increase trust in the management of the system (Sahadžić, 2020; Sahadžić, 2023).

Optimistic prospects include the expectation of more of the so-called bottom-up coordination (Touati et al., 2018) often applied in the EU. It involves coordination activities (such as intergovernmental agreements and policies) initiated by lower levels (Bolleyer & Börzel, 2010). For example, in the EU regulators resort to turning existing informal networks into coordination instruments and mechanisms across lower and higher levels, so that lower levels can better formulate and situate their policy demands while higher levels can generate better policies (Vantaggiato, 2020). In BiH, this would especially help against the perception of centralization. Actors who could steer reforms in such direction could be Entity governments and responsible ministries. The tool they could effectively use in that sense are common sessions of two governments, which should be organized regularly and not randomly as has been the case so far.

## CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNED

If the idea is to make BiH effective and ultimately to hold together, the approach to coordination requires a fundamental rethinking. Harlow and Rawlings refer to this as autonomous self-responsibility (2007). Firstly, horizontal coordination needs to be either encouraged or thoroughly prescribed. For this, the system needs to be adequately adaptive. Secondly, horizontal coordination needs to have the capacity to enable the interaction between constituent peoples and levels of government. This interaction needs to support mutual trust and trust in the management of the system. For example, taking into account the significant scope of cantonal powers, without institutionalization and deepening of intergovernmental relations in the FBiH, it is not possible to expect a deepening of intergovernmental coordination aimed at inter-Entity cooperation.

This means that it is necessary to create conditions for the development of cooperation, coordination, and integration arrangements (Vanjek & Forić, 2023). As mentioned above, the opportunity to improve coordination is the EU accession because it suggests the need for better organization and coordination of constitutionally allocated powers (Woelk et al., 2023). For example, NUTS regions are established based on the existing territorial units within the states, provided that the internal territorial division corresponds to the NUTS classification; however, these are analytical regions which have no administrative function (Sadiković, 2023). This neutral approach can bridge complexities and enable a higher level of compliance and efficiency in the adaptation of legislation and implementation policy (Woelk et al., 2023).

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## CHAPTER 4

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# Estonia: Inter-municipal and Cross-border Cooperation Within a Decentralised Polity and EU Framework

*Mariia Chebotareva and Diana Eerma*

## INTRODUCTION

Estonia with the capital in Tallinn is located in the Eastern part of Europe. It borders Latvia in the south, Russia in the east, and shares marine borders with Finland and Sweden in the north and west, respectively. As a consequence of its unique geographical location, Estonia demonstrated several examples of cross-border cooperation with Latvia, Finland, and Russia.

After the Soviet Union dissolution, the country became independent in 1991; however, the first time Estonia obtained independence had been on 24 February 1918 when the state was originally founded (Lääne et al., 2021). The long history of being part of the Soviet Union has led to the fact that Estonia has some ethnic and linguistic minorities. The largest

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minority group is the Russian-speaking community, which constitutes around 27.4% in 2021 of the total population (Krumm et al., 2023).

Estonia is a unitary parliamentary republic with a population of 1.366 million people (Statistics Estonia, 2023) and GDP of 48,785 US\$ per capita in 2023 (OECD, 2023). According to the current constitution, adopted in 1992, Estonia is a democratic republic in which the people are the sovereign carrier of power. Legislative power belongs to *Riigikogu*, a unicameral Estonian parliament with 101 members, elected by a proportional system in equal and direct elections (the Constitution of the Republic of Estonia, 1992, Article 59). However, in addition to law-making, it has other duties according to the Constitution, such as approving the state budget and checking its implementation, supervising the activities of the government, appointing top state officials, and representing Estonia in international organisations.

The head of state is the president, who is indirectly elected for five years, but for no more than two terms by the deputies of the Parliament or by the electoral college in a secret ballot. Each member of the *Riigikogu* or the electoral college has one vote.

Executive power is vested in the government. The government is headed by the prime minister, who is the leader of the party that won the parliamentary elections or the leader of a parliamentary coalition. The Cabinet of Ministers is approved by the president on the nomination of a prime minister candidate who has been approved by the Parliament.

The Chancellor of Justice is an independent official appointed by Parliament on the proposal of the president, oversees the compliance of state bodies with the constitution and legislation. Economic control over the use of the state budget and property is exercised by another independent body, the National Audit Office.

The highest court is the State Court, the courts of appeal are county courts, and the courts of first instance are county courts, city and administrative courts. The prosecuting authority is the Public Prosecutor's Office and the county prosecutors' offices.

After 2017 territorial reform, Estonia does not have a regional tier of governance, only municipal level (European Committee of the Regions, 2023). Local self-governance is a right guaranteed by the Constitution, which states that “*all local matters are determined and administered by local authorities, who execute their duties autonomously in accordance with the law*” (the Constitution of the Republic of Estonia, 1992, Article 154). Local governments also have their own budget and the right to impose

certain local taxes and charges (e.g. advertising tax, pet tax, parking fees, etc.). A part of personal income tax and land tax are the two main sources of income of municipalities (Estonian Tax and Customs Board, 2024).

The main body of the local government is the council, elected for a four-year term by the permanent residents of the municipality (Ministry of Finance of the Republic of Estonia, 2019). Since 2005 Estonia is the first country in the world that legally held elections via the Internet and introduced e-voting, originally piloted during local elections.

Estonia is a member of the European Union since 2004, and the EU has a significant impact on intergovernmental relations in Estonia (Lääne et al., 2021). The EU sets out a framework for policymaking in a number of areas, and Estonia is obliged to implement EU legislation. The EU also supports Estonia in implementing regional policy by financing different programmes and projects through the European Structural and Investment Funds.

It is important to consider the historical context of Estonia's territorial organisation. Before the 2016 Administrative Reform Act, smaller administrative units were prevalent. However, administrative reform marked a shift towards a more centralised approach, while still maintaining a prioritisation of strong local government. Implementation of the reform streamlined the system of local governance and facilitated improved resource allocation for public services, thereby enhancing overall efficiency.

Besides peripheralization and growing regional socio-economic disparities in the development of regions, there are also other trends in Estonia's regional development that require improvements in regional governance. Among them: (1) population decline, ageing and concentration in urban areas; (2) growing economic and social regional inequalities of people (e.g. regional wage gaps, regional differences in property values, and inequalities in opportunities for participation in social life); (3) lack of coordination of sectoral and territorial governance structures at the county level and fragmentation of central-level policies (Kattai et al., 2020).

As the main transformational trend, the Estonian government launched Electronic Residency (e-Residency) programme in 2014, which allows people who are not Estonian citizens to have access to Estonian services such as company formation, banking services, payment processing, and tax payments. Virtual residence is not linked to citizenship and does not give the right to physically visit or move to Estonia as well as does not affect the taxation of residents' income, does not make it an obligation to pay income tax in Estonia, and does not exempt income from taxation in

the country of residence (citizenship) of the resident. It rather enables the following possibilities: company registration, signing documents, encrypted exchange of documents, online banking, filing tax returns, as well as management of health services related to medical prescriptions.

## INTERGOVERNMENTAL RELATIONS

The system of state governance in Estonia is decentralised with the central government leading the state. Municipalities and the European Union play a crucial role in shaping state policy. Due to the absence of regions as political entities, horizontal intergovernmental relations refer to the relations between municipalities. Vertical intergovernmental relations involve relations between the central government and municipalities and can include relations with EU institutions at the supranational level.

Local governance in Estonia is a one-tier system (Ministry of Finance of the Republic of Estonia, 2019). It includes in total 79 local government units, among them 15 cities (*linn*) and 64 rural municipalities (*vall*). All local government units are equal in their legal status and have the same powers and responsibilities (Local Government Organisation Act, 1993). Local governments are partners with the central government. This means that they work together with the central government to achieve common goals.

The biggest city and the capital of Estonia is Tallinn. At some point the advancement of Tallinn urban area (and the Harju County as such) has surpassed the development of the rest of the country. Harju County, in which Tallinn is situated, contributed 55.2% to the total GDP of Estonia in 1997, reaching a share of 59.6% in 2007, and 63.7% in 2017 (Arenguseire Keskus, 2019). This issue of economic growth in metropolitan areas is quite common for Europe but especially prevailing for Estonia where disparities are most tangible compared to other EU countries (Arenguseire Keskus, 2019).

Some authors (e.g., Voltri, 2015) pointed out that the practice of horizontal coordination in some services of the Estonian public sector is rather limited and mostly used in crisis situations. There are several formal possibilities for cooperation and informal networks of municipalities that can be used to share information and coordinate activities. These possibilities will be discussed in more details in section “[Horizontal Intergovernmental Coordination](#).”

The tradition of vertical intergovernmental relations compared to horizontal has a longer history in Estonia. The central government employs a number of tools to influence the behaviour of municipalities, including legislation and funding. At the same time municipalities have a degree of autonomy, and they can make their own decisions on a number of matters. The following tasks fall into the responsibilities of local governments (European Committee of the Regions, 2023):

- public services provision (education, healthcare, social welfare, public transportation)
- development and maintenance of infrastructure
- protection of the environment
- planning and development of their communities.

Estonian municipalities are further divided into 4692 smaller settlements, which can be villages, towns, and cities without municipal status. In comparison to villages (which are defined as rural areas with less than 300 inhabitants), towns and small towns without municipal status are urban areas, which generally have at least 300 inhabitants, and cities without municipal status include at least 1000 inhabitants (Statistics Estonia, 2023).

Estonian local governments are financed by a combination of taxes, fees, and grants from the central government. They are also able to borrow money to finance their activities.

Local governments are managed by a municipal council (*volikogu*), which is elected by the residents of the local government unit. The municipal council is responsible for setting the overall direction of the local government, approving its budget, establishment of taxes, making decisions regarding loans, and management of municipal property. The day-to-day administration of the local government is carried out by a mayor (*linnapea* or *vallavanem*), who is elected by the municipal council.

Local governments are an important part of Estonian democracy (Lääne et al., 2021). They provide an opportunity for residents to express their opinion regarding how their communities should be organised and ensure that local needs are met. Local governments act independently from the central government. At the same time some of their activities can be inspected by ministries and offices that check compliance with the law (Ministry of Finance of the Republic of Estonia, 2019). According to the Local Government Organisation Act (1993), “local government bodies

may not delegate their functions and competences and the means provided by law for their performance to state government bodies. Rural municipality and city councils and local government associations can submit proposals to the Government of the Republic for the adoption or amendment of laws and other legal acts” (§65).

Estonia does not have a regional level of governance (European Committee of the Regions, 2023). Municipalities are grouped in 15 counties (*maakonnad*) which are state administrative units different from local governments (Ministry of Finance of the Republic of Estonia, 2019). Counties do not have representative bodies, competences, and real power. After 2017 administrative-territorial reform, county governance was abolished, and their functions were transferred to the ministries, other public bodies, and local authorities (European Committee of the Regions, 2023). However, their nominal presence creates potential opportunities for municipal cooperation for provision of public services and expands the role of local authorities in decision-making via, for example, a county association of local authorities. A county association of local authorities aims to improve the development of municipalities included into a county preserving and promoting local cultural traditions, representing the county’s interests, and advocating for their members (Ministry of Finance of the Republic of Estonia, 2019).

According to §159 of the Estonian Constitution, “a local authority has the right to form associations and establish joint agencies with other local authorities” (The Constitution of the Republic of Estonia, 1992). Municipalities can be members of a county association of local authorities and national association of municipalities which is called the Association of Estonian Cities and Rural Municipalities (AECM)—*Eesti Linnade ja Valdade Liit*. The activities of both are regulated by the Local Government Associations Act (Mältsemees, 2012).

The AECM performs on a voluntary basis and currently all 79 Estonian municipalities are involved (the Association of Estonian Cities and Rural Municipalities, n.d.). The Association represents interests of Estonian municipalities at the national level as well as in the European Union. The list of the AECM responsibilities includes (Local Government Associations Act, 2002):

- consultation of municipalities on legal issues
- protection of the rights of its members in relations with the central authorities

- development of the policy for local government
- organisation of cooperation between local authorities
- creation of cross-border cooperation cases
- improvement of the representatives of local governments' qualification, etc.

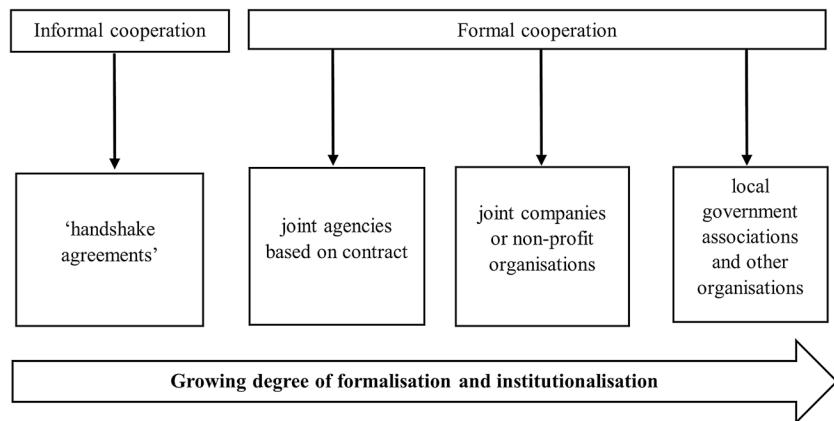
County associations of local authorities are also voluntary and represent the interests of the local governments in their counties. They provide a forum for the local governments to discuss common issues, share information, and develop joint projects. They also contribute to the balanced and sustainable development of the county through the joint activities of the local governmental units of the county, foster the cultural traditions of the county, represent the county and its members, protect the common interests of the members, as well as promote cooperation between the local governmental units of the county and create opportunities for the members to better fulfil their statutory tasks (Local Government Associations Act, [2002](#)).

## HORIZONTAL INTERGOVERNMENTAL COORDINATION

Horizontal intergovernmental coordination in Estonia refers to municipal (or inter-municipal—IMC) cooperation. According to the Local Government Organisation Act ([1993](#)), local governments in Estonia can cooperate in the following forms (Chapter [10](#)):

1. to form local government associations and other organisations
2. to grant authority to another rural municipality or city for cooperation
3. to establish joint agencies on the basis of a contract
4. to establish joint companies or non-profit organisations (Ministry of Finance of the Republic of Estonia, [2019](#)).

There can be different levels of institutionalisation of inter-municipal cooperation from informal ‘handshake agreements’ to formal IMC arrangements. However, the experience of developed countries shows that to be long-lasting and stable, cooperation of municipalities should be formalised (Osterrieder et al., [2006](#); Chebotareva, [2021](#)). Depending on the degree of formalisation, the types of municipal cooperation in Estonia can be visualised as in Fig. [4.1](#):



**Fig. 4.1** Forms of municipal cooperation in Estonia. (Source: Adapted from OECD (2019) with the authors' specifications for Estonia)

There are some examples of successful municipal cooperation in the field of health care, education (e.g. joint establishment of schools and kindergartens), and culture in Estonia. Probably, one of the most famous examples of inter-municipal cooperation in Estonia is Tartu 2024 European Capital of Culture. Twenty Southern Estonian local governments (among them cities Viljandi, Tartu, Võru and municipalities Tartu, Peipsiääre, Luunja, Elva, Nõo, Kambja, Kastre, Tõrva, Otepää, Kanepi, Põlva, Räpina, Valga, Antsla, Võru, Rõuge, Setomaa) signed a cooperation agreement. This agreement aimed to solidify their joint commitment to support Tartu's candidacy for the prestigious title of European Capital of Culture in 2024. By collaborating, these municipalities sought to enhance their chances of success by pooling their resources and expertise. After Tartu's success in the competition, the Tartu 2024 Foundation was established. The foundation assumed the responsibility of maintaining and expanding cooperation among the Southern Estonian municipalities involved in the European Capital of Culture project. This entity acts as a central hub for coordinating various cultural initiatives, events, and programs aimed at promoting the region's cultural heritage and contemporary artistic expressions under the overall umbrella "Arts of Survival" (Tartu 2024 European Capital of Culture, n.d.).

Despite this widely known example, Estonian inter-municipal cooperation is hindered by a number of obstacles, such as different goals and

interests of local governments as well as different funding possibilities. Additionally, existing examples of inter-municipal cooperation are mainly connected to realisation of joint projects which means that such cooperation has a temporal character. There is also a lack of elaborated legislative framework that would regulate inter-municipal cooperation in Estonia. The Local Government Organisation Act (1993) passes the regulation of “activities of county associations of local governments and national associations of local governments” to the Local Government Associations Act (2002). Since these associations are not profit-seeking units, its membership, statute, management, and other organisational details are regulated by the Non-profit Associations Act (1996). However, the Local Government Organisation Act (1993) does not clarify which “other organisations” Estonian municipalities can jointly establish and in which forms of public or private law these organisations can function.

In addition, there is no clear mechanism for financing inter-municipal projects in Estonia, which could be resolved, for example, with special grants for cooperation offered by the central government (OECD, 2019). Quite often municipalities may rather compete with each other for grants and projects than cooperate. Local authorities may fear that cooperation with other local governments will lead to a loss of control over their resources or a deterioration in the quality of provided services (IMC Toolkit Manual, 2010).

Estonia has had experience of cross-border cooperation with several neighbouring countries, including Latvia, Finland, and Russia. Cross-border cooperation takes different forms. For example, Estonian municipalities have been cooperating with Latvian municipalities for a long time. The project-based example is the Green Railways (Latvian Greenways Association, 2019). This project is developing a green path for cycling and walking on different distances in the border region between Estonia and Latvia. The project aims to create a safe and enjoyable route for cyclists and pedestrians while also preserving the natural environment.

Another form of cross-border cooperation with Latvian municipalities is a joint provision of public services (Jaansoo, 2019). An example is cooperation between twin-town Valga (Estonia) and Valka (Latvia). This cooperation has been facilitated by a number of factors, including the Schengen Agreement, which has made border crossings easier, and the availability of EU funding for cross-border projects.

Due to decreasing and ageing population, both towns more often face difficulties in efficient provision of public services which would allow to

offer high-quality services at lower costs (Jaansoo, 2019). There are a number of successful examples of cooperation in Valga-Valka, among them:

- shared transportation and energy infrastructure developed jointly by the two towns including a new bridge over the Pedeli River and a joint district heating system.
- waste management and fire protection services are provided jointly by two towns.
- a joint tourism strategy has been developed.

There is also a need for unified transportation system of busses. However, in Estonia, public transportation is a responsibility of local authorities, and in Latvia, it is in jurisdiction of regional level of public administration. Bus transportation for retired people is subsidised from the local budget in Estonia; however, this is a paid service in Latvia. Differences in financial opportunities also hinder cooperation in public transportation sector (Jaansoo, 2019). The case Valga-Valka is an example how obstacles for cross-border cooperation can be overcome. There is still a potential for improvement and negotiation between two towns to expand their cooperation in other areas, such as education and healthcare. However, the towns are committed to continuing their cooperation and working together to achieve their shared goals.

In case of Finland, the Helsinki-Tallinn Euregio is a good example of cross-border cooperation network which includes the Helsinki Region (municipalities and cities of Helsinki and *Uusimaa*) and the Tallinn Region (municipalities and cities of Tallinn and Harju County) (Pikner, 2008). The core idea of this initiative is to promote cooperation between the partner regions in areas of mutual interest, for example, in the fields of education and vocational training, tourism and environmental protection (Tverdostup et al., 2022).

Project-based cross-border cooperation with Russia was enhanced by the Estonia-Russia Cross Border Cooperation Programme 2014–2020, jointly funded by the EU, the Republic of Estonia, and the Russian Federation. The outcome of these joint efforts was, for example, the Narva-Ivangorod Smart City project that aimed at improvement of the quality of life and economic development of the border region by using smart technologies to address challenges such as traffic congestion, energy efficiency, and environmental pollution. Another project promoted

cross-border tourism in the Võru-*Setomaa* region, which is a border region between Estonia and Russia. The project attracted more tourists to the region by highlighting its cultural heritage, natural beauty, and unique traditions.

## EU-INDUCED CHANGES IN HORIZONTAL COORDINATION

Although the administrative reform of 2017 gave a positive result in terms of enlargement of many municipalities, regional disparities are still growing in Estonia. The GDP of Harju County (including Tallinn) is 120% of the EU average, while the per capita GDP of the rest of Estonia is less than half of it (Varblane et al., 2024). To reduce growing regional disparities, Varblane et al. (2024) suggest dividing Estonia into two NUTS2-level regions—the Capital Region (*Harjumaa* with Tallinn) and the rest of Estonia (at the moment the whole country belongs to NUTS2 level). It would allow to reduce regional disparities in Estonia through EU support schemes.<sup>1</sup>

Until the current funding period, Estonia as a whole was one of the least developed regions. However, by the start of the next funding period in 2028, Estonia's income level is likely to be above 90% of the EU average. At the same time, the area outside *Harju* county will have a very low income and stay among the less developed regions. This suggests that introducing regional level of governance in Estonia would open up new perspectives for reducing territorial disparities across the country.

Estonia is also formally represented in several European networks. Being members of the national association of local governments, Estonian municipalities are automatically represented in the Committee of the Regions of the European Union, the Congress of Local and Regional Authorities of Europe (CLRAE), the Council of European Municipalities and Regions (CEMR), United Cities and Local Governments (UCLG), and Conference of Peripheral Maritime Regions (CPMR) (Ministry of

<sup>1</sup>When European cohesion funds are allocated, the funding depends on the income level, or GDP per capita, of the region receiving the funding. In the European Union's cohesion policy, regions are divided into three groups: more developed regions, where per capita GDP is above 90% of the EU average; transition regions, where GDP is between 75% and 90%; and less developed regions, where per capita GDP is below 75% of the EU average (Zdražil & Kraftová, 2023). Depending on the income level of the region, a maximum EU support rate is also defined, which is 40% for more developed regions, 60% for transition regions, and 85% for less developed regions.

Finance of the Republic of Estonia, 2019). The Estonian national association of local governments—AECM—is also an active participant of the Baltic Sea States Sub-Regional Co-operation (BSSSC).

## RECENT REFORMS AND DEVELOPMENTS

After the dissolution of the Soviet Union, Estonia among other new states had a challenge to create a strong system of local governance (Gribanova et al., 2020). Thus, Estonian local self-government reforms can be divided into two types: administrative and political. The former includes programmes aimed at restructuring the management process, optimisation of the structure and functions of local self-government, while the latter refers to the transformation of the municipal electoral system and changes in administrative-territorial boundaries due to the change in the model of relations between the state and local self-government (Lääne et al., 2021).

Over the last decades, Estonia has implemented quite profound transformations of local self-governance, orientated at the specific experience of municipal reforms in Scandinavian countries and Germany. The country ratified the European Charter of Local Self-Government in 1994 which became the main source for choosing the goals and objectives of the initial stage of reforms. Accession to the Charter implied: (a) democratisation and decentralisation of state and municipal administration; (b) autonomy of local authorities; (c) independence of local budgets; (d) use of economic rather than administrative-command methods of regulation. Successful implementation of these goals allowed Estonia to create democratic systems of local self-government that formally comply with European standards by the mid-1990s. The status of local self-government is enshrined at the constitutional level. Since 2002 the right to vote in municipal elections belongs to all those who permanently reside on the territory of the municipality.

Since the late 1990s, the government of Estonia has been developing territorial reform plans that include detailed analysis of the potential of municipalities, preparation, and implementation of projects for their consolidation. Administrative-territorial reforms became central for the second stage of local self-government restructuring in Estonia. The administrative reform of 2017 was a major restructuring of the country's local government system. The reform was intended to increase the efficiency and effectiveness of local government by merging smaller municipalities into larger units.

According to Administrative Reform Act (2016), the population of municipalities had to be increased to at least 5000 inhabitants (with a recommended size of 11,000). Prior to the reform, Estonia had a large number of municipalities, with over 200 cities and rural municipalities. This made it difficult for local governments to provide high-quality public services and to compete with larger cities. The reform aimed at addressing these challenges by reducing the number of municipalities to 79.

The administrative reform was implemented in two phases. In the first phase, which began in 2016 (after the adoption of Administrative Reform Act), municipalities were encouraged to merge voluntarily. The second phase, which began in 2017, involved the government initiating mergers with municipalities that had not voluntarily agreed to merge (European Committee of the Regions, 2023).

The long-term impact of the administrative reform is still being evaluated. However, the administrative reform has had a significant impact on Estonia's local government system. The number of local governments has been reduced by more than 37% (from 213 in 2017 to 79 in 2019), and the average population of municipalities has almost three times increased (see Table 4.1).

Amalgamation of municipalities has made it easier for local governments to provide high-quality public services and to compete with larger cities. The reform has also improved the financial stability of municipalities, strengthened their capacity to plan and implement regional

**Table 4.1** Changes in the number and size of local governments after the 2017 administrative reform

	<i>Before the reform</i>	<i>After the reform</i>
Less than 5000 inhabitants (number of local governments)	169	15
5000–11,000 inhabitants (number of local governments)	28	36
More than 11,000 inhabitants (number of local governments)	16	28
Average population	6349	17,118
Median number of inhabitants	1887	7865
Average area	204 km <sup>2</sup>	550 km <sup>2</sup>
Median area	180 km <sup>2</sup>	512 km <sup>2</sup>

Source: Kattai et al. (2020) based on the data from Ministry of Finance of the Republic of Estonia

development strategies, and enhanced more equal development of the municipalities. However, still post-reform phase has revealed that even local governments with the recommended size of 11,000 inhabitants are not sufficient to effectively provide public services on their own (Kattai et al., 2020). Thus, some reorganisations have been carried out in local governments and an understanding of the necessity of cooperation at the level of counties has been reached.

### CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNT

Horizontal coordination refers to the collaborative efforts among various governmental units at the same hierarchical level to achieve common goals. It involves the exchange of information, joint decision-making, and the pooling of resources to enhance policy implementation and service delivery (Bowman, 2004).

Estonia practices a decentralised governance model, where local governments possess a substantial amount of decision-making authority and play a pivotal role within the framework of Estonian democracy. Therefore, horizontal intergovernmental coordination has a huge potential and already displays positive examples which mainly involve successfully realised joint projects but also joint internal and cross-border public services provision (e.g., the case of Valga-Valka).

At the same time, intergovernmental relations in Estonia face a number of challenges. One of them is that even after 2017 administrative reform, there is still a lack of clarity about the roles and responsibilities of different levels of government. The regional level was abolished, its functions were divided between municipalities, the central government (ministries), and agencies. However, there has been no major change where the role of local governments in the performance of tasks with a regional dimension would significantly increase (Kattai et al., 2020). County associations of local authorities and county development centres are still shaping their roles and operating models after the administrative reform. Clarity in the regional governance model would help to implement appropriate solutions.

Another challenge is that there is a lack of coordination between the central government and municipalities. The abolition of the county councils removed the former coherence between central and local government

(Kattai et al., 2020). This can make it difficult to reach agreement on common goals and to effectively implement policies.

Despite extensive investment in regional development over the last decade, Estonia's regional disparities and their deepening remain a major challenge. Unbalanced regional development in Estonia may lead to social and political tensions, radicalisation, and security risks. The 2018 monitoring report on the implementation of the Estonian Regional Development Strategy 2014–2020 also concludes it. The expert survey showed that many of the 'classic' regional tasks are those which are not feasible to be performed at county or central level. Therefore, according to Varblane et al. (2024), re-introduction of regional level by dividing the country into two regions—the Capital Region and the rest of Estonia—would provide access to the EU support schemes for municipalities which would benefit from them most. This confirms the need for regional governance structures despite the small size of the Estonian territory and larger municipalities (Kattai et al., 2020).

Undoubtedly, larger municipal territorial units are one of the prerequisites for strengthening local governance due to the economies of scale and increased financial capacity of municipalities to cooperate. However, amalgamated local governments cannot replace the regional level of governance. Even in countries with very strong local authorities, the need for regional government and the corresponding structure of governance remains (Hörnström, 2013).

Despite these challenges, there are also opportunities for improvement of horizontal intergovernmental relations in Estonia. One opportunity is to strengthen the mechanisms for cooperation between municipalities. This could be achieved by better developed formal possibilities for cooperation and by providing more funding for joint projects. Another opportunity is to increase the transparency and accountability of the intergovernmental system. This could be reached by making even more information publicly available.

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## CHAPTER 5

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# Georgia: Progresses in Horizontal Coordination Along the EU Accession Path

*Eka Akobia* 

## INTRODUCTION

Georgia declared independence from the Soviet Union on April 9, 1991, following a referendum on March 31 of the same year, hence embarking on the path of state and nation building. Georgia covers 69,700 km<sup>2</sup> and has a population of 3.7 million (Geostat, 2023). Situated along the eastern coast of the Black Sea, Georgia is bordered by Russia to the north, Turkey and Armenia to the south, and Azerbaijan to the southeast. Georgia is a unitary state with two constituting Autonomous Republics of Adjara and Abkhazia. The territory of the Autonomous Republic of Abkhazia with corresponding maritime zones and Tskhinvali region (former South Ossetian Autonomous Region) are temporarily occupied territories as a result of Russian war against Georgia in 2008 (Parliament of Georgia, 2008).

Georgia's declared foreign policy goal is membership of European Union (EU) and NATO, a policy continuously supported by over 80% and 70% of the population respectively (NDI & CRRC Georgia, 2023).

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In the wake of Russia's unprovoked war in Ukraine since February 2022, the newly awakened geopolitical spirit in the European Union has allowed for an accelerated EU membership track for the Associated Trio from the Eastern Partnership (EaP) countries—Georgia, Moldova and Ukraine. On June 23, 2022, the European Council granted candidate status to Ukraine and Moldova, while readily recognising Georgia's 'European perspective' to grant the candidacy after the 12 priorities would be met (European Council, 2022).

On December 14, 2023, Georgia was granted candidate status with nine conditions (European Council, 2023). The conditions highlighted EU's prime problems with Georgian democracy and political processes, calling for fighting disinformation, enhancing alignment with the EU's common foreign and security policy, addressing political polarisation, ensuring democratic electoral process in the 2024 Parliamentary elections, enhancing parliamentary oversight of key institutions, implementing comprehensive judicial reform, strengthening anti-corruption institutions and processes, enhancing deoligarchisation and improving human rights protection (European Commission, 2023).

Much of the political debate in Georgia takes place around the cluster of these nine points outlined by the EC. As such, since 2003, the EU integration process and now the candidacy provide a strong impetus and a framework for ongoing democratisation reforms in Georgia but at the same time testing the resolve of dominant domestic political actors to perform for the goal of EU membership (see Delcour, 2013; Tsuladze et al., 2023).

In recent years, Georgia has experienced economic growth, driven by sectors like tourism, agriculture and energy. According to World Bank (2023) Georgia's GDP growth was notable, standing at approximately 10.4% annually. Unemployment rates around 11.3%, showcasing improvements in the labour market (International Labour Organization, 2024). However, consumer price index peaking at 172.3 (2010 as a base year) and inflation measured by the consumer price index at 11.9% continue to challenge health of Georgian economy (International Monetary Fund, 2024; World Bank, 2023).

Georgia's democratisation challenges have roots in its post-Soviet legacy. The dissolution of the Soviet Union in December 1991 did not fully remove external foreign influence. Rather, from the outset, Russian Federation exhibited strong neo-Imperial policies in its neighbourhood, seeking to solidify its dominance with various tactics, often disregarding

the sovereign rights of the new independent states. As such, Georgia's state building was marred by challenges in the 1990s: a lack of unified civic identity, followed by socio-economic hurdles and Russian external manipulation of ethnic sentiments, led to separatist movements and armed conflicts in Tskhinvali (South Ossetia) and Abkhazia regions. Armed clashes in Tskhinvali region/South Ossetia in 1991–1992 led to displacement of people and a deterioration of the security environment as the new Georgian state was being formed. Efforts to resolve the conflict was dominated by Russia, leading to the Sochi Agreement and the deployment of Joint Peacekeeping Forces (JPKF), primarily manned by Russia, which failed, predominantly due to Russia's neo-Imperial geopolitical considerations, over the coming years, to prevent further violence or establish lasting peace in the region (Akobia, 2021, p. 237).

The war in Abkhazia from 1992 to 1993 led to ethnic cleansing and the separation of the region from Georgia, culminating in an UN-mediated peace process which again relied on the presence of Commonwealth of Independent States (CIS) peacekeepers on the ground, similarly mostly manned by Russia. It has also consistently failed to fulfil any of its tasks, such as facilitating the return of internally displaced persons (IDPs) and refugees, disarmament and peaceful dialogue aimed at arriving at an agreed-upon administrative-territorial arrangement (Akobia, 2021, p. 238).

With several hot phases over the years, the conflict in two regions continued in a 'frozen' state until 2008, when the status quo—far from being resolved—worsened abruptly as local tensions in Tskhinvali region were used by Russia as a pretext to invade Georgia, occupying territory beyond the conflict zones. Despite a cease-fire agreement brokered by the EU, Russia didn't fully withdraw its forces and instead recognised the independence of Abkhazia and South Ossetia, in flagrant violation of international law. While the international community continues to support Georgia's sovereignty and territorial integrity, condemning Russia's actions as illegal, Russia continues to undermine Georgia's territorial integrity and sovereignty, maintaining both currently occupied regions as pressure points to obstruct Georgia's continued state building progress and its integration into European and Euro-Atlantic institutions, such as EU and NATO (Cornell & Starr, 2009).

Since 1995, with the adoption of its first post-Soviet Constitution, Georgia operated as a presidential republic until 2011 when constitutional amendments shifted power to the prime minister and parliament,

ultimately transforming it into a parliamentary republic with the constitutional amendments in 2017 (Civil.ge, 2018). Presently, the parliament holds supreme legislative power, the prime minister's government wields executive authority, and the president serves as the Head of State.

The prime minister, accountable to parliament, oversees government activities and foreign relations, and signs treaties on behalf of Georgia. Most presidential legal acts require the prime minister's countersignature, with political responsibility lying with the government. Currently, Georgia's government comprises ten ministries and one State Ministry managing state policy and governance.

The 2017 constitutional amendments have rendered presidential powers largely symbolic. The president retains a representative role in foreign policy, heads the Armed Forces, and retains limited authority, such as granting citizenship or amnesty (Constitution of Georgia, 1995, Chap. 4). The president was directly elected for the last time in 2018. The 2024 presidential elections are indirect, entrusted to a 300-member electoral college, its composition based on the parliamentary election results.

Georgia's unicameral parliament, consisting of 150 members, uses a mixed electoral system, criticised throughout years for its capacity to favour a dominant party. Although promises were made by the incoming new ruling majority in 2012 to shift to a fully proportional system, there were much contested delays, the Parliamentary elections in 2016 and 2020 taking place with the mixed system. Fully proportional system was designated to become effective in the 2024 elections, a concession finally granted by the government after massive public, expert and civil activist outcry.

The Judiciary, including the Constitutional Court and common courts, stands independent. Efforts to reform the judiciary into a transparent, strong and independent branch have occasionally overlapped with ruling parties' aims to maintain influence across all governance branches and remains the Achilles heel of the Georgian democracy (Erkvania & Lebanidze, 2021).

Georgia's parliament remains unicameral until the country's full jurisdiction is restored (Constitution of Georgia, 1995, Art. 37), at which point it is slated to transition into a bicameral structure comprising a Council of the Republic and a Senate (ibid., Art. 37, para. 1). This is due to two regions—Abkhazia and Tskhinvali region—being outside the Constitutional order, under Russian occupation since 2008. This interim

situation obstructs the creation of a balanced system of governance. Consequently, coupled with Soviet legacy and lack of democratic experience, it leads to an unbalanced arrangement without a substantial counterweight to the predominant influence of the central government (see Nodia, 2012).

As there exists no formal institution, such as a Senate or some other horizontal body, that allows for representation from all regions and municipalities, this weakens the representation of local interests in legislative decision-making processes and overall balanced governance at a national level (Tsutskiridze & Sulkhanishvili, 2017). Lack of regional and local representation has led to a rather vertical system of governance, with limited understanding of local needs and concerns, fostering dominance not just by central authority, but primarily by the ruling majority party across Georgia, limiting political plurality and inclusivity and hindering effective checks and balances in governance. The President's institute is slated to play a significant balancer; however, governing majority's strong influence over the electoral process limits this prospect as well.

### INTERGOVERNMENTAL RELATIONS: THE POLITY

Georgia is represented in the Council of Europe's (CoE) Congress of Local and Regional Authorities (The Congress). At national level, local authorities are represented in the National Association of Local Authorities of Georgia (NALA), which was set up in 2003 at the request of the CoE and the EC. The NALA operates as a non-governmental, non-profit and non-political organisation which aims to develop the local self-governance system and democracy at the local level.

There are no formal permanent horizontal coordination mechanisms among the units at the same level of government in Georgia. However, there are various formats and arrangements at local and national levels that create frameworks for horizontal coordination.

#### *Governance and Coordination at Local Level*

The legal source for the implementation of the local self-government stems from the Constitution of Georgia and the 'European Charter on Local Self-Government' and pertinent laws. Self-governance in Georgia is exercised on a local level in 69 municipalities. Five municipalities of Akhalgori, Eredvi, Kurta, Thigvi and Azhara are currently beyond the

central governmental control as a result of the 2008 Russian aggression and occupation of parts of Georgia. After the 2008 war, these municipalities were occupied and Georgia lost de facto control, while most of the local population became either refugees or internally displaced persons. The local self-government bodies in these municipalities were last created in the 2006 local elections and, according to the Organic Law of Georgia Local Self-Government Code, will continue to exercise their powers, with limited capacities specified by the law, until the restoration of Georgian jurisdiction and the formation of new local self-government bodies (Parliament of Georgia, [2014a](#): Art. 164).

Out of 69 municipalities, 5 are self-governing cities: capital city Tbilisi, Rustavi, Kutaisi, Poti and Batumi. In 2014, the new division of municipalities and self-governing communities in Georgia was established by Resolution #2205-IIb, creating seven additional self-governing cities created as a result of splitting of municipalities: Gori, Ambrolauri, Mtskheta, Ozurgeti, Telavi, Akhalsikhe and Zugdidi (Parliament of Georgia, [2014b](#)). However, in 2017, in the run-up to the local self-government elections, the Parliament of Georgia issued a new and widely contested resolution, removing the status of seven self-governing cities and uniting them back into the wider municipalities (Parliament of Georgia, [2017](#)).

A municipality in Georgia is a legal entity under public law that represents either a self-governing city or a self-governing community, characterised by administrative boundaries, elected bodies, a registered population, property, budget and revenue. It operates under the principles of local self-government, allowing citizens to manage local issues through structured governance. Settlement categories according to the Code include: villages, townships (*daba*) and cities. Therefore, the 64 municipalities are comprised of 95 cities or townships and 3619 villages (Geostat, [2024](#)). Average size of population in Georgian municipalities is 58.4 thousand; however, some municipalities have population as big as 1241.7 thousand (Tbilisi) or as small as 3.8 thousand (Kazbegi). The median size is 29.7 thousand (*ibid.*). These numbers are well above European averages in terms of size of population per municipality or the size of municipal territory. For example, based on 2016 data, EU average municipal size according to the number of inhabitants was 5867 (OECD, [2018](#)). Furthermore, average EU municipal area was 50 km<sup>2</sup>, while in Georgia the average area is 583.33 km<sup>2</sup> (Geostat, [2024](#); OECD, [2018](#)). The relatively large size of Georgian municipalities in terms of population and territory suggests a need for robust horizontal coordination mechanisms

to manage the complexities associated with larger administrative units, including challenges in governance, resource allocation, public participation, service delivery and economic and social integration. Without addressing these challenges, effective local administrative capacity, inclusive representation and equitable service provision to all areas within the municipality will remain limited at best (see: Bahl & Linn, 1992; Denters & Rose, 2005; Dollery et al., 2008; Andrews & Boyne, 2011).

Representative body of the municipality is the municipal Council (*Sakrebulo*) elected for four-year term by registered citizens, via direct elections (The Code, Chapter 4, Art. 23). The Council has a chairman, elected by over half of the Council members, for the duration of the Council term. Chairman directs the work of the Council, its Commissions and represents the Council. Chairman has three deputies.

The executive and the highest official of the municipality is the mayor. The mayor represents the municipality, ensures the exercise of the powers of the municipality and the execution of the decisions of the municipal Council. The City Hall (mayor's office) is the executive body of the municipality, which ensures the implementation of Mayor's decisions. The Mayor has a first deputy and deputy or deputies. Overall, there can be only 13 officials in the City Hall, with the exclusion of the Tbilisi City Hall, regulated by a separate law (The Code, Chapter 5, Art. 52).

Municipalities enjoy own powers and delegated powers from the state. Delegated authority is the authority of the government body of the state or of the autonomous republic, transferred to the municipality on the basis of the law or an agreement, and accompanied by the necessary material and financial support to realise such powers (Parliament of Georgia, 2014a, Chap. 3, Art. 15).

Article 16 (Parliament of Georgia, 2014a) outlines own powers of a municipality, which mainly involves service delivery to the local population in terms of budgeting, management of municipal property, handling local natural resources, managing taxes and fees, managing spatial planning schemes, managing municipal waste and providing water supply, sewerage systems, and local melioration, managing school education, managing roads and traffic, organising municipal transport services and others.

Municipality may also proactively address issues that do not fall within the powers of any other public authority and are not prohibited by law (the so-called voluntary powers/competencies). According to the Code, these may entail supporting employment, agriculture, tourism, social

assistance, healthcare, youth development, child protection, sports, environmental protection, public education, gender equality, violence prevention, victim support, local archives, healthy lifestyles, safe environments and investment attraction for development.

According to the law, municipalities can create non-commercial, non-entrepreneurial legal entities (NNLE) or join existing ones for the purpose of coordinating and carrying out collaborative activities. Only the capital Tbilisi's City Hall is entitled to establish Legal Entities of Public Law (LEPLs)—another legal person, with more powers to deliver public services. These entities are authorised to engage in joint activities within the municipality's jurisdiction, represent the municipality in discussions on draft laws related to local self-governance, collaborate with public authorities and international municipal unions, and establish connections with foreign unions and international organisations focused on local self-governance (Parliament of Georgia, 2014a, Chap. 3, Art. 20).

To enhance service delivery, municipalities can establish a joint legal entity or participate in a non-entrepreneurial legal entity created by one or more municipalities. They may also become members of an NNLE. Municipalities have the authority to collaborate on joint services and merge budgetary funds through agreements with other municipalities. The executive body of a municipality, with *sakrebulo*'s consent, is responsible for making decisions in accordance with the laws of Georgia (Parliament of Georgia, 2014a, Chap. 3, Art. 21).

Municipalities can lead transborder relations in accordance with 'European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities' (Madrid, 21.V.1980) and the Georgian legislation (Parliament of Georgia, 2014a, Chap. 3, Art. 22).

The law also defines measures for direct citizens' involvement in local governance through many means, such as the general assembly of a settlement, petitions, the council of civil advisors, participation in municipality *Sakrebulo* sessions, and hearing reports from the Mayor and a *Sakrebulo* member. Municipalities can also introduce additional forms of participation through administrative-legal acts, as long as they align with Georgian legislation (The Code, Chapter 3, Art. 85). While these are weighty legal guarantees for citizens' participation, they are not effectively utilised in practice. The most prominent format, the assembly, is not an effective deliberative process as organisers fail to encourage discussions and citizens perceive assembly meetings as manipulated by political elites, deepening the political alienation, internal political inefficacy and one-party

dominance. As such, plethora of factors contribute to severe disengagement of citizens from deliberative bodies and a perception of ineffectiveness and a *façade* deliberation for predetermined decisions (Sultanishvili, 2023).

According to the Code, the relationship between the state and municipal bodies is based on the principle of mutual cooperation and the separation of State powers from the municipal powers is based on the principle of subsidiarity. However, what looks good on the paper has proven extremely challenging to be viable in real life. According to the 2023 Local Self-Government Index, which is based on cluster of indicators in proactive publication of public information, e-governance and promotion of citizen participation and accountability, the average score of municipalities is 35%, which is low and is growing slowly (IDFI, 2023).

### *Vertical Control as an Opportunity for Horizontal Coordination at the Local Level*

State representatives (*Sakhelmtsipho Rtsmunebuli*) are appointed and dismissed by the Government of Georgia; they are selected and their appointment coordinated by Regional Liaison Department at the Government Administration of Georgia, directly subordinate to the Prime Minister (Government of Georgia, 2013). The Statute defines nine territorial areas (*mkhare*/region) of responsibility of the State representatives (SRs), covering 57 municipalities out of 64 (Government of Georgia, 2013, Art. 3). The remaining six municipalities are part of the Autonomous Republic of Adjara, and one is a self-governing city of Tbilisi. SRs and their entrusted administrative territories encompassing a number of municipalities operate at the level of region (*mkhare*) but have no legal status or self-government; rather, they are an extension of the central government and fulfil coordination and consulting functions.<sup>1</sup>

SRs coordinate the relationship of the Georgian government and state agencies with local self-government bodies—municipal Councils (*Sakrebulo*) and City Halls (mayor's office). The Ministry of Regional Development and Infrastructure of Georgia (MRDI) is a primary state

<sup>1</sup>The Ordinance N 308 does not mention region or *mkhare*, it only mentions ‘administrative-territorial units’. However, these units roughly coincide with historical regions of Georgia. Therefore, some of the webpages of the State Representative Administration mention ‘*mkhare*’ or ‘region’ in its title, instead of administrative-territorial unit.

agency that supervises municipalities especially as it relates to development of a proposal for decentralisation and local self-government reform. For example, municipalities may present proposed bills to the government through the MRDI, while the city of Tbilisi can present bills directly to the government. SRs set up the Regional Consultative Council (RCC), an advisory body of municipalities under the state representative (Parliament of Georgia, 2014a, Art. 146). The purpose of this RCC is to ensure representation and consideration of the interests of municipalities in the process of planning and implementing the development of the administrative-territorial unit (*mkhare*/region) assigned to a specific state representative (ibid.). Currently, there are nine regional Consultative Councils for each of the nine administrative-territorial units.

The Regional Consultative Council ex officio includes the state representative, mayors of all constituent municipalities, the chairman of the municipal council (Sakrebulo) and the deputy chairman of the Council (Parliament of Georgia, 2014a, Art. 147). The first session of the RCCs takes place within 60 days after the official local election results are announced and then they have to meet at least once in every three months (ibid., Art. 149).

As such, the RCCs are formal institutional arrangements where local government municipalities from a single administrative-territorial unit, each including a number of municipalities, meet to (a) review the State projects, programmes and their cost estimates as presented by the state representative; (b) discuss the socio-economic development strategy of the administrative-territorial unit; (c) provide recommendations for the state representative in the process of planning and implementing the development of the entrusted administrative-territorial unit (ibid., Art. 148).

Notably, besides the RCCs, two other public agencies, the Civil Service Bureau (CSB) and the Anti-Corruption Bureau (ACB), also have crucial horizontal coordination functions among government agencies and local governance institutions. The CSB is responsible for overseeing the civil service system in Georgia, ensuring that it operates efficiently, transparently and in accordance with established regulations. While ACB is tasked with developing and implementing strategies to prevent corruption within the public sector. However, as both agencies are under the Prime Minister's oversight with strong vertical grip on their working agenda, their own role as promoters of democracy and good governance and the practice of

horizontal governance inclusive of the municipalities needs yet to be reinforced and made visible.

*Horizontal Coordination Among Governmental Units:  
Intergovernmental Councils/Commissions*

Main horizontal coordination bodies in Georgia within and among governmental units, such as Ministries, between governmental branches or collaborative networks involving non-governmental stakeholders are ad hoc interagency Councils and Commissions, which are set up either by the Prime Minister, the Government, or a member of the Government (Parliament of Georgia, 2023, Art. 29). Such a deliberative body has the right to receive information, documents and other necessary data for its work from state institutions (ibid.) with that ensuring information sharing and coordination across the units of government as well as receive input and feedback from non-governmental stakeholders, such as development partners (international donor organisations) businesses and pertinent civil society institutions.

Due to the ad hoc nature of these consultative bodies, they are many, and their work and public outputs are hard to track, measure and scrutinise for performance, except for the high-profile Councils that are dealing with important reforms, as involved external donors such as EU, United Nations Development Program (UNDP) or USAID demand transparency and public engagement as a precondition for partnership. As such, by the year 2023 there were approximately 108 active governmental interagency Councils or Commissions (Legislative Herald of Georgia, 2023).<sup>2</sup> Out of these identified 108 active bodies, 13 were created by a Minister's decree, 58 were created by the government ordinance, 27 created by government decree, 3 were Prime Minister's orders and 7 were edicts of the president of Georgia.<sup>3</sup> There are about 30 deliberative bodies that are by now inactive. Notably, out of the plethora of Councils/Commissions, few are known and operate under the public eye.

<sup>2</sup> List compiled by the author based on the information available in the official legal registry 'Legislative Herald of Georgia' (*Sakartvelos Sakononmdeblo Matsne*). Councils/Commissions created by the Prime Minister are not in the registry. They are accessible via Government Administration website, which does not have a streamlined search system; therefore, exact number of Councils/Commissions are ascertained to the extent possible.

<sup>3</sup> Before the 2017 Constitutional reform, deliberative bodies were established by a Presidential decree.

SDG Council is one of few examples where Council includes elements of horizontal coordination inclusive of local governments. The 2020 Decree of the Prime Minister of Georgia approved the new Rules of Operation of the Interagency Council on Sustainable Development Goals (SDGs) in Georgia. The establishment of a stand-alone SDGs' Council separating it from the Public Administration Reform Council existing since 2016 is a step forward in raising the awareness and significance of SDGs. Moreover, according to the decree, mayors and deputy mayors have become the voting members of the Council. However, the localisation would be deeper if the representatives of the local legislative organs were also among the Council voting members. Overall, enhanced transparency, broader stakeholder involvement, and active promotion of SDGs are areas that need further improvement to ensure the Council's success in driving sustainable development in Georgia (IDFI, 2023).

## HORIZONTAL INTERGOVERNMENTAL COORDINATION: POLICY AND POLITICS

The shortcomings of local self-government in Georgia, such as the pending issue of regional arrangement sine die, the low level of the degree of decentralisation, including limited fiscal independence, and the lack of a culture of independent regional governance, result in weak to non-existent institutional horizontal coordination among the same units of local government, even in cases where there are formal bodies and where such coordination can take place.

For example, one of the main functions of the RCC described above is to develop an Action Plan (AP) for Regional Development strategy. According to Government Decree N1750, the Council has to ensure the participation of respective interest groups while developing the AP, approve the final version of the AP and present it to the intergovernmental Commission for Regional Development (Government of Georgia, 2015, Art. 4). For each Council, there should be mandatory working groups in five areas: (a) infrastructure and tourism; (b) business development and agriculture; (c) health and social protection; (d) education and culture and (e) environmental protection (ibid., Art. 8). The approved APs require consent from the majority of the Council members (ibid., Art. 12). For final approval by the Commission, APs undergo a two-stage filtration process with detailed criteria (ibid., Art. 16). Such projects may be financed

from the State budget, municipal budget, donor organisations or private sector. In practice, the approved APs are mostly financed from the specific state fund—the Regional Development Fund, which has a predetermined three-year prognosis of allocated funds for each municipality.

As for the transparency of the Council, it has a mandatory requirement to make the Council and working group meeting minutes publicly accessible. However, according to an independent baseline study conducted for the period of 2014–2017, regional APs were not available. The RCC minutes were not available publicly either and were only supplied to the research team after officially requesting the information (DEPA Consulting, 2018, p. 2). The same study found that the involvement of different interest groups and the general public in the work of the RCC is low. The engagement of municipalities in discussions is also low. During the period covered by this study (2014–2017), a total of 46 council meetings were held in three regions selected for this study. Only 70 people expressed their opinion in total, and these were mostly mayors and representatives of the SRs' administration. Representatives of the Sakrebulo were not involved in the discussions according to the official minutes. In terms of content, infrastructural issues were discussed predominantly in all three study regions (DEPA, 2018, p. 14). Other strategic areas for localities were either not discussed at all or received significantly less attention. The infrastructural direction was explored mainly because there were attainable state funds for infrastructure developments (DEPA, 2018, p. 16). As a consequence, the format was found to be dominated by the representatives of the vertical governance structures, such as the SRs or the MRDI representatives. Content-wise the preference was given to potential projects with regional strategic priorities rather than first and foremost local APs tailored to local needs, especially in such areas as business and investments for local development.

It can be concluded that the potential of horizontal coordination among local self-governing bodies is underutilised in the RCCs, which is the only formal body where they do meet at the same level. Despite such shortcomings, the face-to-face interviews reveal those local officials value very much the possibility for the exchange of information between the heads of the municipality. Council members receive information about the situation and needs in other municipalities; they hear various practices on how to solve this or that problem, salary strategies of municipalities, and so on (DEPA, 2018, p. 19).

In the current period, the survey of official webpages of the SRs shows that situation is somewhat improved in terms of transparency. The nine official webpages of SRs mostly carry the official minutes on their websites, and some information about the ongoing coordination within the RCCs can be ascertained. However, in terms of discussed content, the infrastructural projects still dominate, other important areas of local concern, including the business and investment issues are still largely underdiscussed. According to the available RCC minutes, there is also little evidence of active involvement of local municipality representatives in the discussion process. Hence, there is an underutilised area for horizontal governance in Georgia which can be expanded only in case of further democratisation and decentralisation of local self-governance.

### EU-INDUCED CHANGES THAT AFFECT HORIZONTAL COORDINATION IN GEORGIA

The process of EU integration serves as a robust external driver for democratic reforms in vast areas but most importantly in public administration. Georgia is member of the Conference of Regional and Local Authorities for the Eastern Partnership (CORLEAP), which is Eastern Partnership civil society forum's (CSF) institutional interaction format, with the European Committee of the Regions (CoR) (Eastern Partnership Civil Society Forum, [n.d.](#)).

In 2015, Georgian government initiated the Public Administration Reform (PAR) process which was driven by Georgia's commitments taken up through the Association Agreement (AA), which explicitly mentions, "public administration and civil service reform and fight against corruption" as the necessary aspects for effective implementation of the AA and pledges "EU's readiness to support relevant reforms in Georgia" (The Association Agreement, [2014](#)). The government explicitly acknowledged the EU requirements as the key driver for its PA reforms process by stating in its 'Public administration reform roadmap 2020', "the government is expected to implement core reforms in a number of the key areas that will contribute to the European Integration" (Government Planning and Innovations Unit, [2015](#)).

The PAR process was envisioned as a horizontal process from the outset, and it outlines six priority areas for reform: Policy planning, Public service and HRM, Accountability, Services Delivery, Public finance

Management and Local Self-Government (*ibid.*, Article). The PAR process was supported by the EU and OECD/SIGMA. In 2018 SIGMA issued a baseline study in one of the PAR priority areas: policy planning. The study revealed that “the detailed views, substantive comments and formal opinions of ministries on policy proposals are not fully recorded and available through the electronic system”, and, overall, Georgia’s medium-term policy planning system is in its early stages of development, facing issues in implementing rules and procedures. European Integration (EI) process mechanisms are established but suffers from irregular and infrequent meetings and lack of clear information (for example, in the EI action plans) about the specific legislative measures planned for transposition by the government. The study further concluded that the details about new policy proposals and draft laws were not readily available to the public through a centralised online database and, therefore, public participation is low in scrutinizing the government work. Moreover, a significant portion of new laws initiated by the government are amended within a year of enactment because of faulty planning and analysis of laws (OECD/SIGMA, 2018).

Since the issuance of the baseline study, significant improvements were made to the policy planning system by replacing the existing methodological documents with a new decree N629, establishing a legal foundation for a revamped result-oriented and evidence-based policy planning and coordination system set out in the government, titled ‘Rules of Procedure for the Development, Monitoring, and Evaluation of the Government’s Policy Documents’ (Government of Georgia, 2019). The new set of regulatory documents such as the rules of procedure, handbook and 11 manuals were created to enable the public servants to meet the new standards of policy development and coordination (Administration of the Government of Georgia Policy Planning Unit, 2019).

The Government of Georgia has recognised PAR as a key priority primarily vis-à-vis its EU integration obligations. In 2015, ‘PAR Roadmap 2020’ was outlined to meet the objectives, and three action plans were devised and successfully executed during the periods of 2015–2016, 2017–2018 and 2019–2020. There was a three-year gap until the next strategy, arguably due to COVID-19 pandemic, but not the least due to worsening democratic governance in the country.

The next cycle of PAR came about in 2023, when the government unveiled that desiring to build upon the lessons learned from the implementation of the first PAR strategy and the need to address emerging

challenges, the ‘Public Administration Reform Strategy for 2023-2026’ and its first Action Plan for 2023–2024 were adopted by a Decree N66 (Government of Georgia, 2023). This Reform Strategy encompasses critical five areas of public administration, allegedly in line with the EU Principles of Public Administration: policy planning and coordination; civil service and human resource management; accountability and public service delivery. The strategy also serves as a guiding document for various policy frameworks, including the Decentralisation Strategy, Public Service Development Strategy, Public Finance Management Strategy, Digital Governance Strategy, OGP Georgia Action Plan and National Anti-Corruption Strategy (Administration of the Government of Georgia, 2023).

However, by many PAR supporting donors, the new strategy is not deemed as a vigorous vision for the next stage of reforms. According to EU Commission, “the strategy mostly focuses on further implementation of previous reforms, with some bottlenecks such as public administration fragmentation, limited standardisation in civil service and lack of a clear vision for digital transformation” (European Commission, 2023). This means that the new strategy lacks innovative approaches and ambitious drive for strategic reforms required to take the country to the next level of PAR and spearhead the process of EU accession.

For Georgia’s further advancement towards the accession negotiations, the EU Commission recommends improvements in such areas, as the following: revising the legal framework concerning LEPLs, streamlining their numbers, categorising them based on functional criteria and ensuring that those with executive authority are part of the civil service; enhancing the legal mandate and capabilities of the Administration of Government to coordinate ministry operations and augmenting the Civil Service Bureau’s role to encompass standardisation, monitoring and scrutiny, going beyond its advisory function; evaluating the legal framework to robustly ensure citizens’ right to access public information (ibid., Art. 17). These directions along with emphasis on decentralisation and anti-corruption reforms will continue to guide Georgia’s PAR reforms process as they are listed by the Commission and the EU Council as prerequisites for moving forward on the EU enlargement ladder and officially start the accession process.

## CONCLUSION: CHALLENGES AND OPPORTUNITIES AHEAD

Georgia's coordination issues stem from historical events, particularly the absence of an institutional culture of coordination, especially at the local level. This deficiency is a legacy of the Soviet Union's centrally planned vertical coordination. Post-Soviet reforms have been hindered by both Russia's malign external influences and internal challenges related to democratisation.

Despite these obstacles, Georgia's strategic partners and donor organisations have significantly promoted and supported internal reforms and democratisation efforts. This support, driven by conditionalities attached to funding and institutional integration demands from various European and Euro-Atlantic structures, including the EU, has influenced the quality of vertical and horizontal coordination. However, internal political contingencies often interact with reform priorities, tending to favour actor-centric preferences (Dolidze et al., 2023).

Success in democratisation is directly correlated with improved coordination among governance units, particularly at the local level, where enhancements are most needed. The EU candidacy and the imminent start of accession negotiations will be crucial drivers for ongoing reforms. However, these efforts risk being overshadowed by the preferences of dominant political party preferences, leading to a potential lean towards actor-centric approaches to coordination (Dimitrova & Toshkov, 2007). If this occurs, the timeline for necessary internal reforms will be extended and their effectiveness diminished.

To overcome these challenges, Georgia must prioritise strengthening horizontal coordination, ensuring that local governance units operate effectively and collaboratively. This will be essential for the country's continued progress towards democratisation and integration into European and Euro-Atlantic structures.

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## CHAPTER 6

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# Manifestations of a Cooperative Federal Tradition: Horizontal Coordination in Germany

*Nathalie Behnke* 

## INTRODUCTION

Germany is a German-speaking federal state in the heart of Europe, neighbour to nine countries (Denmark in the North; Poland, Czech Republic and Austria in the East; Switzerland in the South; and France, Luxembourg, Belgium and the Netherlands in the West). With about 84 million inhabitants and a GDP of €3.8 billion,<sup>1</sup> it is the most populous and economically wealthiest country in the European Union. Its territory of about 350,000 km<sup>2</sup> (fourth in Europe in terms of territorial size) is the result of an eventful history. After World War II (during which the former 'German

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<sup>1</sup> Numbers as of end of 2022. See destatis.de.

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Reich' lost considerable parts of its Eastern territories), the remainder of the territory was occupied by four allied powers. In the western territory under supervision of the allied powers of France, the United Kingdom and the United States, a federal parliamentary republic was established, while in the eastern part of Germany, under the influence of the Russian allies, a socialist state was established and called the German Democratic Republic (GDR). Over 40 years later, after the peaceful reunification of the two parts of Germany in 1990, the former GDR adopted the West German constitution. Since then, Germany has existed within today's confines with 16 territorial units (called *Länder*) and a federal government.

Probably the most prominent feature impacting its horizontal relations is Germany's federal history, dating back to the medieval age (Behnke & Kropp, 2021, 36ff.; Lehmburk, 2019). Regional units in most times enjoyed a high degree of autonomy (Kaiser & Vogel, 2018). However, today, in contrast to other federations such as Switzerland or the United States, territorial differences are deemed undesirable, a normative predisposition which is reflected in several constitutional principles. For example, the aim of securing 'equivalent living conditions' across the territory is a guiding principle both for the right of the federal government to attract legislative powers and for the distribution of taxes (Arts. 72 and 106 of the Basic Law). What is more, the norm of 'federal loyalty' (*Bundestreue*) has been elaborated by the federal constitutional court as a guiding principle for all interaction between the federated units. Hence, Germany has been named a case of 'unitary federalism' (Abromeit, 1992; Benz & Broschek, 2013). This tension between high autonomy of the *Länder* and the necessity to harmonize legislation, finances and policies gave rise to the need for intense coordination among all federated units and evolved over time into a deeply engrained cooperative political culture in which negotiations among the *Länder* often cross-cut party affiliations, and broad political compromises are regularly sought and found (Behnke & Kropp, 2021; Jeffery, 2002).

As a parliamentary republic with a dual federal leadership (federal chancellor as head of government and federal president as head of state) and a strong constitutional court; embedded in the EU's structure of multilevel governance; and sharing powers with the highly autonomous *Länder* at the regional level, Germany's polity is fragmented, and federal government checked and balanced by multiple actors. One important actor in

this power game is the second parliamentary chamber, the ‘federal council’ (*Bundesrat*). It is composed by representatives of the *Länder* executives and serves as the core arena bundling both horizontal and vertical coordination (Finke et al., 2020; Hegele, 2018). In comparative federalism research, the Bundesrat is regarded as the archetypical institution of *shared rule*, as regional governments directly influence federal law-making (Mueller, 2024, p. 52). Beside this formal institution, a number of less-formalized arenas and routines have evolved that enable horizontal coordination in a continuous process. While horizontal coordination at regional level is particularly well established due to the federal structure, local governments also enjoy a high degree of constitutionally guaranteed local autonomy (Art. 28 Basic Law). In order to represent their interests towards higher levels of government, they have formed influential local government associations (Behnke et al., 2023). Beside traditional forms of inter-municipal cooperation, EU funding and network opportunities spurred more intense horizontal coordination efforts at local level (Kern & Bulkeley, 2009). Those institutions and processes are described in greater detail in the next section.

Current challenges—basically the same that all other European countries meet—impact horizontal coordination at best indirectly. The Covid-19 pandemic challenged the established system of horizontal coordination at regional level in deciding on and delivering containment measures (Person et al., 2024). The budgetary restraints that result from the series of crises limit the leeway of governments at all levels. At local level, they might contribute to fostering inter-municipal collaboration in order to profit from synergies and build up resilience against the increased hazards of crises and disasters. The societal reactions to the perceived hardships of crisis governance are societal disintegration and polarization (in spite of the absence of traditional ethnical or cultural cleavages). This is most obvious in the electoral gains of the right-wing populist party ‘Alternative for Germany’ (AfD). While to date the AfD is not yet part of any government at regional or federal level, if they get the opportunity to nominate a head of government or collaborate in a government coalition, they would also enter all arenas of intergovernmental cooperation. It remains to be seen how this would influence the established cooperative culture in intergovernmental relations, but potentially disruptive consequences are to be expected.

## INTERGOVERNMENTAL RELATIONS: THE POLITY

Germany is structured in a three-tiered multilevel polity. It comprises the federal government, 16 *Länder* governments at regional level, and about 10,800 local governments. The local governments are the sum of 294 counties, 106 cities (which take on the functions of a county) and 10,400 smaller cities and municipalities belonging to a county. Above local, but below regional level, several intermediate territorial organisations exist. Administrative representations of the *Länder* governments form the 38 NUTS 2 regions (so-called *Regierungsbezirke*). Also, local governments form voluntary horizontal associations to perform specific functions (so-called *Höhere Kommunalverbände* existing in all *Länder*) (Ruge & Ritgen, 2021).

Both local and regional governments enjoy a comparably high degree of policy implementation autonomy, even among federal countries. This is in line with the general distribution of tasks between levels of government: the federal level holds a major part of legislative powers, while laws are executed by the *Länder*. Those may further transfer executive tasks to the local governments (see Fig. 6.1; for an extended elaboration, see Behnke & Kropp, 2021, Sect. 3). When fulfilling tasks in their own jurisdiction, *Länder* and local governments act rather independently. When they fulfil transferred tasks, then higher levels of government have rights of oversight. The lower governmental levels, on the other hand, feed back their

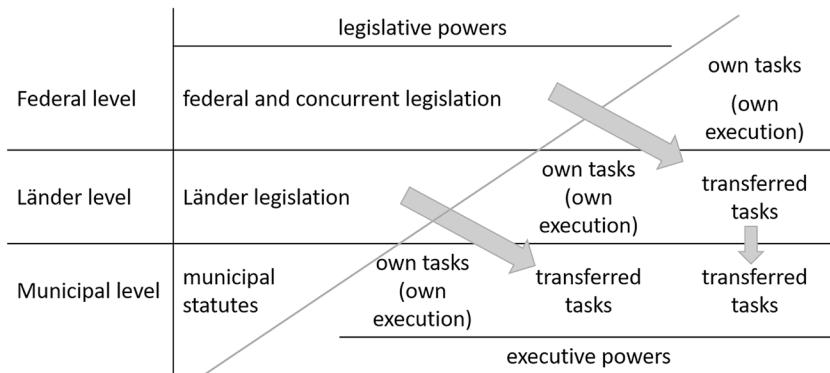


Fig. 6.1 Distribution of legislative and executive tasks. (Source: own depiction)

implementation experience in the federal legislative process in order to improve the prospects for implementing those tasks that are transferred onto them. As can easily be seen, the functional distribution of powers between levels of government provides strong incentives for vertical coordination, but also for horizontal coordination when it comes to securing uniform implementation across the territory or to unitedly represent lower governments' interests.

The institutions and processes of intergovernmental relations are more elaborated in Germany than in most other countries (for good overviews, see Auel, 2014; Benz, 2000; Lhotta & von Blumenthal, 2015). Among formal institutions, the *Bundesrat* is the core institution combining horizontal and vertical coordination. In the *Bundesrat*, *Länder* governments have the right to co-decide on federal legislation. This highly formalized way of exercising *shared rule* compensates for the rather weak autonomous legislative powers of the German *Länder*. Indeed, this feature is the reason why the real power of the regional level in Germany is underestimated in comparative perspective, especially if only powers of self-rule are taken into account (Behnke, 2023; Hooghe et al., 2016; Kaiser & Vogel, 2018). While the right to co-decide on federal legislation seems to imply mainly the need for vertical coordination, the decision-making process in the *Bundesrat* is organized in a highly ritualized three-week sequence involving intense processes of horizontal coordination between the governments and sectoral departments of the *Länder* (Behnke & Hegele, 2024; Hegele, 2018). For only if the *Länder* succeed in coordinating their positions can they successfully influence the formulation of legislative proposals that have been elaborated by the federal government or the federal first chamber, the *Bundestag*.

In contrast to the *Bundesrat*, which is constitutionally anchored, intergovernmental councils are based solely on mutual agreement among *Länder* governments, and on tradition.<sup>2</sup> To date, 19 intergovernmental councils make intergovernmental relations work in everyday business: the minister presidents' council (German: *Ministerpräsidentenkonferenz*; henceforward: *MPK*) is the peak council, where the heads of the *Länder* governments meet, discuss and decide cross-sectoral matters of elevated political salience. Furthermore, in 18 sectoral ministerial conferences,

<sup>2</sup> Kropf (2010) termed those voluntary arrangements 'cooperative federalism' and contrasted them to instances of compulsory joint decision-making (as in the *Bundesrat* or according to the so-called joint tasks in Art. 91a-e Basic Law), see also Scharpf (1989).

rather technical-administrative matters are discussed and harmonized among the sectoral departments of the *Länder* governments (Hegele & Behnke, 2017).

The MPK<sup>3</sup> was founded in 1954 as an organ of voluntary horizontal self-coordination. Similar to peak councils in other federal countries, its main purpose consisted originally in the protection of regional autonomy against encroachment from the federal level (Kropp, 2010, p. 130). This protection was to be achieved by successfully solving problems of coordination and by harmonizing policy implementation, thereby giving federal government no pretext to get involved. But over the years, the cooperative aspects in horizontal and vertical direction gained more weight over the primary motive of autonomy protection.

In spite of its age and its political influence, the MPK has remained a rather informal institution. The presidency rotates among the *Länder* on an annual basis. Concomitantly, it has no physical place (as, for example, the *House of the Cantons* in Switzerland) and not even a permanent website. Rather, the joint office rotates with the presidency between the state chancelleries of the *Länder*. And each *Land* displays some basic and some current information on the MPK's workings on its own website, creating a puzzle of informational snippets hard to aggregate.

The MPK meets typically four times per year. Twice (in Spring and in Autumn) it meets as an exclusively horizontal organ and twice (in Summer and in Winter) the federal chancellor participates, turning it into a horizontal and vertical organ. The agenda is prepared by the state chancellery of the presiding *Land*, circulated among the *Länder* and updated with draft resolutions. Three weeks before the meeting, the administrative heads of the state chancelleries meet to discuss most of the technical details and to solve in advance all topics that are not of elevated political salience. After that, representatives of the *Länder* meet in groups in preparatory meetings according to the party affiliation of the minister president, so-called A-Land and B-Land meetings. The A-Land group is governed by the Social Democrats (the traditional workers' party), and the B-Land group is governed by the Christian Democrats (the traditional conservative party). In those party meetings, broad compromises are negotiated and general positions on the agenda topics are agreed. During the MPK

<sup>3</sup>This is a condensed account of more detailed elaborations of the structure, organization and policy relevance of the minister presidents' conference in Hegele and Behnke (2017, 536ff.) and Behnke (2021, 40ff.). A fundamental treatment is given by Scherer (2009).

meeting itself, many issues are more of an informational nature, and many of the topics that have been discussed before can easily be agreed on. Decisions are taken with qualified majority (13 of 16 votes). In 2004, unanimity rule was changed into qualified majority rule in order to enhance the efficacy of the decision-making process. Unanimity is reserved for fiscal and constitutional decisions (Scherer, 2009, p. 111). The remainder of most conflictive topics is discussed in the highly informal ‘chimney round’, a private evening session, where the heads of governments meet without their staff of advisors to broker the political compromises. Protected from public scrutiny, they are able to cross-cut party political, territorial and policy specific cleavages in their negotiations, to elaborate package deals and to agree on the broad lines that are to be pursued. Still, the decisions taken at MPK meetings are not legally binding. Rather, *Länder* governments are committed (only) politically to those decisions and need to implement them according to the regular political process in their home *Länder*. It is this sequence of preparatory meetings among experts and club-like negotiations among the political elites that make up the secret of coordination success of the MPK.

The sectoral ministerial conferences were mostly established also in the early years of the Federal Republic of Germany, with the oldest dating back to 1948, even before the foundation of the Federal Republic of Germany (the conference of cultural ministers and the conference of building and constructing) and the most recent added in 2007 (the conference of integration ministers).<sup>4</sup> The conferences meet between one and four times a year.<sup>5</sup> Similarly to the MPK, the presidency rotates among the *Länder* in a one- or two-year cycle. Some conferences have a permanent secretariat; in others the secretariat rotates with the presidency. This working mode represents the principle of equality among the *Länder*, but results in a low degree of continuity. Political decisions are taken by the plenum of ministers according to unanimity rule. But those decisions are prepared by the leading echelons of the ministerial bureaucracy, which play an important role in monitoring the conferences. Every *Land* has one vote, and indeed unanimity is often reached, which is also the explicit aim

<sup>4</sup> A comprehensive list of all conferences is given on Wikipedia: [https://de.wikipedia.org/wiki/Fachministerkonferenzen\\_der\\_deutschen\\_Länder](https://de.wikipedia.org/wiki/Fachministerkonferenzen_der_deutschen_Länder), last access 09.12.2023.

<sup>5</sup> Information in this para is a condensed version of Hegele and Behnke (2017, p. 237). For a more elaborate account of the formal structure and working procedures of the ministerial conferences, see Hegele and Behnke (2013).

of the meetings (Gutekunst, 1998, p. 4). If unanimity cannot be reached, either no resolution is taken, or a dissenting opinion is attached to the resolution. In fact, a great deal of the discussion in the conferences is information exchange about technical questions, best practices, interests and positions of actors at both levels. In some instances, the *Länder* actively elicit participation of the federal government, trying to win its support in co-financing *Länder* projects or in representing *Länder* interests in Brussels.

Topics of discussion in the Bundesrat are not simultaneously discussed in the intergovernmental councils in order to avoid frictions between the decision processes. Generally, the Bundesrat focuses on the decision-making phase of the policy cycle, while the intergovernmental councils mainly work in the agenda setting and implementation phase.

At local level, the local government associations (LGAs) are important institutions of horizontal coordination (for an overview see Henneke, 2012). Yet, similar to Bundesrat and intergovernmental councils, they also imply coordination in the vertical dimension, as their activity is directed on influencing legislative processes of higher-level governments. Three types of LGAs exist today in Germany. They represent the bigger cities (Deutscher Städteetag—DST), the smaller cities and municipalities (Deutscher Städte- und Gemeindebund DStGB) and the counties (Deutscher Landkreistag DLT). The LGAs are organized according to the federal structure of Germany. They form regional associations and a federal association. DStGB and DLT admit only indirect membership at federal level (municipalities and counties are members in their regional associations, and the regional associations are members of the federal association), whereas in the federal association of the DST, cities can also be direct members, and indeed 195 cities currently are. All associations have a very high degree of membership density, meaning that a major part of all local governments are organized in LGAs. LGAs are registered associations under private law. They have permanent offices in Berlin and employ a rather small body of professional permanent staff. Their political structure consists (with minor variation among the associations) of: an executive board empowered to take decisions of everyday business; it is supported and controlled by a bigger main committee composed of delegates from their member associations. The topical work is prepared in expert committees. There the cooperation between leadership and experts sent from the members secures an adequate consideration of individual members' interests and simultaneously a bundling of interests which is

necessary for a successful external representation. The democratic legitimacy is conveyed by an annual members' conference, where basic guidelines are decided by general vote (on the structure of LGAs, see Behnke et al., 2023, 173f.). This way, the LGAs rather successfully balance the contradictory exigencies of logic of membership versus logic of influence (Schmitter & Streeck, 1999).

## POLICY AND POLITICS OF INTERGOVERNMENTAL COORDINATION

The processes, problems and potential solutions for making horizontal coordination work in practice are illustrated with two examples: First, the functioning of the minister presidents' conference as the prime institution of coordinating the pandemic management and the internal coordination of the local government associations in establishing a unified position to defend against higher-level governments.

As was explained in the preceding section, horizontal coordination in the MPK takes place in a setting of a 'two-level game' (Putnam, 1988). While the heads of governments negotiate in the MPK uniform paths of action based on voluntary agreement, their resolutions cannot have any legally binding effect on the *Länder* governments. Rather, in the aftermath of MPK meetings, the decisions taken there need to be ratified by *Länder* parliaments and implemented by *Länder* administrations. Hence, when negotiating in the peak council, the minister presidents are aware that they will have to 'sell' the negotiation results to their coalition partners, parliament and ultimately their voters in their *Land*. They put at risk their chances for re-election if they seemingly or actually act against the interests of their stakeholders in the *Land*. In MPK negotiations, they must thus balance the search for a compromise against defending the interests of their *Land*, that is, mainly of the ideological positions of the parties in the governing coalition. In this sense, it is helpful that MPK negotiations take place in a confidential atmosphere behind closed doors. Then, minister presidents can also agree on compromises which they could hardly defend when scrutinized by their own coalition partners, parliamentarians and voters. But after a consensus has been reached, they can play the two-level game by declaring that they had no leeway to opt against the will of the majority and that it would be better not to deviate now from a carefully drafted resolution. Given the incentive structure in a

two-level game, the success of the minister presidents' conference in solving coordination problems is based, first, on the cooperative action orientation of its members, and, second, on the combination of a meticulously prepared agenda which is pre-negotiated in various circles at administrative and party political levels with a highly informal peak meeting where heads of government can negotiate behind closed doors. Those conditions were altered dramatically during the pandemic (for an extended account, see Behnke, 2021; Person et al., 2024): From the last 'regular' meeting on 12 March 2020, when the first lockdown in Germany was decided, the MPK became the core institution for agreeing on measures to contain the pandemic. This meant, however, a number of consequential changes in the negotiation setting: To begin with, the composition of the council changed from a horizontal self-coordination organ among equals with eventual participation by the chancellor to an organ which was led, dominated and orchestrated by the chancellor with the support of an extended staff of policy and politics experts. Next, the meeting rhythm increased dramatically from every three months to loosely every two weeks, leaving hardly any time to set and prepare, let alone pre-negotiate the agenda. Third, in order to prevent the spread of the virus, the meetings were no longer held in person, but in video conferences. The video format, however, fundamentally changed the character of the negotiations. It was no longer possible to communicate in private, chat over a cup of coffee and preserve the confidential character of the negotiations in the 'chimney talks'. Rather, participants were surrounded by their staff, and information was continuously leaked in the social media, putting the negotiations under the critical eyes of a wide public which would comment every move. Finally, as the pandemic lingered on and politicians met increasing resistance against contact restrictions in their home *Länder*, especially in light of upcoming elections, party political competition and tactics overcast the basic consensus orientation, turning negotiations into showrooms for egocentric candidates for the federal chancellery instead of arenas for problem-solving oriented discussions. Those adverse conditions resulted in the eventual failure of the MPK as a coordination institution in March 2021, when the federal chancellor—with the agreement of the minister presidents—attracted the power to make binding decisions on pandemic prevention measures to the federal level and disempowered (albeit for a limited time and with even more limited effect) the *Länder*'s self-governing autonomy.

This example shows important conditions for successful horizontal coordination in a multilevel setting: First, a basic cooperative action orientation among the autonomous Länder governments must prevail over party competition within and across governments (for a classic treatment of this tension, see Lehmbruch, 2000). Second, a sequenced process that allows for stepwise negotiations among various groups of actors and along various lines of conflict contributes to managing the complexity of the matters at hand and to arrive at consensual decisions. This process, however, takes time and must take place in actor networks which expose a high level of trust and reciprocity (Behnke, 2019). And third, brokering a consensus requires a certain degree of privacy. Too much openness and transparency hinders decision-makers from flexibly adjusting their ideological positions in order to make compromise possible (Elster, 2000, p. 158).

The second example shows how LGAs aggregate their members' interests and arrive at positions that enable them to actively lobby higher-level governments. One of the core problems of LGAs is that they must overcome collective action problems: Local governments join LGAs because they expect that in an association they can defend their interests more effectively compared to acting individually. An effective interest representation presupposes, however, that the association agrees beforehand on a joint position (Behnke et al., 2023). Typically, local governments have mixed interests. While they may all aspire for more funds and more autonomy, in many policies, for example housing, public transport, digitalization and spatial planning, their positions tend to diverge. Taking the German Association of Counties (Deutscher Landkreistag, DLT) as an example helps to illustrate the case in point. Among German LGAs, the DLT has the highest degree (100%) of membership, as all 294 counties are organized in the DLT. Still, when it comes to specific policy positions, densely populated urban counties may have fundamentally different position from large, sparsely populated rural counties. Those tensions must be balanced in internal processes of interest aggregation and decision-making. The support of all members is gained by a mix of institutions, processes and motivational strategies. *Institutionally*, the association's main executive organs—the presidency, the main council and the seven topical expert committees—are staffed according to a principle of territorial representation. All embrace one or two county managers from each *Land*, so that in all decision interests from all parts of the country are taken into account, while at the same time executive decisions can be taken effectively in smaller circles. *Procedurally*, joint positions are discussed intensely in the

expert committees, but, ultimately, the presidency has the right to take binding decisions when it comes to formulating position papers in the legislative process. But most importantly, the association managed to *motivate* its members by conveying a sense of ‘esprit de corps’ beyond material interests and cost-benefit calculations. This motivational base is fundamental for entrusting the presidency to take decisions. The corporate spirit is spurred by, for example, the annual general meetings which take place every time in another host county and are accompanied by a framework programme exhibiting the characteristics and merits of the host county, by a journal published by the association, and by internal consultancy services for the members. This example shows that coordination must be carefully balanced between the autonomy of the collective actor and the legitimate interests of its members in order to be both representative and effective.

All in all, those examples show that horizontal coordination occurs in Germany across a number of various policies in long-established, highly institutionalized, albeit not too formalized, institutions. Coordination is achieved mainly in processes that extend over a longer time span and various sequences involving different groups of actors. A balanced mix of participative processes, negotiations in smaller groups and decision-making by the top echelons enables institutionally responsible and responsive decisions. Finally, also value-based factors such as a cooperative culture, mutual trust and reciprocity in networks and an ‘esprit de corps’ are essential preconditions.

## EU-INDUCED CHANGES IN HORIZONTAL COORDINATION

Europeanization as a process of adapting institutional structures, administrative procedures and policymaking broadly understood in response to incentives and requirements issuing from the European level affects the central state (Radaelli, 2003) as well as the regional (Sturm & Dieringer, 2005) and the local levels (Hamedinger & Wolffhardt, 2010) in Germany in a way similar to most other EU member states. The dynamic development of European policymaking opens up opportunities and requires adaptive processes from regional and local actors. Following Guderjan & Verhelst (2021, p. 38), it is useful to distinguish three types of adaptive processes: downloading, uploading and horizontal networking (Gröbe et al., 2023, 1412f.). *Downloading* means that regulations, incentives or constraints issued at European level trigger adaptive processes at lower

levels of government. In Germany, Europeanization resulted, for example, in the creation of new institutions, such as units in ministries and state chancelleries to deal with European legislation, or the creation of the Bundesrat committee on European affairs back in 1993. At local level, it was important to strengthen administrative capacities in order to effectively attract and spend European funds (EFRE, ESF). Generally, however, those adaptive processes in German *Länder* and local governments date back a rather long time and never meant radical changes, as the administrative structure in Germany fitted European requirements quite well (for an overview of the ‘goodness of fit’ thesis, see Mastenbroek & Kaeding, 2006). Rather, it is often assumed that many processes and institutions at European level were modelled according to the German template. *Uploading* means that lower governmental units organized in such a way as to insert their interests in the European policy process. Essentially, uploading is hence about *vertical intergovernmental lobbying* (Freiburghaus, 2023; Tatham, 2019). Also in this regard, German *Länder* and local governments have been rather active for a long time already, establishing representations of *Länder* governments, of big cities and of local government associations in Brussels, and sending representatives to the European institutions that represent regional and local interests (Council of the Regions, Congress of Local and Regional Authorities, Council of European Municipalities and Regions). Horizontal networks as the voluntary formation of issue-specific groups across territorial boundaries basically offer additional venues for getting information and contacts for cities and the *Länder*. As they are vast in number, no reliable information is available on their relevance, but surely they add substantively to horizontal coordination efforts (Gröbe et al., 2023).

## RECENT REFORMS, TRENDS AND DEVELOPMENTS

In the past 20 years, three mid-term trends can be identified that impacted also horizontal coordination in the German federal system: first, the sequences of federalism reforms, in which it was recurrently attempted to reform the federal polity in order to unleash more efficiency in decision-making and to re-establish more democratic accountability; second, the fragmentation of the party system which makes coalition-building and concomitantly decision-making in the Bundesrat increasingly unpredictable; and, third, the ever-accelerating series of crises since the financial crisis in 2008 over waves of refugees coming to Europe, the pandemic

leading up to the current situation of simultaneous wars, energy and climate crisis. Those crises put European state finances, economies and societal cohesion under considerable stress, which also impacted coordination and decision processes.

1. The three federalism reforms of 2006, 2009 and 2015 subsequently aimed at disentangling legislative powers (2006), curbing the federal debt and deficit in line with European guidelines and strengthening administrative collaboration (2009), and reforming the fiscal equalization system (2015). Alongside those ‘big’ reforms, ordinary legislative reforms in a number of policies, for example education and early childcare, social security, housing and integration allowances, and, most recently, energy-saving housing reconstruction and digitalization, gradually changed the nature of relations between the constitution units. In a continuous horizontal conflict of interests—mainly between more affluent *Länder*, which can afford to fend off federal encroachment, and the poorer *Länder*, which simply need federal funds—the *Länder* collectively traded rights of autonomous policy implementation against federal funding subject to collective co-decision-making in the Bundesrat (Behnke, 2020; Kropp & Behnke, 2016). As a result of this creeping process (exemplified also in the breakdown of horizontal self-coordination in the MPK outlined in the section above), the *Länder* abdicate their rights and in part also lessen the need for horizontal coordination without federal participation. Instead, intergovernmental relations become in tendency more verticalized, reducing the *Länder* to recipients of federal orders and funds.
2. The increasing fragmentation and regionalization of the party system along with changes in voting behaviour render the formation of governing coalitions in the federal government as well as in the 16 *Länder* ever more difficult. Increasingly, three parties are needed to form coalitions, and concomitantly ideological cohesion in the coalitions decreases. In the fine-tuned processes of horizontal pre-negotiation, it becomes ever more burdensome to find compromises if even the representatives of individual *Länder* governments cannot rally behind a shared position. In the *Bundesrat*, where abstention from a vote equals a ‘no’ vote, risks of deadlock and inability to act collectively loom (Finke et al., 2020). And in the intergovernmental councils, more time for negotiation is needed, while the pace of decisions steadily accelerates.

3. The series of crises strain the resilience of state and society. To face current challenges and to open up options for the future, societal cohesion, political determination and a flexible administration would be necessary. In contrast, society gets increasingly polarized, and ever bigger shares of the population turn their back to democratic procedures and consensus. Governments seem increasingly paralysed and challenged by populist leaders and parties. And our public administration is suffocated in a path-dependent web of regulations, incapable of making the necessary changes and investments into modern infrastructure, digitalization and citizen-respecting processes. Under those circumstances, the federal power distribution is perceived as an additional risk, as it adds another layer of complexity, of potential veto players and ever longer negotiation rounds to the already slow and inefficient process of political decision-making, thereby fuelling frustration among the population. Improved horizontal coordination within and between governments is of utmost importance to curb this vicious cycle and to contribute to state resilience in an era of crises and existential challenges.

## CONCLUSION

Germany as a federal system with a long tradition profits from a historically engrained cooperative culture between the representatives of its federal, *Länder* and local governments. The institutional structure offers a number of well-established more or less formalized arenas for horizontal intergovernmental coordination, such as the *Bundesrat*, the intergovernmental councils and the local government associations, complemented by a vast number of public or public-private bodies, informal working groups or networks that also strive to make horizontal coordination work. Germany is hence in a favourable position to make coordination work, and it can serve as a good example for studying which factors promote successful coordination. These are, for example,

- institutions that serve as arenas for coordination, staffed by representatives of a broad set of actors and representing various interests;
- processes that are sequenced, reducing the complexity of negotiations by offering the opportunity to align interests across various dimensions subsequently;

- a motivational basis among the actors involved to promote coordination and to seek compromise.

Recent developments put, however, the coordination system under pressure. The institutional set-up becomes ever more complex, potentially reaching the limits of feasibility in dealing with complexity. The negotiation processes concomitantly become more complicated, requiring in tendency more time to arrive at broadly agreed-on solutions, while time pressure (not only in crisis situations) and financial constraints reduce the leeway for action. Finally, disintegrative tendencies regarding the motivational basis of political actors become visible. Hand in hand with societal polarization and the political competition coming from populist parties, tolerance for burdensome processes of seeking compromise and consensus is shrinking. Europe as a fourth governmental layer adds to the complexity of the institutional structure and regulatory framework, as well as decision-making processes, yet offers additional venues for forming horizontal networks across territorial borders.

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## CHAPTER 7

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# Greece: Significant But Insufficient Advancements in Horizontal Intergovernmental Cooperation

*Minas Angelidis*

## INTRODUCTION

At the outset, we point out that we attach great importance to the integration (potential and actual) of the country's horizontal intergovernmental cooperation (HIC) in the wider multilevel governance (MLG) (of the country and of the EU)—precisely because taking advantage of the community assistance programs was for years the main demand from the country's HIC (details in Chap. 4).

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Greece is a relatively small population country in the European Union, with an area of 132,000 km<sup>2</sup> and a population of 10,482,487 in 2021. The regions of Greece's northern part border those of Albania, North Macedonia, Bulgaria (which is part of the EU) and Turkey, while the eastern regions of the country border Turkey. Greece is an EU border country with the consequence that there are, among other things, significant pressures from migration flows that have a final destination in other, "internal" EU countries.

A large part of Greece's land area is mountainous or insular, which significantly affects territorial governance in Greece. The impact of *the structure of the settlement system (urban system and other settlements) of Greece* is also significant, as the metropolitan area of Athens is very dominant compared to the predominantly rural and disjointed settlement structure in the rest of the territory (see section "[Intergovernmental Relations: The Polity](#)"), which we will refer to in the following.

### *System of Government and Territorial Structure*

Greece's system of government was until about 40 years ago—mid-1980s—that of a unitary and centralized state. Almost all responsibilities (in general and in particular, those of planning) were held by the central state. Self-government existed only at the lowest local level: municipalities and communities, the main responsibilities of which were waste, cemeteries and registries. The prefectures and the public "Services of Regional Development" were de-concentrated parts of the central government. Furthermore, it was characterized by *spatial fragmentation*. In particular, the number of the lowest-tier territorial units, the municipalities and communities, was too large (5825) while the size of most of them was extremely small (less than 5000 and even less than 1000 inhabitants). The smallness of local units rendered them, in the eyes of scholars as well as local politicians, unable to govern. Firstly, they were unable to effectively provide services to their residents. Secondly, they did not have the potential (personnel, resources, or responsibilities) to implement EU programs. Both, the small populations and limited governance capacities, extended also to prefectures and regions.

A devolution of powers was advancing step by step from the mid-1980s. Since then, the country had undergone consecutive small steps of *de-concentration* of powers from the central government to bodies designated by the government as well as *decentralization* of powers from the central

government to elected regional, prefectoral and local authorities. Specifically, beginning in 1981 and with increasing intensity from the mid-1980s, the governments of the Socialist party (PASOK) particularly (but not exclusively), which attached great importance to decentralization as a mechanism for strengthening the peripheral regions, (a) transferred responsibilities from the central state to the other levels of administration—self-government and (b) proceeded with mergers of small municipalities and communities, in order for them to be able to respond to a new enhanced role.

The “*Kapodistrias*” Programme-Law 2539 of 1997—made it mandatory to unite the then numerous and extremely small communities into fewer (1034) and stronger municipalities and communities (Angelidis, 2000).

The “*Kallikratis*” Program-Law 3852 of 2010—which followed, to a great extent, the aspirations and directions of the “*Kapodistrias*” program (see, among others, in Hlepas, 2010), promoted two particularly significant changes:

- (a) the devolution of powers from the higher levels to the lower levels of government. Specifically, the law created:
  - seven *Decentralized Administrations* for the exercise of decentralized state powers.
  - thirteen *self-governing regions* (with elected authorities) and
  - 74 *regional units* (in Greek: “*perifereiakés enótites*”). They have been created as the second-level administrative units of the country. These are subdivisions of the country’s 13 regions, which are further subdivided into municipalities. Often, but not always, the boundaries of regional units are the same as those of (pre-existing) prefectures.
- (b) the *merger* of the *Kapodistrias* program’s *municipalities and communities* into 325 stronger municipalities.

In 2018, the “*Kleisthenis*” reform program (Law 4555 of 2018—fully implemented from 1 September 2019) brought about some, of relatively limited importance, governance changes in the spirit of “*Kallikratis*”. Relatively recently, the number of municipalities increased to 332, because 5 former municipalities were divided into 12 municipalities—as requested by the inhabitants of the respective areas.

After the reforms of the last 40 years, Greece's governance is now basically decentralized with devolution of powers by the central government to the lower levels of government, that is, the regions, regional units (identical to boundaries, in most cases, with pre-existing prefectures ("*nomoi*" in Greek)) and municipalities (see, among others, in ESPON COMPASS, 2018 and Angelidis and Drakouli, 2019), resulting in an increasing necessity to achieve vertical and horizontal coordination. However, a number of researchers highlighted the wide gap between satisfactory "official"/"formal" spatial governance structures and the implementation in reality of much less effective "informal" governance practices (see indicatively Wassenhoven, 2013).

In 2010, the self-governing regions acquired several new responsibilities of planning and development powers in the following areas (Article 186 of Law 3852/2010): Planning-Development, Agriculture-Livestock-Fisheries, Natural Resources-Energy-Industry, Employment-Trade-Tourism, Transport-Communications, Environmental Spatial Planning Projects, Health, Education-Culture-Sports, Civil Protection and Administrative Care (Logistics). However, similar to the limited capacity of municipalities and communities, there is a mismatch between the structure and responsibilities of spatial governance at the regional level and the implementation of spatial planning (Lada & Manos, 2021).

Some argue that the new municipalities are "too large in size". In our view, this is not correct because the new regions and municipalities—after "*Kallikratis*" and "*Kleisthenis*"—have average population sizes, similar to the corresponding territorial units of most EU countries. In our view, the average population potential of the current regions and municipalities in Greece is satisfactory.

According to Chorianopoulos (2012), the Kallikratis program provided mainly a rescaling without considerable improvements of the territorial governance of the country. "*In light of the narrow involvement of localities in the process, rescaling reflects centralist steering and the markings of EU policy prioritizations*". In our view, the exercise of the powers of the Kallikratis authorities is not satisfactory. Moreover, the horizontal and vertical collaborations of the individual spatial units are not satisfactory.

### *Some Elements of the Political Frame that Influence Governance*

Regarding "internal" political factors which could influence governance: The *quality of democracy* in Greece is comparatively high, especially after

the legislative changes that accompanied the fall of the dictatorial regime in 1974. The legislative, executive and judicial branches of the government are duly distinct, and the political party system operates in a similar way to that of the institutionally advanced countries of the European Union (EU). All these work favourably in achieving “good governance”. See, among others, Sotiropoulos D. A., Huliaras A. and Karadag R. (2023).

Regarding the “external” political factors: Greece has been a *member of the EU* since 1981 and adopts formal and informal guidelines on governance and territorial governance, which are formulated within the framework of the Union.

We should emphasize that the Greek budgetary and overall crisis of the decade 2010–2020 (in a frame created by decisions of EU bodies) was significant for the country as well as for its governance. First of all, the crisis has had a very negative impact on the country’s economy and society, incomes and employment—especially of the low-income and middle social classes. “Social polarization” became more pronounced. Consequently, as expected, the crisis contributed to the intensification of political competition in the country for quite a long time.

In matters of governance, the supervision of the country by the community “institutions” during the crisis had significant consequences, because new governance institutions were created, but mainly because of the “maturation” of the new structures (responsibilities, resources, personnel, etc.) created per level of territorial governance (regions, municipalities, etc.) according to the “*Kallikratis*” program was delayed (see, among others, in Chardas, 2014).

Greece, compared to other EU countries, includes a relatively small religious minority (the Muslim—in the region of Thrace). What had a relatively significant impact on government issues after 2010 was the increased number of refugees and migrants. New governance tools needed to be created for the integration of the latter in the country.

## INTERGOVERNMENTAL RELATIONS: THE POLITY

Territorial governance in Greece is related, as is reasonable for all countries, to the particular characteristics of the overall *urban system and other settlements* of the country, in order to have a balance of powers between big and small cities and other settlements or between metropolitan areas and their immediate rural periphery (always “weaker”). For Greece, this is more important because the potential and the role of the capital city

(Athens) in the entire country is greater than in all other countries of the EU (with the exception of very small ones, e.g., Malta).

Specifically, the urban system of Greece includes:

- The *Metropolitan region of Athens (MRA)*, which contains a large part of the country’s population. Both the administrative unit “Decentralized Administration of Attica” and the (self-governing) Region of Attica correspond to the MRA.
- The Metropolitan region of Thessaloniki—with a large population potential.
- A number of large regional centres, which have a lower population, activities, infrastructures and services potential which would correspond to the wider area they serve.
- Smaller regional centres, basically capitals of regional units (former prefectures).

A significant number of the country’s settlements and their territorial units of influence are *mountainous or insular*. Consequently, it is necessary in this case to apply special territorial governance rules—for example, to have municipalities with a relatively smaller area and smaller population potential.

In total, five *levels (spatial levels) of governance* have been formed in Greece:

1. central government,
2. decentralized administrations: exercise of decentralized state powers,
3. self-governing regions,
4. regional units,
5. municipalities.

The above concerns *three “real” (essential) spatial levels of government* because: (a) that of decentralized administrations and that of self-governing regions concern the same spatial level. (b) The authorities of the regional units (former prefectures) do not have a “separate” political legitimacy (they have the “legitimacy” of the regions to which they belong). Therefore, the “substantial” spatial levels are three: those of (1) central administration, (2) decentralized administrations/self-governing regions and (3) municipalities.

Regarding the “vertical” relations between the levels of government, we note that the self-governing regions “control” the regional units (see also above), since the latter are administrative and not self-governing bodies. Each regional unit is headed by a deputy regional governor appointed by the regional governor from the regional councillors of his faction (so the deputy regional governor is elected as the other elected regional governors but also is “designated” by the Regional Governor). The deputy governors ensure the implementation of the decisions of the regional governor, the regional council and the regional committee, which concern their regional unit of competence.

In addition, as it is explicitly stated in the Law 3852 of 2010 (“*Kallikratis*” program) between the two levels of local government, municipalities and regions, *“there are no relations of control and hierarchy, but of cooperation and solidarity”*.

### *Inter-municipal Entities/Cooperations, More or Less Constant*

Regarding horizontal relations, inter-municipal cooperation plays a major role. Legal inter-municipal entities as well as local government organizations and inter-municipal partnerships exist and contribute to facilitating horizontal coordination.

#### *Inter-municipal Entities*

In Greece today there are many forms (types) of inter-municipal entities, which differ either in terms of their political content or legal form or in terms of geographical specificities (EETAA, 2023). They are divided into two categories:

- a.1 Legal entities and
- a.2 Local government organization (LGO) cooperation in the conventional field.

The first concerns more constant infrastructures and services provided by the municipalities while the second corresponds to less constant (“occasional” somehow) activities of municipalities. For example, when a new type of problem occurs, which could be faced better at the inter-municipal scale than at the municipal scale, it is more flexible to create a local government organization (LGO) cooperation to better face the problem.

We try, to the extent this is possible, to proceed not only with a legal description but also with a “political” analysis of the given forms of coordination, for example, when are they chosen, by whom, how do they work, which coordination problems occur and how, in which policies are they used.

Regarding specifically *why they are chosen*: because the inter-municipal bodies are more efficient and more flexible compared to the municipalities in terms of solving specific problems, providing services, and so on. *By whom?* By the concerned municipalities basically, with the consent of the higher authorities, in certain cases. Here the new understanding brought by Law 3852/2010, “*there are no relations of control and hierarchy, but of cooperation and solidarity*”, plays an important role. For the rest of the questions, we will refer to the following, case by case.

## Legal Entities

### Associations (Syndesmoi, in Greek)

Private law legal entities (PLLE) are established either by two or more municipalities (Law of 2006) or by one or more municipalities and the region in which these municipalities have their headquarters (Law of 2010). The purpose of these associations is the execution of projects or the provision of specific services or the exercise of responsibilities of the local government organizations (LGOs) or the planning and preparation of programs and methods for the development of their wider area.

It is possible for the legislator to provide for the undertaking of a certain activity that concerns several self-governing bodies from a specific form of link, such as solid waste management agencies. See below the example of the Development Association of Western Athens (DAWA).

### LGO Companies

Municipal enterprises are private law legal entities (PLLE). They are organized based on the laws of 1980, 1984 and 2006. The latter distinguishes them into development, single-share and joint stock companies. Especially the development of joint-stock companies are recommended by more bodies of the local government (which have the majority of the corporate capital), but also more generally from public sector bodies. *Their main goal is business and economic development, environmental protection and the implementation of relevant policies in the wider inter-municipal space.*

It should also be emphasized that the innovation of Law 3852/2010 is the provision for the possibility of *setting up networks by two or more*

*municipalities or regions with common characteristics.* These associations of LGO operate, by law, in the form of a civil company based on the more specific provisions of their articles of association. This arrangement fills a gap in the field of cooperation between LGOs for issues of supra-local importance.

## **LGO Cooperation in the Conventional Field**

### **Programming Agreements**

Law 3852/2010 mentions the arrangements for the possibility of entering into programming contracts by the LGOs or other agencies of the local government among themselves or with public sector bodies, for the study and execution of projects and development programs of an area, as well as for the provision of services of any kind.

### **Intermunicipal or Interlevel Cooperation Agreements**

Law 3852/2010 stipulates that municipalities of the same region or neighbouring municipalities can enter into contracts with each other, by which they undertake the exercise of competence on their behalf or the support of its exercise. Identical regulation applies to contracts concluded by municipalities of the same region as the relevant region. Municipal legal entities or associations may also participate in these contracts.

## ***Other Forms of Horizontal Coordination***

The areas of competence of inter-municipal collaborations in Greece are expanding more and more. For this reason, inter-municipal collaborations can have more than one object and responsibilities (inter-municipal collaborations with multiple objects): they are usually justified by the need of the LGOs to serve and respond to a variety of responsibilities, such as *the provision of social solidarity services, the provision of technical services (water supply, sanitation, waste management), emergency services, and even care-related services.*

There is a considerable number of inter-municipal *associations and LGO companies* in Greece. Several of them (but not all) are listed in the Register of General Government Agencies of Greece. Indicatively, there were 68 inter-municipal associations in 2019 in Greece (of which 6 were development associations—like DAWA (see below) and 23 waste management associations.).

Also, numerous *inter-municipal partnerships* have been formed through *Programming Agreements and Intermunicipal or Interlevel Cooperation Agreements*.

## HORIZONTAL INTERGOVERNMENTAL COORDINATION: POLICY AND POLITICS

Horizontal intergovernmental coordination in practice can be observed particularly well in the cases of (a) local government associations, (b) participation in European networks and (c) inter-regional cooperation.

(a) A prominent example of a local government association is the Development Association of Western Athens (DAWA, ASDA in Greek). It has carried out many important actions, mainly in matters of development, social cohesion and environmental protection of its area of responsibility (<https://asda.gr/>). DAWA was created in 2001 by nine municipalities of Western Athens (Agia Varvara, Agii Anargyri, Aigaleo, Zephyro, Ilio, Kamatero, Peristeri, Petroupoli and Haidari; in 2001 the Municipality of Korydallos also joined DAWA). The total population of the area amounts to about 600,000 inhabitants. The aim of the municipalities was to *claim more national and European resources to deal with inequalities and the increased social, environmental and economic problems of Western Athens*. DAWA is managed by a board of directors composed of representatives of the respective municipalities. Specifically, according to the founding act of ASDA, its main purposes are:

- *The promotion of inter-municipal cooperation,*
- The cooperation with public stakeholders and the coordination of the action of all stakeholders in the area,
- Spatial, urban planning and environmental regeneration of Western Athens,
- The fight against unemployment and the overall economic development of the region,
- Participation in trans-European networks of cities.

Among the projects and actions of the association are environmental and urban regeneration projects, the regeneration and protection of the Poikilo Mountain (a big mountain in the area), protection and

development of the recreation park “Antonis Tritsis”, training and employment programs, support for small and medium-sized enterprises, actions for the development of culture, development studies and special development programs, participation in several European programs and networks in the fields of Environment, Employment, Culture, Transport, New Technologies, Female Entrepreneurship, Roma, Foreigners, and so on.<sup>1</sup>

We should stress that DAWA has been appointed Intermediate Management Body of the Regional Operational Programme “Attica 2014–2020” of the Region of Attica and manages the operations of the approved sustainable development strategy (SDS) entitled “Intermunicipal Partnership for the Development of West Athens with the utilization of Integrated Territorial Investment (ITI)/Sustainable Development Strategy (SDS)” (Website of West Athens Entrepreneurship Mechanism).

- (b) Another example is the formal representation of regional or local governments in European networks.

In our opinion, participation in European networks allows, in principle, Greek local authorities to exchange with local authorities of community countries exemplary implementation experiences and know-how. Furthermore, it allows Greek cities and regions to benefit from community funds of different forms, which are given to participants in the networks. Often, the spatial issue that concerns a network extends beyond the city (or region) that is considering the possibility of participating in the network, for this reason, it proceeds to inter-municipal (or inter-regional) cooperation with neighbouring or non-neighbouring cities. According to Karvounis (2019), the type of network is very important because it determines the scope of the reform potential, thus the impact on territorial governance (see also Huliaras & Petropoulos, 2016).

We refer here to the good recent example of the participation of Greek local and regional organizations as well as cooperation entities in the Covenant of (EU-) Mayors for Climate and Energy. According to the Covenant, it “is open to all local authorities”. “Neighbouring small and medium-sized local authorities can also, under certain conditions, decide to join as a group of signatories”. “The commitments for Covenant signatories are linked to the EU’s climate and energy policy framework”.

<sup>1</sup> See the website of the West Athens Entrepreneurship Mechanism <https://supportwestathens.gr/asda/> as well as the website of DAWA <https://asda.gr/>; last access 20.08.2024.

There are numerous signatories to the Covenant from Greece: 1.183 included in 52 cooperation entities. For example, the “Northern sector” (regional unit) of Athens, a governance entity, coordinates on the matter 11 municipalities.<sup>2</sup>

- (c) The final example of the practice of horizontal coordination that we discuss here is the cooperation among Greek regions: The 13 Greek self-governing regions have constituted the “Association of Regions of Greece”,<sup>3</sup> a legal entity under private law with the supervision of the Ministry of the Interior. Its aim is to organize *cooperation of the regions* (as well as their promotion and representation). Greek self-governing regions cooperate with each other in the context of wider cooperations that include regions of other EU member states and outside the EU (in the framework of INTERREG etc.).

The main fields of cooperation between Greek regions within the country are the issues of energy, environment, creation of infrastructure, dealing with natural disasters and integration of immigrants.

### MULTILEVEL GOVERNANCE (MLG) AND EU-INDUCED CHANGES IN HORIZONTAL COORDINATION

We will not be able to understand the changes in horizontal governance in Greece if we do not place them:

- (a) in the context of multilevel governance in Europe and the EU and
- (b) in the context of recent overall changes in governance in EU member states in order to implement the recent community strategies.
  
- (a) We cannot understand the importance of horizontal intergovernmental cooperation if we do not consider it as part of the MLG which, as a whole, aims to achieve multiple goals of sustainable development but also to strengthen democracy in Europe (and, of course, in general). See among others, the report on multilevel governance of the European Committee on Democracy and

<sup>2</sup><https://eu-mayors.ec.europa.eu/en/signatories>, last access 20.08.2024.

<sup>3</sup>EN.P.E. in Greek—see <https://enpe.gr/en>, last access 20.08.2024.

Governance (CDDG) of the Council of Europe (CDDG, 2023). According to this report, “Multilevel governance (MLG) is necessary to ensure efficient, effective, and sound administration, which is one of the principles of good democratic governance”. Also, among others, “effective MLG can increase the capacity and capability of democratically elected leaders of public governance institutions, facilitate the building of relationships and communication between different decision makers, and improve social, economic and environmental outcomes for people and businesses even in times of crises”.

Similar is the EU’s approach to MLG. However, the EU bodies see MLG as a means of achieving community strategies. The report of the Council of Europe helps us, among other things, to approach MLG in times of crisis and also improvements in MLG to deal with risks. Also, CDDG 2023 contains a recent, very useful, evaluation of the MLG in Greece—including the role of horizontal intergovernmental cooperation in the country.

- (b) Another important aspect of European governance impacting horizontal coordination in Greece is the European Regional Development Fund (EFRE) and the formal representation of regional or local governments in European networks. The formal representation of Greek regional or local governments in European networks is quite significant. This representation is often connected with the pursuit of the inter-municipal networks concerned with obtaining relevant funding from the EFRE.

In order to increase the chances of getting and effectively spending EFRE funds, a number of horizontal city networks were formed. An instructive example is the “green cities network” made up of 85 Greek cities aimed at helping the country achieve climate neutrality. In their memorandum of cooperation (MoC), they commit to working towards achieving climate neutrality through best practices and sustainable policies. “The move comes after *six Greek cities*—Athens, Ioannina, Kalamata, Kozani, Thessaloniki and Trikala—joined the EU Cities Mission for 100 climate-neutral and smart cities by 2030 which aims through the involvement of local authorities, citizens, businesses, investors as well as regional and national authorities to deliver 100 climate-neutral and smart cities by 2030 and ensure that these cities act as experimentation and innovation

hubs to enable all European cities to follow suit by 2050. The ultimate goal is to help cities accelerate green transition”.<sup>4</sup>

However, *we should point out here that the substantial participation of Greek inter-municipal networks in relevant EU-funded networks in the past often lasted only in the funding period and stopped after the end of this period.* Therefore, the positive effects of the above horizontal territorial cooperation stopped and the efforts to create the new cooperation structures were lost.

### RECENT REFORMS, TRENDS AND DEVELOPMENTS

In the period of the COVID-19 pandemic, in general, the Greek central administration responded to the needs to a significant extent, mainly because it was able to create and use a relevant electronic data and process management system. Nevertheless, the (elected) regions and municipalities had relatively little participation in the required interventions, compared to what happened in the other countries of the European Union (Angelidis, 2022a, 2022b, 2023). In the period of *large increase in energy prices* (2021 onwards), in connection with the war in Ukraine, the response of the governing bodies in Greece, by the level of government, was quite similar to that of the previous period: the response of the central administration to a significant degree and a low degree of intervention of the (elected) regions and municipalities. Despite the fact that the above crises (pandemic, energy crisis, Ukraine war) are time-bound, changes in governance in order to face these crises had broader effects over time because regional and local governments were invited to participate in the implementation of recovery and restructuring works and reforms (European Council, 2023a, 2023b) that now prioritize “Green” (European Commission, 2019) and “Digital”.

At this point, it is of great importance to refer to the “territorial governance” of dealing with natural disasters in Greece. Natural disasters appear, in recent years, with relatively greater frequency in all countries. To some extent, this is linked to the climate crisis. In Greece, relatively more and more intense natural disasters occurred in the last decade. They were very important in the past: the flood in Mandra (Attica) and the fire in the area of Mati (Attica), while the most recent ones—with the most intense ones

<sup>4</sup>Quoted from a press release of “Greek Travel Pages”, <https://news.gtp.gr/2023/02/10/greece-announces-creation-of-green-cities-network/>, last access 20.08.2024.

in 2023—mainly include large fires and floods. In these cases, the intervention of the central administration was, depending on the case, from moderate to almost insufficient or even completely insufficient. What interests us most here is that it was verified that the possibilities of the regions and municipalities to intervene—in matters that were within their competence, even partially—were limited. Understandably, their “implemented” intervention was largely ineffective. We point out that the weaknesses of the authorities in the regions seem to be greater. However, a lot of actions included in the “National Reform Programme” of Greece (Hellenic Republic, 2023) include inter-municipal or inter-regional cooperation.

As far as governance is concerned depending on the sectors, for example, transport, water, energy and many more, we consider it useful to focus here on a “highly spatial” sector, which however has a very significant impact on the development of many other sectors. It is about the whole structure of land uses in relation to urban sprawl, which must be approached more and more in relation to the climate crisis. As can be seen even today, the weaknesses in this sector very significantly affect the weaknesses in dealing with other sectors—in the cases of fires, floods, and many others.

The Greek government responded to the relevant questionnaire of the Council of Europe (2023) that the MLG has been implemented in Greece to a significant degree. Particularly, “after almost 13 years of implementation of ‘Kallikratis’ program ... , ‘its main orientation ... towards a modern self-government, namely, to ensure the character of proximity to decision-making, good governance, ... social and economic cohesion, strengthening the role and rights of the citizen ... and essentially multi-level governance’ seem to have satisfactorily achieved” (CDDG, 2023).

It is stated, correctly in our opinion, further, that: “The main challenges encountered in the involvement of decentralized administrations in multi-level governance schemes concern the clarification of the roles and the allocation of responsibilities in a way that does not circumvent the financial and administrative autonomy of the local government agencies involved” (CDDG, 2023). In response to this, a “law on Multilevel Governance in Greece (Law 5013/23 - Government Gazette, 2023) was recently enacted in view of further rationalising the allocation and transfer of responsibilities between the levels of government in order to enhance the effectiveness of governability in the public sector” (ibid.).

We should emphasize here that, throughout this scheme of the MLG in Greece, the horizontal intergovernmental cooperation (HIC) contributed

and contributes significantly, especially by considerably increasing the work of self-government, regional and local, to the implementation of EU (but also national) strategies and programs. The state agencies could not have a contribution of equivalent value. In addition, the continuous expansion of horizontal collaborations in Greece ensures that the entire MLG has a stable democratic orientation.

### CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNED

In conclusion, it is estimated that the adjustments of HIC during the last 15 years, in the frame of the EU strategy and EU MLG, were important to achieve sustainable development in Greece.

Significant adjustments have also been made in many EU member states. However, in the case of Greece, these adjustments remained very fragmented, especially because the “Greek” economic crisis intervened. In other countries of the EU, these adjustments were less fragmented.

In the most recent period, HIC in Greece is called to be adjusted to the new EU strategy towards “Green” and “Digital” but also to the strategies of the EU (and the country) for dealing with crises—COVID-19, energy/Ukraine—and the consequences of the climate crisis and other disasters in new ways, new forms of MLG.

The last (2023) legal adjustment of MLG in Greece favours the empowerment of the HIC and the enhancement of the role of the latter in the future. However, as we have seen, already in recent years inter-municipal and inter-regional collaborations have increased significantly.

Horizontal intergovernmental cooperation, in the frame of MLG, in the countries and regions of the EU is highly dependent on the relevant national legislative frameworks and practices. At the same time, however, they are affected by the EU strategy and the EU MLG policy. The same is true, of course, in the case of Greece.

In this sense, it is proposed to emphasize, both in the EU countries and in Greece:

- (a) Support by priority the cooperation schemes of self-government bodies: municipalities and self-governing regions.
- (b) It is appropriate to transfer from the central government to these cooperation schemes a number of competencies focused on the

EU policies' priorities; it is however necessary to transfer at the same time the means (resources and personnel) needed for the exercise of these responsibilities.

For Greece, all the above apply to a greater extent than in other EU countries.

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## CHAPTER 8

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# Iceland: Voluntary Coordination Among Municipalities—The Role of Amalgamations and Local Government Associations

*Magnús Árni Skjöld Magnússon*

## INTRODUCTION

Iceland is a large island in the North Atlantic. As of 2024, its population is ca. 400,000. Thus, it is quite sparsely populated with 3.9 inhabitants per square kilometre. The population is very unevenly distributed, with around 80% living within 100 km of Reykjavík city centre and 250,000 (62.5%) in the capital area proper (*Hagstofan, 2024*).

Since 1944, Iceland has been a unitary parliamentary republic. It had previously been in a union with the Kingdom of Denmark for around 600 years. In 1904, Iceland achieved home rule. In 1918, Iceland entered a personal union with the king of Denmark, eventually gaining full sovereignty in 1944 by severing its ties with Denmark and establishing itself as a unitary parliamentary republic (Skjöld Magnússon & Eydal, 2023).

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Iceland is one of the five Nordic countries and deeply involved in Nordic cooperation. The Icelandic language is of Nordic root, although not easily understood by other Nordic language speakers (Swedish, Danish, Norwegian). Because of Iceland's history, as part of the Kingdom of Denmark, Iceland's institutions are mostly modelled on Danish institutions, and its constitution was originally drafted by Danish authorities in the late nineteenth century (M. Á. S. Magnússon, 2014).

Iceland is a high-income country, with a GDP per capita of ca. USD 55,000 in 2022, and ranks number 15 in the world (GDP per Capita by Country 2024, n.d.). Iceland has its own currency, the Icelandic *króna* (ISK). Looking at the latest UNDP's Human Development Index, which together with economic factors considers health and education, Iceland ranks third, behind Switzerland and Norway (United Nations, n.d.). Iceland has been ranked first on the World Economic Forum's Global Gender Gap Index for over a decade (Global Gender Gap Report 2022, 2024).

Since 1995, when Sweden, Finland, and Austria became members of the European Union, Iceland has been, together with Norway and Liechtenstein, one of the three non-EU states that are part of the European Economic Area (EEA), which also includes the EU member states. The EEA agreement, negotiated between the European Community (EC) and the European Free Trade Association (EFTA) from 1989 to 1992, came into effect in January 1994. As a signatory to the EEA agreement, Iceland is bound to adopt nearly all EU legislation pertaining to the internal market and the "four freedoms" of trade in goods, services, capital, and people within the EEA. This encompasses the adoption of EU regulations on competition, government grants, consumer protection, labour rights, environmental standards, and various other areas (EES—*samningurinn—yfirlit*, n.d.). Consequently, Iceland's policies have, in the over 30 years the agreement has been in effect, become increasingly in line with EU policies, particularly in the domains of competition, consumer protection, and environmental matters. Iceland is also part of the Schengen Area, together with 28 other EFTA and EU member states (Schengen Area Countries—List of 29 Member States, n.d.).

Iceland has, in recent decades, experienced a substantial demographic shift, notably following the European Union's expansion to the east in 2004. Immigrants, primarily from Eastern Europe, now make up roughly 19% of the present population (*Hagstofan*, 2024). This, together with the booming tourism industry, has led to significant challenges in the housing

market, a housing price bubble, especially in the capital area, and significant inflation, which prompted the Central Bank to raise its interest rates to 9.25% in late 2023 (*Seðlabankinn—Meginvestir SÍ*, [n.d.](#)).

## INTERGOVERNMENTAL RELATIONS: THE POLITY

The modern local government system in Iceland originated in the late nineteenth century as part of a broader reform of the Danish local government system. Despite Iceland becoming a sovereign state in 1918 and an independent republic in 1944, the Danish roots of its local government and public administration systems remain evident (M. Á. S. Magnússon, [2014](#)).

In Iceland, like many other countries, the twentieth century was marked by urbanisation. By the century's end, approximately 70% of the Icelandic population resided in the capital city, Reykjavik, or its neighbouring towns within a 100 km radius, with 90% of the population growth in the first decade of the century occurring in this area (Nordregio, [2014](#), pp. 17). In May 2024, Iceland had 63 municipalities, ranging from 52 to 136,000 inhabitants, with 46% having fewer than 1000 residents (Hagstofan. is, [2024](#)).

The autonomy of Icelandic municipalities is constitutionally protected, leading to the state's reluctance to initiate mandatory large-scale territorial reforms at the local level, unlike the reforms seen in other Nordic countries in recent decades (M. Á. S. Magnússon, [2016](#)). However, this does not mean there have been no amalgamations; the number of municipalities has decreased from 206 in 1990 to 63 in 2024. These amalgamations, initiated by state-driven functional decentralisation, have primarily been bottom-up processes, unlike the top-down approaches in neighbouring countries (Hlynsdóttir, [2002](#)).

Until recently, Icelandic local authorities enjoyed considerable fiscal autonomy, especially in budgeting and borrowing. This autonomy's downside became apparent after the 2008 financial crisis when several local authorities faced severe financial difficulties, partly due to insufficient central government auditing. One response was the introduction of stricter fiscal regulations in the new Local Government Act of 2011 (*138/2011: Sveitarstjórnarlag | Lög | Alþingi*, [2011](#)).

The revenue sources for municipalities in Iceland are governed by the provisions of Act No. 4/1995, the Revenue Act. According to this law, the main sources of municipal revenue are income tax, property tax, and contributions from the Municipal Equalization Fund. Municipalities also

collect fees for services provided, according to the fee schedule, such as preschool fees, sewage fees, water fees, and more, as stipulated by laws and regulations. It is required that the fees charged for services do not exceed the actual cost of providing the service. Additionally, municipalities earn income from their assets, own enterprises, and institutions operated for public benefit. They also collect rental income from plots they own and have allocated for construction. Some municipalities generate revenue from the sale of building rights or similar permits for construction (*Tekjur sveitarfélaga*, [n.d.](#)).

Intergovernmental coordination in Iceland is characterised by a tug-of-war between the state and the municipalities when it comes to questions of financing. The main policies of contention have to do with two policy areas, primary education and services for vulnerable groups, for example, people with disabilities and asylum seekers.

The municipalities took over the responsibility for primary education in Iceland with a law in 1995 which took effect in August 1996 (Finnbogadóttir & Kristjánsson, [2023](#)). It has been the single largest item on the municipalities' budget since then, adding up to 32.5% in 2022 of their expenditures on average (*Rekstur leik- og grunnskóla*, [n.d.](#)). In Reykjavík, by far the largest municipality, the spending on primary education amounted to 31% of the municipal budget that year (*ibid.*). In addition, services for disabled persons were transferred to the municipalities by an act of parliament in 2011, further increasing the responsibilities of municipalities for a policy area with rising spending demands.

Contentions have arisen due to the viewpoint of the municipalities, that the state handed them the responsibility without providing sufficient funds or the means for the municipalities to raise these funds through a larger share of the tax revenue. Eventually, governments reached an agreement to change the financial framework for municipal services for disabled people in 2023. The agreement entails an increase of 0.23% in the municipal income tax rate, with a corresponding decrease in the state income tax rate. This increase amounts to about six billion ISK based on the year 2024. Following an agreement from December 2022, 5.7 billion ISK was transferred from the state to the municipalities based on the year 2024, making the total increase nearly 12 billion ISK, (*Stjórnarráð Íslands*, [2023](#)).

## HORIZONTAL INTERGOVERNMENTAL COORDINATION: POLICY AND POLITICS

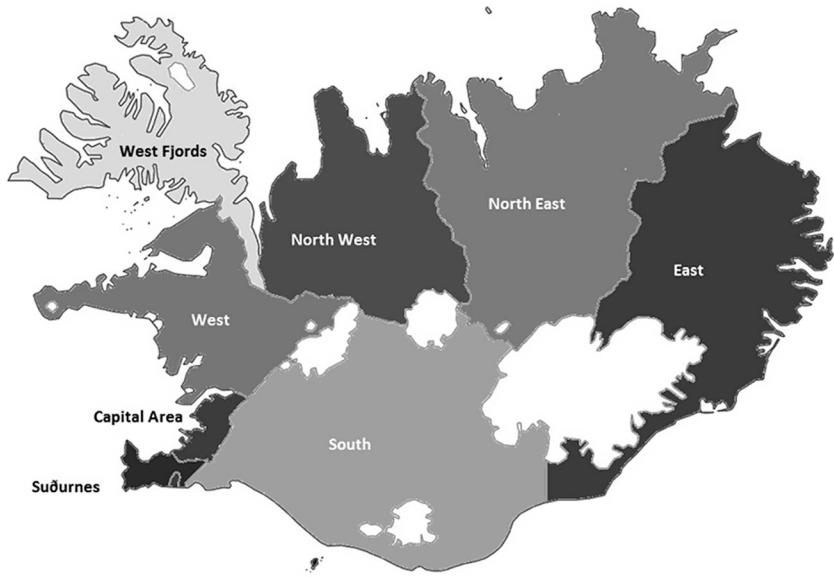
When looking at horizontal intergovernmental coordination, in particular policy-wise, it mostly takes place under the auspices of Association of Local Authorities (SÍS) and regional associations.

Iceland formally has a two-tier administrative system, but local authorities have formed regional associations (*landshlutasamtök*), eight in total, whose importance varies by region. The regional associations and the Icelandic Association of Local Authorities, which is an association of all municipalities in Iceland, can be described as formal platforms of horizontal inter-municipal relations.

The regional associations are active to a different extent. The regional association in the capital area (SSH), which has within its boundaries 7 municipalities and 63.6% of the Icelandic population, has a very formal structure and serves as a platform for coordinating policy towards important municipal services in cooperative bodies, that is, the Capital Fire Brigade, the waste collection administration system (*Sorpa*), the skiing areas around the capital and not least public transportation in the capital area, Strætó bs. (SSH, 2024). These are public bodies, co-owned by the municipalities in the capital area.

Despite their increasing importance, the regional associations have been relatively weak institutions with a low number of staff. Thus the regional association of the capital area (SSH) has five employees (ssh.is, 2024) and Suðurnes (SSS) has eight (*Starfsmenn*—SSS, 2024); however, the regional association in the North East (Eyjafjörður) has gone from one employee to eleven in just over a decade (SSNE, 2024) Fig. 8.1.

The Association of Local Authorities, being an association of all municipalities in Iceland, was founded in 1945 and coordinates relations to the state system, that is, vertical relations for the municipalities. It holds an annual general assembly, focused on municipal finances and common interests, with each local authority sending at least one representative. Its office is well staffed, with almost 30 employees, which is relatively large in Iceland when it comes to such offices (*Starfsfólk sambandsins*, 2024). The office is responsible for implementing the association's policies, defending the interests of the municipalities, providing information on various aspects of local authorities, and publishing materials related to local governance.



**Fig. 8.1** Map showing the areas of the regional associations

The office operates in partnership with the Municipality Credit Iceland (MCI), a capital loan fund owned by the local authorities (samband.is, 2024).

### EU-INDUCED CHANGES IN HORIZONTAL COORDINATION

Iceland is not an EU member state, so horizontal coordination in Iceland has not been EU-induced per se. However, as a member of the European Economic Area, many of the directives of the EU affect Icelandic municipalities directly, in particular in relation to environmental directives, which have taken a significant effort for Icelandic municipalities to implement.

Developments within the EU affect Icelandic municipalities, making active advocacy towards the EU crucial. The Development and International Affairs Department of the Association of Icelandic Local Authorities (SÍS) works on advocacy for municipalities. In 2006, the association's Brussels office was established, which is operating under this department and funded by the Municipal Equalization Fund. It manages

and coordinates advocacy for municipalities regarding the EEA Agreement and assists municipalities and regional associations in taking advantage of opportunities in European cooperation programmes.

The Brussels office works closely with Nordic and Central European sister offices. There is also close cooperation with Iceland's Permanent Mission and the EFTA Secretariat, with the head of the Brussels office organising meetings for the EFTA Local Government Forum and attending Brussels meetings of the EFTA Advisory Committee and the EU Advisory Committee on labour market issues at the local and regional levels (*Brussel-skrifstofa Sambands íslenskra sveitarfélaga, n.d.*).

In 2009, following the financial crisis the country went through in 2008, Iceland applied for membership in the European Union. The membership application became an inspiration for horizontal and vertical coordination projects on the municipal level. One of them was the Regional Plans of Action. The Regional Plans of Action in Iceland were designed to replace hierarchical and New Public Management governance structures with a strategic governance network, aligned with the 2020 initiative of the left-wing government at the time. This initiative involved four key ministries, including the Prime Minister's Office, and initially ran from 2011 to 2012 as a trial. The plan aimed to involve municipal associations in selecting 5–7 projects compatible with the objectives of Iceland's 2020 initiative, which drew inspiration from the EU's 2020 strategy and an Irish model. The goal was to empower local communities by shifting decision-making on public fund allocations from central government to regional associations, involving nine ministries and the Icelandic Association of Local Authorities.

Although initially met with some scepticism from regional associations, many local officials saw potential benefits, particularly in simplifying funding allocation and increasing local responsibility. By 2013, significant funds were allocated to the project, with ISK 400 million from the state and ISK 217 million from local actors (in total EUR 3.8 million). Despite suggestions, the project was not intended to create a third tier of government but aimed to enhance cooperation among municipalities, potentially leading to future mergers (M. Á. S. Magnússon, 2014).

With a change in government and the withdrawal of the EU application in 2013, the Plans of Action were downsized significantly. However, they have continued under a slightly different name, and in 2022 ISK 1 billion (EUR 6.5 million) were allocated to the program (*Sóknaráðlanir, n.d.*).

## RECENT TRENDS AND DEVELOPMENTS

In January 2020, a long-term strategic plan for municipal affairs up to 2033, with an action plan for 2019–2023, was ratified in the Icelandic parliament, *Alþingi* (2020).

The policy document outlines a strategic plan and action agenda for Icelandic municipalities from 2019 to 2033, with a detailed action plan for 2019 to 2023. The overarching vision is to position Iceland as a leader in robust and secure infrastructure, strong municipalities, value creation, and progressive services, ensuring that technology connects communities and the country to the world in an environmentally balanced manner. Key objectives include ensuring that transportation and communication services meet societal needs and promoting sustainable and resilient municipalities nationwide (*Alþingi*, 2020).

The action plan includes several initiatives, such as increasing the minimum population of municipalities, enhancing financial support for municipal mergers, strengthening municipal revenue sources, and ensuring financial sustainability. It also seeks to clarify the division of responsibilities between the state and municipalities, improve cooperation among municipalities, and enhance democratic participation and human rights. The policy mandates regular consultation between the government, municipal associations, and individual municipalities to ensure cohesive and coordinated implementation (*Alþingi*, 2020).

## CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNT

The municipal level in Iceland is facing several challenges today. Many current debates focus on the size of the municipalities, since despite amalgamation reforms, almost half of them have under 1000 inhabitants. The Ministry of Infrastructure has been working on encouraging mergers to increase their size, and in the action plan mentioned above, a minimum threshold of 1000 inhabitants is foreseen for 2026. However, as previously mentioned, the Icelandic Constitution states that municipalities shall manage their affairs independently and that autonomy covers mergers as well. Thus, some very small municipalities have repeatedly resisted calls for mergers, and their inhabitants have rejected initiatives to such effect in local elections. These small municipalities are often quite affluent, compared with their neighbours, due to natural resources or other sources of

income outside the tax system; thus, they can afford to stay independent and simply buy their services, such as waste collection and primary schooling, from their neighbours.

Reykjavík, being the capital and the largest city, dominates both politically and economically. This centralisation leads to an imbalance, where resources, services, and job opportunities are concentrated in the capital area, potentially neglecting rural and smaller municipalities. The challenge is to decentralise and ensure equitable distribution of resources and development across the country. One of the things that has been suggested in that respect is to recognise Akureyri, a metropolitan area in the north of Iceland, formally as a city. That would give the Akureyri area a higher status and broader responsibilities, akin to the capital, albeit in a region outside where most of the population of Iceland resides. The proposal, which goes under the title of “New Urban Policy for Iceland” and is being developed by the Ministry of Infrastructure notes that Akureyri is the largest urban area outside the Reykjavík region and has the potential to offer quality of life and opportunities typical of a city due to its geographical location and its role in education, culture, welfare, and healthcare (*Starfshópur um mótun borgarstefnu, 2024*).

In recent years, Iceland has seen rapidly increasing population growth due to immigration. In the period 2019–2024, the immigrant population in Iceland doubled, from roughly 35,000 to around 70,000 (*Hagstofan, 2024*). The rapid growth of Reykjanesbær in the Reykjanes Peninsula, largely due to immigration, reflects this development. However, this rapid growth can strain local infrastructure, housing, and public services. Managing this population increase effectively requires strategic planning and investment to ensure that the needs of the growing community are met without compromising the quality of life.

As a result of this population growth, and pressures induced by the unprecedented growth of the tourism industry, Iceland is experiencing significant housing shortages, exacerbated by inflation and high interest rates. These economic factors make it difficult for municipalities to provide affordable housing solutions. The challenge is to develop effective housing policies that can mitigate these issues, ensuring that residents have access to affordable and adequate housing.

Adding to this difficult situation is the fact that Iceland had to evacuate a town of 3500 people in November 2023 due to a volcanic eruption. The area where this town, Grindavík, is situated is currently highly unstable, both due to ongoing volcanic and seismic activity, and it is unlikely that

the inhabitants can move back any time soon. Due to that, the Icelandic state took the unprecedented step of buying all real estate in the municipality (311/2024—*Reglugerð um kaup á íbúðarhúsnæði í Grindavík.*, 2024). But this also means that these people must be housed elsewhere, increasing the housing shortage in the country.

The neighbouring municipalities, together with Reykjavík, have done everything in their power to assist in this respect, opening their schools for the children of Grindavík, lending their sporting facilities to the local club, and letting the Grindavík municipal council move into the Reykjavík City Hall with its services (mbl.is, 2023). This is, of course, a highly unusual event, but is worthy of mention here since it is without doubt a footnote in the history of horizontal intergovernmental relations of the municipal sector in Iceland.

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## CHAPTER 9

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# The Role and Challenges of Regional Clusters in Israel: Advancing Collaborative Governance Amidst Centralized Tensions

*Anna Uster and Itai Beeri*

## INTRODUCTION

Israel is located in the Southern Levant and borders several countries, including Lebanon to the north, Syria to the northeast, Jordan to the east, Egypt to the southwest, and the Palestinian territories to the east and southwest. It is also situated near the Red Sea to the south and the Mediterranean Sea to the west. While Jerusalem is the capital of Israel, Tel Aviv serves as the economic and technological hub of the country. In

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2022, Israel had a population of 9,656,000, with Jews comprising 73.6% of the population, Muslim Arabs totaling 21.1%, and the remaining population (5.3%) consisting of Christian Arabs and other small minority groups. Israel is a country about the size of the state of New Jersey or two-thirds the size of Belgium. It is 22,072 km<sup>2</sup> and has a population density of 440.94 people per square kilometer.

Israel's public administration developed under the British Mandate in Palestine from 1917 to 1948. The State of Israel was then established in 1948 as a parliamentary democracy with a collectivist and centralized social structure (Eshel & Hananel, 2019). The state is governed by a 120-member parliament (the Knesset), with membership based on proportional representation of those political parties that receive at least 3.25% of the popular vote. A coalition of at least 61 seats is formed and the prime minister—usually the chair of the largest party—is chosen by the parliament. There are three branches of the Israeli government: the legislative (Knesset), the executive (the prime minister and his or her cabinet), and the judicial (overseen by the Supreme Court). The Presidency and the State Comptroller constitute additional institutions. This institutional structure is designed to maintain checks and balances between the governing authorities.

The Supreme Court serves a dual role as the highest court of appeals and as the High Court of Justice allowing individuals, both citizens and non-citizens, to submit petitions against decisions by state authorities. Although Israel does not have a constitution, the country is subject to so-called Basic laws that have constitutional status. For example, Israel's Basic law: Human Dignity and Liberty seeks to defend human rights and liberties. A complicating factor is the fact that Israel's legal system is the inheritor of three legal traditions: English common law, civil law, and Jewish law. Marriage and divorce fall under the jurisdiction of the religious courts: Jewish, Muslim, Druze, and Christian.

In addition to these cultural challenges that create societal polarization, current challenges at the government level include the ongoing problems of governability and political stability. These issues have prompted demands for administrative reform, but over time, decision-makers have demonstrated a lack of political will and have proven unable to re-formulate public policy and implement it effectively. Israel is further hampered by the centralized control over public administration and over-centralization in the relationship between the central and local governments (Beeri, 2020; Eshel & Hananel, 2019). This situation intensified during the

1990s and 2000s (Cohen, 2016; Galnoor, 2011). The problems of governability are directly related to Israel's politically unstable environment where politicians and ministers are frequently replaced.

The crucial need to reform Israeli public administration was the focus of many government and non-government committees between 1960 and 1990, but most of their recommendations were not fully implemented. Another major issue that impedes governability is Israel's political culture, characterized by what scholars have called "alternative politics" (Mizrahi & Meydani, 2003). Rather than seek solutions through formal channels, many try to solve problems on their own, creating an environment in which decision-makers seek "to cast a thick fog that will make it difficult to distinguish between legal and illegal" (Galnoor, 2011, p. 205). Structural conditions including deep social divisions, economic problems, foreign policy and security issues, political instability, centralization in the structure of government systems, and decision-making ability (Uster & Cohen, 2022) encourage the emergence of alternative politics. All of these issues have a dramatic and significant effect on the ability of local authorities to adopt innovative management patterns, maintain good governance, and implement reforms to streamline their organizational system.

Israeli municipalities are typically divided along community, ethnic, and religious lines. Various groups live in separate cities or neighborhoods (Schroeder et al., 2022). Although Israeli Arab minorities—Muslims, Druze, Christians and Bedouin—constitute about one-fifth of the population (21%), they are a decisive majority in one-third (27%) of the local authorities, primarily those located in peripheral areas (Israeli Central Bureau of Statistics, ICBS, 2025). About 70% of the local authorities have an almost totally Jewish population and a small minority (3%) has a mixed Jewish–Arab population. However, unlike in most Western states, the remaining local authorities that are comprised of Arab citizens are controlled by local Arab governments chosen by the residents (Uster et al., 2019).

Most of the Arab population identifies as Palestinian, a group that has been engaged in a struggle with the Jewish population for over 150 years (Lewin-Epstein & Semyonov, 2019). As a result, the relationship between the central and local governments is very competitive and conflictual (Beeri, 2021). Although like many Western countries local government in Israel is undergoing a transformation from local government to governance, in many areas these practices have been adopted only partially or not at all. For example, Arab local authorities are characterized by

traditional management practices that include a clerical political culture based on family relations, clans, or tribes (*hamulas*), and a less participatory civil society than their Jewish neighbors. The Arab leadership has not fully adopted the basic principles of local participatory democracy or good governance (Ghanem & Mustafa, 2009). In addition, there are municipalities populated by ultra-Orthodox Jews who maintain their own schools and have little day-to-day contact with other parts of the Israeli population (Machlica, 2020). The ultra-orthodox community places its trust in its rabbis and religious leaders rather than in government agencies, which affects social issues (Schroeder et al., 2022).

In sum, Israel's unique demographics affect its political system, causing a degree of instability and creating obstacles to the implementation of public administration reforms both in general and particularly with respect to local government. Although by law parliamentary elections are scheduled every four years, Israel has a very unstable political system. As a result, the parliament is frequently dissolved early and new elections are called. Needless to say, the security situation looms large over civil and local affairs.

## INTERGOVERNMENTAL RELATIONS: THE POLITY

Modern Israel contains 258 local authorities, of which 75 are cities and 127 form local councils, with 54 regional councils and 2 local industrial councils. A local industrial council is a municipal authority that includes an industrial area and factories, but not residents or an educational system, and is therefore beyond the scope of this chapter. A local council is a local authority usually urban in nature, with the number of residents lower than 20,000, insufficient to be recognized as a city. A regional council is a governing body that unites several rural or community settlements in a certain geographical area. This geographical domain may cover very large areas, whereby the council unites a number of individual settlements or even dozens of settlements; thus, the number of its residents can range from a population of a few thousand up to several tens of thousands of residents. About 50% of the local authorities in Israel have up to 15,000 residents, and 28 municipalities have smaller than 5000 inhabitants.

Local authorities in Israel are classified according to a socio-economic index determined by the Central Bureau of Statistics that is updated every two to three years. The index examines the socio-economic situation of the residents of that authority, not the financial strength of the authority

itself. It is understood that a close connection usually exists between the two, but such a relationship is not required. The index divides the local authorities into 10 clusters, where Cluster 1 encompasses authorities at the bottom of the socio-economic index and Cluster 10 contains the soundest authorities. This classification is used mainly by the Ministry of the Interior in determining the allocation of budgets, manpower, and powers to the authorities. However, other government ministries, such as the Ministry of Education, also use the index to determine the allocation of available resources.

Israel is a unitary state in which local authorities are empowered to act within the limits of the “ultra vires” or “outside their power” doctrine and are regarded as an extension of the central government. Historically, local Israeli governments have possessed only limited autonomy and have varied greatly in their performance (Razin & Hazan, 2014). The relationship between the local authorities and the central government is characterized by a constant tension between centralization de-jure and decentralization de-facto. The Ministry of Finance and the Interior Ministry are the central actors dominating the oversight of local governments. Although local authorities can pass their own laws, they must be approved by the Minister of the Interior together with the appropriate minister.

Local authorities do have the responsibility for providing municipal services. However, the power and strategic authority given to them are not commensurate with this level of responsibility (Beeri et al., 2019). For example, the central government determines and approves local tax rates and discounts, municipal borders, local rules, local appointments, and annual budgets, leaving little room for localism and local autonomy and grassroots democracy (Beeri & Yuval, 2015). When local authorities have budgetary problems, they appeal to the central government. The central government, particularly the Ministry of Finance and the Ministry of the Interior, has traditionally taken a centralist and conservative view towards local authorities, both in routine times and during crises, sometimes even to the point of regarding the local economy as a threat to national economic stability (Beeri & Razin, 2015). Since the first decade of the 2000s, these ministries have grown even stricter in dealing with local financial crises (Beeri, 2013; Reingewertz & Beeri, 2018).

In general, the fiscal dependency of Israeli local authorities makes the relationship between the central and local governments extremely politicized. In addition, each tends to blame the other for the mediocre performance of Israeli local authorities (Kimhi, 2011). This trend results in

systemic inequalities and a widening gap between local authorities (Ben-Bassat & Dahan, 2018; Lasri, 2012; Levi et al., 2020; Mualam et al., 2020; Tzfadia et al., 2020). Since 2004, the central government has begun taking over control of local governments that perform poorly. The Minister of the Interior has imposed recovery plans forcing extensive local cutbacks and mass layoffs (Reingewertz & Beeri, 2018); appointed external public managers authorized to impose extra taxes, levies, and fees; and controlled the local authorities' new appointments, contracts, and tenders (Ben-Bassat et al., 2016). Finally, the Ministry of the Interior is authorized to dismiss the mayor and members of the local council and substitute an appointed board to run the municipality when necessary (Beeri, 2023). Simultaneously, local authorities have been pushed to achieve functional and financial independence without appropriate budgeting from the state. This pressure has encouraged creative actions at the local level to find additional sources for so-called independent income (Levy & Sarig, 2014).

While the 1980s and 1990s witnessed various New Public Management (NPM) reforms in public management worldwide, no comprehensive reforms were ever formally adopted in Israel, either for general public management or in the context of local government (Drew et al., 2019; Vigoda-Gadot & Mizrahi, 2008). Instead, the NPM practices permeated public management sporadically, on a voluntary and uneven basis, thus widening existing gaps between local authorities. Furthermore, there has been little public discussion about the international trend reflected in the shift from local government to local governance since the early 2000s. Instead, this change was simply imposed without any training of those involved. These reforms were designed to support local autonomy and democracy, promote localism, and encourage local collaborations and co-processes, leading to the co-designing, co-production, co-developing, and co-implementing of local policies and local services (Osborne & Strokosch, 2013). The fact that only a small number of sound local authorities independently chose to adopt these governance practices has only exacerbated the gaps between various local authorities (Beeri & Razin, 2015).

In sum, there is a contradiction between the perspectives of the national and local governments. The Ministry of the Interior embodies the concept of the “regulatory state,” which refers to the expanded monitoring of public agencies by the state (Levi-Faur, 2005). In contrast, the prevailing concept on the local level is that of the “strong mayor.” This model refers to elected mayors who are quite powerful (Heinelt et al., 2011). While the model is increasingly prevalent in Europe (Magnier, 2006), in Israel it has

dominated local governing since 1975 (Dror & Zehavi, 2022). A reduction in resources and lack of governance on the part of the central government, together with the growing demands of citizens for better services, have prompted the local authorities in Israel to find ways to improve the services they provide while reducing the costs. One of these ways is to create horizontal collaborations between neighboring authorities while preserving and strengthening the regional concept. The next section will expand on these collaborations, which require coordination, communication, and governance skills and raise quite a few challenges on the way to achieving their goals.

### HORIZONTAL INTERGOVERNMENTAL COORDINATION: POLICY AND POLITICS

The major formal horizontal intergovernmental coordination in Israel besides ad-hoc, informal, municipal cooperation is regional clusters (in Hebrew: *Eshkolot*). Regional clusters are comprised of spatial partnerships and collaborations of local authorities that share common municipal borders. These regional clusters are in line with the New Public Governance paradigm and multi-level governance that foster collaboration rather than competition (Hefetz et al., 2012). They are the voluntary grouping of similar layers of governments. In some cases, they result from the bottom-up will of elected municipal leaders and councils to join together and request recognition as a regional cluster. In parallel, they result from the top-down pressures of the Ministries of the Interior and Treasury to promote, regulate, subsidize, and professionally support the creation and functioning of regional clusters.

After many years of failed attempts to merge local authorities and following the report of the Ministry of the Interior's Committee to Promote Reform in Regional Governance in Israel (2020), the Israeli government abandoned the goal of combining local authorities. Regional clusters, first established in 2010, represent the adoption of a new regional concept, marked by networked and strategic collaboration, and a shift from economic and operational concerns about efficiency to spatial, interdisciplinary, inter-organizational, and inter-municipal thinking and planning (Beeri, 2025; Beeri & Zaidan, 2021). In terms of social and communal aspects, while mergers are more likely to serve individual preferences and rational interests, regional clusters follow a more post-functionalist

rationale that goes hand-in-hand with governance and the need to provide public goods on varying scales to self-ruled communities (Hooghe & Marks, 2016).

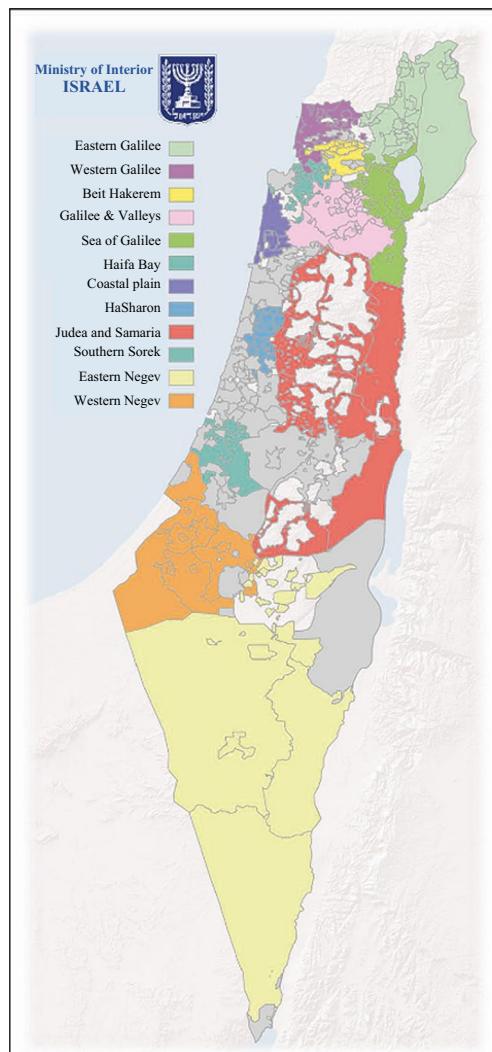
In 2023, there were 12 regional clusters in Israel that included 165 local authorities, 64% of the total number of municipalities in the country. There were about 14 municipalities in each regional cluster. The regional clusters comprise more than 3 million residents (~33% of Israeli citizens). Most regional clusters are located in the geographic periphery and include the social periphery of small to medium-size towns and rural councils, not large cities (see Fig. 9.1).

The main actors involved in a regional cluster are the mayors and CEOs of the member local authorities. They are automatically appointed as the ruling forum called The Regional Council. An additional important forum that acts as a strategic cabinet consists of the mayors only. Each mayor has one vote, even if he/she represents a large local authority in terms of number of residents. For instance, a strategic cabinet decision could be to focus the regional cluster on three areas of action in the common space in the coming years: public transportation, employment opportunities, and the building of a new international airport in the region. The head of the Regional Council is one of the members' mayors, who is elected by the council for a term of five years. The regional cluster also operates permanent and ad-hoc committees. Examples of permanent committees include all municipal CEOs, all municipal engineers, and all municipal representatives of the local authority dealing with cyber and data management.

An example of an ad-hoc committee is tour operators and travel agents who produce a common regional tourism map. Alongside the political and administrative representatives of the local authorities' members, the Regional Council nominates the CEO of the regional cluster, and his/her administrative director usually includes 10–15 staff members.

The functioning and operation of regional clusters are based on the principles of networked management (Uster et al., 2022b). The voluntary association between the local authorities' members of the regional cluster is likely to improve functional ties, in-depth interactions, commitments, and complex relations between the players (Hindi, 2018). Therefore, networked regional partnerships have the advantages inherent in size. They can also provide complex, place-based, accessible municipal services more efficiently and effectively and without making far-reaching organizational changes, compared with the capabilities and resources that are available for each of the local authorities' members separately (Uster et al., 2022a).

**Fig. 9.1** Map of the regional clusters in Israel. (Source: Israel Ministry of Interior, 2024, June 23)



From a political standpoint, regional clusters are based on repeated voluntary actions. Joining a cluster is a voluntary action made by a group of local councils and their mayors. In practical terms, they are free to leave this collaboration if they so choose. Using the clustering regulation, local

authorities' councils may transfer executive powers for providing municipal services to the regional cluster, only after the mayor and the local council have initiated and approved this transfer. Therefore, a regional cluster is subordinate to its local authorities' members, not the other way around. In the same manner, the main customer of a regional cluster is the political and administrative staff of the member local authorities, not the residents, who usually do not consume the municipal or regional services that are provided directly by the regional cluster. Moreover, the regional cluster is not an independent political actor. While it does have a professional agenda, plans, and preferred policies, it has no political agenda. It does not consider itself a political player and is not involved in local elections. The opposite is closer to the truth. Regional clusters' CEOs are careful not to stand out on the public media front and leave the claim for political credit to the mayors. Thus, residents tend to continue seeing the local authority and mayors as responsible for the quality of local and regional services. They give them political credit or blame, for better or worse.

In contrast to the main actors who are formally nominated and involved in regional clusters, we can point to several stakeholders that could have been members of the regional councils and might be members in cases other than Israel. They include representatives of the central government, the business sector, NGOs, and civil society. Given that regionalism in Israel has come rather late to the country and is still fragile, at this stage of development powers are retained locally, particularly in local political actors. Regional clusters cooperate with the central government, the business sector, NGOs, and civil society. However, this cooperation is not anchored in the formal representation of these bodies and depends on the political and professional views of the current members. Thus, we can say that the Israeli regional clusters follow the principle of governance as a spatial factor. However, they have not yet matured to the point of having a well-informed, deliberative dialogue driven by quadruple-helix societal stakeholders and partners (Casale Mashiah et al., 2023). Thus, they are less inclined to respond to societal needs and planning processes through inclusiveness.

Regional clusters are designed to provide added value, above and beyond the local authorities' capabilities and scope. Their goals are to foster regional planning and development through cooperation between the local authorities that are its members. They accomplish these goals by bringing about the joint and efficient supply of municipal services; pooling

resources and utilizing economies of scale; improving the quality of life of the residents by raising the level of service and reducing social gaps; making new and adapted place-based policies and services accessible, particularly in the geographic periphery and small authorities; and creating joint moves between the cluster authorities that promote inclusion.

A review of the websites of the regional clusters indicates the main areas of activity and their projects. For example, one regional cluster's vision is "to be a ground-breaking body that follows innovation and professionalism for inclusive regional growth, to initiate, lead and promote significant and effective collaborations to benefit the quality of life in the region" (East Negev regional cluster website, 2024). Hence, here are a number of key areas of activity and projects that characterize the regional clusters: regional planning; the development of business and tourism; environmental protection; tenders and contracts; innovation and digitization; community development; healthy lifestyles; regional resilience and crisis management; popular and professional sports; and female leadership and empowerment.

Like other managerial entities, regional clusters are not free of limitations, conflicts, and challenges. In an era of multi-level governance made up of numerous players from different organizations, the traditional, vertical, top-down organizational structure has encountered difficulties. On one hand, multi-level governance that involves clustering creates the potential for reestablishing the relationship between the central and local governments. Given the failure of the central government in Israel to make large-scale reforms by merging local authorities, it is very tempting for the senior administrative staff of government ministries to work with 12 to 20 large, strategic professional regional clusters instead of 258 local authorities. On the other hand, the relationship between the central and local governments in Israel is tense and lacks mutual trust. Since regionalism and regional clusters are in their infancy, they have yet to establish a solid ground for improving the relationship between the central and local governments. In addition, politicians—both ministers and mayors—still retain political power that is based on the mutual dependence inherent in direct relationships.

The central government is not the only stakeholder that is suspicious about regionalism and regional clusters. Some mayors and council members are yet to be sure that regional clusters are effective and trustworthy. Thus, following Hooghe and Marks (2016), who disputed that public service is motivated by balancing costs and efficiency, Streb (2019)

claimed that large, wealthy municipalities are more likely to reject cooperation with neighboring local authorities. During the first years of the operation of regional clusters, Israeli mayors expressed their fear that tenders and calls for the funding of local authorities would be conditional on belonging to a regional cluster. They were also afraid that clustering was the first step in a salami tactic to create a massive centralist merger plan. Some years later, mayors realized that in fact, regional clusters increased the total income of municipalities because they were defined as having national priority, which enabled them to win more government funds (Research and Information Center, 2019).

## RECENT REFORMS, TRENDS, AND DEVELOPMENTS

Intergovernmental relations in Israel have recently gone through dramatic changes designed to redefine intergovernmental relations. Nevertheless, these shifts should be regarded as trends, not reforms. The recent trends in intergovernmental relations can be split into three main periods: (i) Pre- and during COVID-19, covering Benjamin Netanyahu's fifth COVID-19 government (until June 2021); (ii) Post COVID-19, covering Naftali Bennett and Yair Lapid's "Government of Change" (June 2021 to December 2022); and (iii) Benjamin Netanyahu's sixth "Legal Revolution Government" (December 2022 to the present [June 2024]).

Before COVID-19, Israel had a very centralized form of government (Beeri & Yuval, 2015). Unlike recent developments typical of Western democracies (Ebinger et al., 2019), Israel has not adopted any substantial reform in that regard. On the contrary, there has been a noticeable lack of reforms in the local government, regionalism, and the management of space (Beeri, 2020). However, the COVID-19 pandemic was a watershed experience, embroiling the country in a national political crisis. Following repeated failures to form a coalition government, the country underwent four national elections within two years. The simultaneous health and political crises found the country in a state of disarray, with low levels of trust and limited national tools and powers for governing. At the same time, throughout COVID-19 the local authorities enjoyed relatively solid political stability, strong public trust, community support, and positive coverage in the national press. Therefore, while the national government initially attempted to take full responsibility for dealing with the situation, it eventually and reluctantly recognized the importance of local initiatives and leadership in managing the crisis (Beeri, 2025; Beeri et al., 2023).

COVID-19 highlighted the key role of Israeli local authorities. They were better able to understand local needs, respond quickly, and tailor place-based policies. Moreover, the local leadership took the initiative without waiting for instructions or permission from the central government. In some cases, local independence overstepped the boundaries of intergovernmental relations, as local leaders came out against the central government and even contradicted its guidelines. Interestingly, even though they acted on their own, the local leaders also collaborated and networked with other local municipalities. Robust horizontal and vertical networking with relevant stakeholders facilitated the flow of information, the timely and effective implementation of policy, and the procurement of resources. The impetus for this networking was not just the recognition about the need to contain the virus but also the understanding that local initiatives would have more weight if they were backed by several localities (Beeri et al., 2023).

Following these events, after COVID-19 subsided, Naftali Bennett and Yair Lapid's "government of change" promoted a more modest approach toward local government and intergovernmental relations that saw the former as partners. The central government made a remarkable decision entitled "Decentralizing Powers to the Local Government and Reducing Excess Regulation" (Decision 675, 11.201). More than 10 government ministries and national bodies mapped the areas that were appropriate for deregulation and recommended transferring their authority to subnational bodies. One leading example is the Ministry of Transportation's decision to create regional-local bodies that would have public transportation planning authority.

However, the "Government of change" had lasted only a year and a half. Benjamin Netanyahu's sixth government has returned to a more traditional mode of centralist intergovernmental relations. For instance, it cancelled the decision to create regional-local bodies for transportation, proposed cutting the local budgets for infrastructure and education, nationalized parts of local taxes, and suggested centralizing local powers in the field of planning and construction. In response, in the short period since the establishment of this government, The Federation of Local Authorities in Israel shut down all local authorities' municipal services and the educational system twice, as well as the system for licensing businesses. Recently, the civil society activist movements have joined these protests against nationalizing local taxes.

## CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNT

When trying to forecast the future of horizontal cooperation between the local authorities in Israel, we must consider the local circumstances and the various trends that characterize it. Inter-organizational or inter-municipal cooperation constitutes the existing reality. Adapting to cooperative governance requires a change of perception at the national and local political levels, the bureaucratic level, in the business sector and civil society, and among residents. That said, inter-municipal cooperation requires legitimization from multiple sources. It is shaped by and pushed from the top and bottom, externally and internally. However, it seems that intergovernmental relations in Israel are still a political tool in the ongoing conflict between centralism and localism. Without cooperation from government offices, bureaucrats at the local level, NGOs, and consumers, horizontal coordination may become degraded and ineffective or even regressive. In such a case, local governance and local democracy might be weakened, resulting in unbalanced power relations between the representatives of the various authorities, between weak and powerful local authorities, or between private sector interests and municipal interests.

Due to the ongoing weakness and instability of the central government, strong local and regional governance is required. Currently, the local authorities seem to know better than other government bodies how to manage their space and plan, integrate, and shape their services while representing their interests and collaborating with other partners within the regional cluster. However, in order to maximize this trend, we need further decentralization and the transfer of authority to subnational governing bodies. In addition, we need the creation of unique organizational skills and culture that enable local governance and the ability to cooperate without harming this governance.

We assume that local authorities that are characterized by an organizational culture of intra-organizational cooperation will be able to accept these governance principles and cooperate with the other authorities at the regional level. In addition, they will maintain their governance capacity. However, there is still a danger that in local authorities with a high degree of political fragmentation and mismanagement, there will be communication problems, competition that has a negative effect, and the lack of a common language within the authority and between local authorities.

Without external intervention in these local authorities, successful horizontal coordination is unlikely.

Thus, without direction and tools from the central government, a regional government may harm weakened authorities and not achieve its desired results. Furthermore, given that the local arena in Israel is characterized by the model of a strong centralized government dominated by a mayor and a professional cabinet, de facto and not de jure, local decentralization enshrined in law may produce a situation in which the head of one local authority has excessive power in a regional cluster. Such unrestrained power may provoke objections among other actors and prevent representative and democratic regional collaboration.

Another issue that should be mentioned in light of recent history relates to so-called Black Swan events (Grandori, 2020; Taleb & Swan, 2010). These events, such as the COVID-19 pandemic, are unpredictable, fast moving, and have devastating consequences, sometimes on a large scale. Regional cooperation during a Black Swan event is essential. However, it is unlikely to occur if the local arena did not develop sufficient awareness and administrative proficiency during more routine times. In such cases, these local authorities may face numerous difficulties during times of crisis.

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## CHAPTER 10

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# Bridging Levels of Governance: The Dynamics of Vertical and Horizontal Intergovernmental Relations in Latvia

*Iveta Reinholde, Malvīne Stučka, and Ilze Auliciema*

## INTRODUCTION

Latvia is located on the shore of the Baltic Sea and is considered part of Northern Europe or Scandinavia. It is often labelled a “Baltic” state with its neighbours Estonia to the north and Lithuania to the south. The Baltic states share the same history—independence between World Wars, Soviet occupation after 1940, and restoration of independence in 1990. Latvia joined the EU and NATO in 2004 and the OECD and eurozone in 2014.

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The current Latvian intergovernmental relations combine factors like hierarchical solid relations between national and local levels, municipal mergers and modernisation reforms at the national level. The policy transfer of the constitutional frame from the 1920s and the current administrative wish for modernity and solid personal networks should add a combination of factors. All these factors constantly interact, creating an administrative system with a strong focus on administrative traditions and legal norms shaped by individuals and agencies looking for coherence in policy actions. In addition, any external pressure (accession to the EU or COVID pandemic) highlighted that the government can address external pressure with sufficient coordination. Meanwhile, the internal sustainability of inter-governmental coordination strongly depends on the personal interests of politicians and civil servants and their understanding of the complexities of the historical political and administrative heritage.

Founded in 1918 as a sovereign, democratic, parliamentary and unitary state, Latvia restored its constitutional continuity in 1990 after the Soviet occupation (1940–1990). Latvian public administration is constructed on the *Rechtsstaat* doctrine, where the rule of law constrains the state. Hence, Latvia's association with the Roman-German law tradition has shaped its central political and administrative values. The current Constitution (*Satversme*), approved in 1922 and amended after 1990, draws on leading constitutional designs of that period, such as those of France, Switzerland, Germany, the USA and the UK (Pleps, 2012).

Latvia has a classical division between legislative, judicial and executive powers. It is a unitary state with only two levels of government—the central and local (or municipal) government. The legislative power is vested in the single-chamber Parliament (*Saeima*), consisting of 100 members elected by proportional representation for a four-year term. The Parliament elects the President of Latvia for a term of four years. The role of the president is mainly ceremonial and representative. The president appoints the prime minister, who forms the government (*Satversmes Sapulce*, 1922).

Local government has undergone significant reforms since the restoration of independence. These reforms have aimed to enhance administrative efficiency and improve local governance. System-wide territorial reform preparations began soon after the approval of the new municipal law in 1994. The new Local Government Law, which came into force on 1 January 2023 (*Saeima*, 2022), further expanded municipalities' functions. It included responsibilities related to climate change, sustainable development, and youth participation in policymaking. Even local

municipalities are entitled to and guaranteed the right to regulate all issues relevant to the local community; in reality, local municipalities are constrained in their actions by the national laws, financial equalisation system and centrally collected taxes. These conditions create tension in the national-local vertical levels of relations and relations among municipalities, especially regarding shared service delivery.

Additionally, it introduced new citizen engagement tools like participatory budgeting and community councils. The law also mandated the establishment of integrated internal control systems in each municipality, including risk management processes and independent internal audit functions. These reforms reflect Latvia's commitment to building a robust and transparent public administration system that aligns with European standards and effectively serves its citizens.

However, with simultaneous reforms at both the central and municipal levels and a significant increase in stakeholders (Davey, 2002), coordinating these efforts horizontally and vertically across governance levels became increasingly challenging. The initial reform process was performed without a professional and functioning administration. Many stakeholders (public agencies, municipalities, political parties and even politicians) posed endless arguments trying to build up initial administrative logic. In addition, policy transfers from mainly Anglo-Saxon countries and an obsession with the EU dream did not fuel the development of structured intergovernmental policy coordination. Conversely, national and local levels often viewed each other as political rivals, lacking enthusiasm for creating sustainable and administratively rational intergovernmental and intragovernmental coordination mechanisms.

In 1995, Latvia applied for accession to the EU, adding another layer of reform. EU assistance helped establish new agencies to meet membership obligations and enhance capacity building. Given the relatively short duration of the reforms and the parallel work with the various institutions, intergovernmental coordination and policy coordination were not the primary objectives of these reforms.

Overall, Latvian society considers the government an effective crisis manager, as demonstrated by its handling of the 2008–2009 economic crisis and the COVID-19 pandemic. However, the government hesitates to discuss the current challenges in more detail, fearing negative financial impacts or societal reactions. The significant current challenges are related to wicked problems in education and health care, and reforms are requested in the judiciary. Meanwhile, municipalities ensure the bulk of coordination

during all the significant challenges and crises. Municipal governments demonstrated good intergovernmental coordination skills that were helpful during the COVID-19 lockdown. However, those experiences have resulted in a lack of enthusiasm to manage necessary sector reforms later. The observed high-speed communication between the national and local levels during the COVID-19 crisis was also unprecedented in comparison to “normal” times and not maintained in the aftermath of the pandemic due to high staff turnover while the new personnel preferred to stick to the formalised and institutionalised pre-COVID intergovernmental coordination patterns.

Latvia's primary industries include financial services, transportation and ICT (*Centrāla statistikas pārvalde*, 2024). While Latvia's economic growth has exceeded pre-COVID-19 levels (Arnicāns, 2022), it lags Estonia and Lithuania in GDP growth. There is a call for a national-level dialogue regarding hospitality, retail, transport and energy sectors. Latvia's small market is dominated by a few (2–3) key players who dominate the agenda. Thus, the government is expected to open a debate on the competitiveness of some sectors of the economy. Despite being labelled “Baltic tigers” (Ward, 2009), the Baltic states, including Latvia, exhibit characteristics of small states, where the economy and politics are closely interconnected (Thorhallsson, 2015). Some economic decisions in Latvia have been influenced by stakeholder pressure and personal relationships between politicians and financial players (Sommers et al., 2014).

The Latvian academic scholarship on municipal issues focuses mainly on public participation, local–state relations (Reinholde et al., 2021) or municipal finances (Bruna & Gross, 2012; Stučka, 2024). This chapter outlines the vertical dimension of Latvian central–local-level relations and the main challenges for horizontal intergovernmental relations.

## INTERGOVERNMENTAL RELATIONS: THE POLITY

The reconstruction of public administration after 1990 was a complex and internally contradictory process. Latvia's pre-occupation and pre-communist administrative traditions, procedures and policy coordination approach were assumed to be the basis for Western public administration. The transformation was exceptionally challenging for public agencies regarding administrative procedures and culture.

Between 1990 (when Latvian independence was restored) and 1993 (when the first democratic election was held), public institutions and

municipalities navigated within an uncertain environment. They did this by revising the legal acts to reflect the new reality, adopting democratic administrative cooperation and learning new skills.

Municipal elections were held in 1994 when 594 municipal councils were elected. This initial phase set the stage for further administrative-territorial reforms. The administrative-territorial reform of 2021 was aimed at merging municipalities and having economically more robust territorial units. Thus, the journey from 594 municipal units in 1994 to 43 municipalities (corresponding to the LAU 1 level) has been made. Amendments in the Law on Administrative Territories and Populated Areas (2020) is under consideration by the Parliament in 2025. Following a Constitutional Court ruling includes adding one of the districts that challenged the original consolidation decision to the district is preferred. Additionally, Members of Parliament are proposing other changes to the division of districts within the law, which will need to be voted on (*Saeima, 2020, 2024*). These changes underscore the importance of effective vertical intergovernmental coordination in ensuring that administrative decisions align with local preferences and legal standards.

Following the same pattern as at the national level, the division of powers is installed at the local level, between the elected local Council (local legislative) and the municipality's administration (local executive). The local municipal councils are elected every four years by direct elections. After municipal elections, elected council members elect the head of the chairperson from council members (*Saeima, 2022*). Even though a committee or councillors rule Latvian municipalities, the chairperson (equivalent to the mayor in other European countries) is still an influential official as they are always the chair of the finance committee, and they affect the effectiveness of municipal operations more generally.

The two tiers of governance also determine the division of responsibilities among them. The central level is responsible for policy design. Each sectoral ministry is accountable for its policy areas and has subordinated agencies with a country-wide administrative jurisdiction (e.g., in social insurance or health care). The centre of government, built around the State Chancellery and the Ministry of Finance, coordinates strategic and budget planning via the harmonisation procedure. The harmonisation procedure of legal drafts among ministries intends to ensure coordinated, inter-sectoral policy design despite failures and limited evidence-based approaches. At the national level, the Department for Cross-Sectoral Coordination at the State Chancellery ensures horizontal and vertical

coordination. The department coordinates national policies at their development stage, where the interdisciplinary element is identified. As a mediator among many ministries, the department fosters sectorial ministries to search for a common point of contact. This centralised coordination is crucial for maintaining consistent and coherent national policies. However, the practical implementation of these policies often falls to local municipalities, highlighting the importance of effective vertical intergovernmental coordination.

At the same time, local municipalities provide essential services in regional development, primary education, social care, public transport and construction (*Saeima, 2022*). The legal framework details the division of competencies between the central and local levels with the fundamental assumptions—the national-level design policies and laws. In contrast, the local level is the crucial factor for service delivery. The service delivery is the main point of contact for both levels and the issue of conflicts. The shared rule of service delivery (e.g., in education, social care and assistance) provides a field for tensions, as the national level delegates the service delivery to municipalities without proper financing (*Kincis & Līcīte, 2023*).

Local municipalities operate according to the principles of the European Charter of Local Self-Government and the respective legal norms of Latvia. According to the Local Autonomy Index, Latvian municipalities are measured close to the European average, with Latvia scoring 19.67 in 1995, 20.33 in 2014 and 19.44 in 2020 (Local Autonomy Index mean value is 21.46), which is slightly less than that in 2014 (*Ladner et al., 2015, 2021*). There may be changes in the Local Autonomy Index regarding financial autonomy and non-interference following the administrative-territorial reform in 2021. However, the index remains generally stable regarding its organisational independence, as administrative supervision and legal protection have been steady since 1994, aiming only to ensure legal compliance, while fiscal autonomy has been restricted. Like UK and Hungary, Latvia belongs to countries where municipalities are characterised by high spending responsibilities and low local autonomy (*Navarro et al., 2018*). While Latvian municipalities are autonomous in their organisational structures, low local tax autonomy and limited financial self-reliance reflect a tendency towards centralisation. The 2021 reform, aimed at merging municipalities to create economically more robust units, could potentially impact the balance of power between central and local governments. Effective vertical coordination between the central and local

governments is essential in managing these changes. Ensuring the smooth implementation of policies and reforms requires strong communication and cooperation across governance levels. This vertical coordination is vital to addressing shared responsibilities and mitigating potential conflicts that arise from fiscal constraints and service delivery expectations.

The new Local Government Law (*Saeima, 2022*) provides a detailed frame for supervising municipalities since they are not widely regulated in the Constitution. The Ministry of Environmental Protection and Regional Development (from now on—MEPRG) is the main supervision body related to the activities of the local government. However, other ministries and institutions also have the right to supervise authorities in their field of responsibilities (e.g., children's rights or construction).

The Local Government Law set out the following supervision instruments:

- The MEPRG controls the lawfulness of the local regulations issued by the local government. The MEPRG controls the rule of law for the local regulations covering social security and the protection of children's rights, as well as local government fees and taxes. In preparing its opinion on binding regulations, the MEPRG may request the opinion of the other ministries (e.g., the Ministry of Welfare or Ministry of Finance) to have a professional evaluation of the sector.
- The MEPRG may suspend the operation of unlawful binding regulations or specific provisions by reasoned order.
- If the MEPRG detects local authorities' illegal decisions, the municipal council must re-examine the relevant decision at the nearest meeting of the councillors to decide whether to revoke or amend the decision in whole or in part or to leave it unchanged, indicating the justification for such action in the decision.
- The MEPRG may suspend the chairperson of the municipal council from performing the duties of office if the chairperson fails to fulfil or violate external regulatory enactments or comply with court judgements.
- Finally, the parliament dismisses the city or municipality council if it repeatedly fails to comply with or violates the Constitution, binding international laws, national laws or Cabinet of Ministers' regulations. These are not often cases, but from time to time, the parliament issues a special law on dismissal.

Another relevant reason for dismissal is the fact the municipal council has not elected the chairperson, a deputy chairperson or committees within two months after elections or has not appointed the executive director of the local government within six months after the open call finished. Suppose the municipality is not capable of making decisions since there is no quorum of councillors required in three successive city or municipality council meetings. As a rule, the dismissal of the council or absence of councillors is related to political cleavages of local councils (Reinholde & Stučka, 2022).

Finally, financial issues are the subject of supervision from the Ministry of Finance, which ensures the observation of common principles in state budget management, analyses monthly reports from local councils and helps with budget preparation. In addition, Latvian municipalities are not allowed to borrow from the private sector. All municipal loans are placed in the State Treasury. Even though this is another tool for supervision, it also ensures a close look at the financial health of municipalities as they are allowed to borrow not more than 20% of annual revenues. However, if the Ministry of Finance detents any fiscal problems in municipalities, the Council for the Control and Supervision of Local Government Loans and Guarantees is one to provide help, recommendations and support. However, Latvia has not yet ratified Article 9.8 of the European Charter of Local Self-Government, and thus, Latvia is not adhering to this article, which substantially limits the fiscal autonomy of local authorities (Council of Europe, 2017). For example, recently, there has been a proposal for the dismissal of the Rēzekne City Council due to the council's violations of budget and financial management laws, municipal budget laws and other laws. This is currently awaiting a vote in parliament (*Saeimas Preses dienests*, 2024).

According to Local Government Law (*Saeima*, 2022), each municipality should have an internal audit unit or at least an internal auditor with a mandate to evaluate governance, risk management and compliance in local governments. By introducing the norm, Latvia makes the requirement mandatory for all municipalities. Even though internal audits are supposed to be voluntarily introduced, Latvia's legal approach turns it into another tool of supervision, as all methodological guidelines regarding the mandate and scope of internal audits are produced by the Ministry of Finance. While the Local Government Law emphasises cooperation between local authorities and line ministries when the line ministries conduct audits in shared functions, hierarchical relations still dominate in this context.

The national political parties usually compete for seats in cities, while rural municipalities are facing the competition of local political parties and just a few national political parties. In the 2021 local government elections, national-level parties were the main participants, although local parties also played a role. Out of 318 lists submitted, 65 parties participated, including 25 local parties, compared to 178 parties and voter unions in 2017. Notably, in 20% of local governments, only national-level parties or their alliances participated, and voter unions were excluded by law in the 2021 local government elections (Stučka, 2023). National-level parties being elected at the local level increases coordination via internal party channels.

## HORIZONTAL INTERGOVERNMENTAL COORDINATION: POLICY AND POLITICS

As the ministries are the principal policy designers, they are expected to communicate and coordinate issues in their agenda. This is relatively quick regarding the tasks that can be executed and delivered within a sole ministry, while horizontal tasks are challenging. For example, digital transformations or improvement of public services are classical issues of intergovernmental coordination as they require horizontal coordination among different sectors and levels of governance. However, the coordination patterns described in the laws might differ from the way they are executed in real-life situations.

There are no genuine regions or regional levels of governance in Latvia. Latvia has five planning regions with a running decision-making body of the region—the Development Council and their administrative staff. The council consists of chief executives or council members of the municipalities included in the geographical area of the so-called region. The main competencies of the planning regions are as follows (*Saeima, 2002a*):

- To define the objectives and priorities for the long-term development of the planning regions;
- To ensure coordination of the objectives of the planning documents designed by the municipalities and supervise the elaboration of those documents.
- To ensure cooperation of local governments and the planning region with the national level institutions;

- To coordinate and promote the development, implementation, monitoring and evaluation of regional development support measures for the planning region.

Originally, planning regions were created as artificial entities to manage EU funds because the number of municipalities was high—548 until 2009 and 43 after the 2021 reforms. These regions were initially established as NGOs representing the municipalities within their territories but later changed to public agencies. This organisational structure allows for flexibility in coordination efforts, often relying on informal mechanisms. Regional policy planning documents, such as the Regional Policy Guidelines for 2021–2027, play a crucial role in guiding these coordination efforts and setting strategic priorities for regional development. The goal of these policies is to create conditions for the development of the economic potential of all regions and reduce socio-economic disparities, aiming to improve living conditions and competitiveness across regions. Regional development funding is allocated to target territories or their parts in accordance with the support directions specified in the Regional Policy Guidelines (*Ministru kabinets, 2019*). These planning documents help coordinate all the stakeholders involved in horizontal intergovernmental relations.

However, the key issue is that these planning regions are not genuine in the context of public administration and lack genuine functions. They do not meet the criteria set by the Council of Europe's Framework Reference for Regional Democracy (2008). The planning regions were created in 1997 to coordinate the numerous municipalities, but despite the administrative-territorial reforms that envisioned a regional level of governance, this has not been implemented due to political reasons.

At the local government level, planning regions are supposed to be key coordinators, bringing together local governments, private partners and NGOs. Even after the latest amalgamation, local authorities are large enough in terms of their administrative capacity to build inter-municipal coordination directly, which somewhat diminishes the necessity of planning regions. Thus, while they serve a coordination role, planning regions remain somewhat artificial constructs with no genuine functions assigned at the moment. This highlights the complexity of regional and local governance in Latvia, where roles and responsibilities can sometimes overlap or appear redundant.

The interaction between different levels of government is further complicated by the intricate relationship between policy design and implementation. In fact, a separation between design and implementation might not improve the outcomes, as implementing agencies are a short distance from the Ministry and are also engaged in policy design. Besides, all agencies and ministries are involved in intensive information exchange; thus, implementing agencies and municipalities inform the Ministry immediately if they identify serious issues during implementation.

Additionally, two more organisations coordinate the interests of municipalities with cooperation at the national level: the Latvian Association of Municipalities (hereinafter—LPS) and the Latvian Association of Cities (hereinafter—LLPA).

Most local–national consultations and intragovernmental coordination are channelled via the LPS. As a rule, the government and the LPS are expected to compromise the draft legal acts concerning the matters of municipalities and the number of subsidies and earmarked grants to be allocated to municipalities within each financial year. Consultation and compromises on economic matters are always an issue of political compromises. Thus, LPS is an influential actor in the intergovernmental setting of Latvia, as it is recognised as an official social partner with whom consultation is required. However, it does not necessarily mean that LPS and the government can easily agree on issues. The territorial reform of 2021 has been a subject of disputes between the government and municipalities. The Council of Europe recognised that municipalities and LPS needed to be adequately consulted regarding the expected reform (CoE, 2020).

Meanwhile, municipalities around Riga and the capital city formed another NGO—Riga Metropolitan Society. The association aims to unite the local authorities around the capital of Latvia—Riga, in order to foster economic and social development in these areas, as well as to enhance the competitiveness of the Riga metropolis in the Baltic Sea region (*Rīgas Metropole*, 2024). Thus, both associations—LPS and Riga Metropolitan Society bring municipal intergovernmental coordination into many arrangements, combining formal and informal approaches.

Local municipalities may cooperate with municipalities in other countries for cross-border cooperation if the partnership is consistent with the competencies stated for local governments in the normative regulations. The formation of contact networks across the border will be influenced by the contact patterns on one side, which are primarily shaped by inter-municipal cooperation (Svensson, 2015). In Latvia, cross-border

cooperation is mainly developed among municipalities in Baltic countries and Scandinavia.

However, to speak in one voice regarding foreign policy, cities or their associations must consult the Ministry of Foreign Affairs before they launch cross-border cooperation initiatives. Many municipalities have established partnerships and agreements and are twining with towns and cities in other countries, especially in Baltic countries—Estonia and Latvia. The Association of Local Government usually conducts, facilitates or fosters this activity.

A well-elaborated consultation mechanism with social partners and non-governmental organisations (NGOs) is implemented through a National Tripartite Cooperation Council as a formal coordinating structure that brings civil servants, employers and trade unions together. This coordination mechanism includes interest groups and advocacy groups. The Tripartite Coordination Council substantially impacts decisions related to the labour market and social policies. The debates are at high stakes in the Tripartite Council when there is an issue related to taxes, salaries and social benefits, as the views of employers and trade unions are opposite.

The prime minister is a chair of the Tripartite Councils, and it brings political clout. Besides formal governmental meetings, the Tripartite Council is a coordination mechanism based on sectoral networks (Bevir, 2009).

Finally, intergovernmental coordination includes citizens' voices. Public meetings and hearings are part of administrative coordination and consultation at the national and local levels. Meanwhile, e-participation via the social platform ManaBalss.lv is becoming increasingly popular, allowing citizens to engage in policymaking at the early stages at all levels of governance and submit petitions through it.

Recently, new coordination and consultative instruments were introduced at the local level—the residents' councils with a right to submit legal drafts at the municipal level (Saeima, 2022). It is expected that each municipality will form the residents' council, but it is no obligation. At the moment, there are six municipalities where there are residents' councils (Ieviņa & Važnaja, 2023).

The Local Government Law (Saeima, 2022) outlines the modes of inter-municipal cooperation, allowing the municipalities to form joint associations, joint agencies and commissions depending on the subject. In addition, the Law of Public Administration (Saeima, 2002b) foresees the

cooperation agreement as a formal tool to regulate the inter-municipal cooperation, especially when it comes to cost sharing or joint participation in the EU-funded projects.

Overall, the intergovernmental coordination patterns in Latvia reflect a blend of the Roman-German legalistic tradition and the current liberal welfare state approach, which aligns with Anglo-Saxon administrative tools such as New Public Management (NPM), agencification and strategic management (Reinholde, 2006). Therefore, real intergovernmental coordination may be strongly affected by the procedural approach that may rule over the logic of good governance.

## EU-INDUCED CHANGES IN INTERGOVERNMENTAL COORDINATION

The horizontal intergovernmental coordination in Latvia is strongly dominated by the central level and legalistic approach. The EU issues-related coordination is based on the legalistic approach as well with a particular law and specifically settled institutional responsibilities at the national level. The national law on the management of EU funds foresees a detailed division of responsibilities during the planning and implementation stages of EU-funded programmes. This process is highly centralised, and the Ministry of Finance sets the tone.

As a rule, all funding allocation is planned according to the operational programme and follows regulations issued by the government. Each objective set in the operational programmes has national regulation approved after the harmonisation procedure in the governmental portal<sup>1</sup> and debates in the official governmental meetings. Despite the large number of stakeholders involved in the planning process, the whole of Latvia is perceived as one region. Thus, the regional and local authority voices are minor. There are centrally defined institutional competencies regarding the EU funding eligibility criteria, project selection procedures, implementation and monitoring, auditing and evaluation. In addition, there are different authorities, such as paying authority, audit authority and certifying authority, all located at the central level. In this respect, the local authorities are competitors in the project calls.

<sup>1</sup>The TAP public portal is a portal for the drafting and harmonisation of legal documents across the government. Available at <https://tapportals.mk.gov.lv/>

Meanwhile, local authorities are the actual beneficiaries of the EU funding. Thus, accurate coordination is highly dependent on the priorities set by the Ministry of Finance, which sets the funding priorities in cooperation with other sectoral ministries. Despite the representation of municipalities at the meeting, municipalities are beneficiaries of funding with limited room for expressing their views. The Ministry of Finance manipulates with specific knowledge of EU issues to reassure the partner to accept the game's rules as they are set.

Since Latvia was accepted as an EU member state in 2024, the transposition of EU law is another well-established administrative procedure. However, in 2021, the European Commission opened 29 new infringement cases against Latvia, reaching 57 instances at the end of the year. The areas where most infringement cases are open are as follows: environment, financial stability and services, energy, justice and fundamental rights (European Commission, 2021). There are also cases of late transposition in the same areas. The key reason for infringement and late transposition is related to the fact that even though there is a well-elaborated coordination procedure in place, the actors could not react to compromise, whether in intergovernmental or intragovernmental coordination.

The policy coordination for EU matters (including the transposition of the EU law) is the responsibility of the meeting of senior officials (in Latvian: *vecāko amatpersonu sanāksme*). The meeting coordinates and promotes cooperation between central public administration and other agencies on all issues in initiating, preparing and making decisions for the EU (Ārlietu ministrija, 2021). In some way, the meeting is a platform to formulate the united governmental approach towards EU issues, assuming that all civil servants in EU structures will represent “one voice” afterwards. In addition, all EU legal drafts are already discussed at this stage, so later transposition is a relatively quick and technical process. Given that the meeting of the senior official serves as a comprehensive, whole-of-government coordination structure, its composition is extensive. It comprises civil servants (one per Ministry) from the line ministries and representatives from the Bank of Latvia with voting rights. Meanwhile, there are many representatives with an advisory right—including representatives of local authorities.

The Latvian Association of Local Governments has national and international representative tasks and functions related to municipal assistance. Formally, the Latvian Association of Local Governments is a member of the Council of European Municipalities and Regions (CEMR).

Representatives of local municipalities are also part of the Congress of Regional and Local Authorities, Council of Europe (Strasbourg). The LPS has established its office in Brussels as well to ensure the representation of the voice of Latvian local authorities at the supranational level—EU (LPS, 2024).

Coordination in EU matters is perceived as more technical and is managed by technocrats and civil servants. Therefore, as a small country, Latvia relies more on informal coordination within the formal frameworks. Politicians become involved in coordinating EU matters when addressing highly sensitive societal issues, such as those related to the environment and the food industry. There is a direct causal link between EU-opened infringement cases against Latvia and eventual failures of horizontal and vertical policy coordination. The infringement cases represent areas with many participants (financial services) or just a few key players (like energy), allowing us to conclude that the coordination ended up with no consensus in the case of numerous participants. At the same time, cases with a few players demonstrated another wicked problem in policy coordination—the tendency towards dominance of a few players who might neglect the interest of society and other stakeholders.

## RECENT REFORMS AND DEVELOPMENTS

The main horizontal challenge is related to the impact of the latest administrative-territorial reform and municipal mergers. However, the municipal amalgamation process highlighted weak policy coordination between the ministries at the national level in providing methodological support and a clear vision for municipalities at different levels of maturity. The Ministry of Regional Development and Environmental Protection was responsible for the general coordination of mergers, while sectoral ministries provided guidelines and advice on how certain municipal agencies or services may be amalgamated (e.g., the Ministry of Welfare provided a methodology for social service agencies; the Ministry of Justice for the Orphan's and Custody Courts). Meanwhile, the timeline of sectoral reform at municipalities (e.g., social services, communal services) was weakly synchronised.

In 2022, the Ministry of Regional Development and Environmental Protection conducted a preliminary impact assessment of the short-term results of the municipal amalgamation of 2021. The Ministry found out that political competition for councillor positions had increased, and

municipalities had become more equal in terms of the number of residents and financial capacity. Regarding public services, the MEPRG identified that all public services remained in place and that municipalities continued to deliver them, but the volume of financial transfers between municipalities was reduced by 44% because of the larger municipalities now. Municipal mergers make life easier for residents since the new administrative borders after amalgamation were aligned with citizens' local daily movements. However, the municipalities were reluctant to design the new local binding rules—the Ministry identified at least 49 areas where new rules were required as municipal mergers included a design of the new administrative structures and procedures (VARAM, 2022).

This indicates that extended *ex-ante* and *ex-post* assessments were a weak point in policy coherence. The *ex-post* evaluation of policy action remains an area for improvement towards the whole-of-sector or even the whole-of-government approach (OECD, 2018). Despite the latest requirements to assess the impact on public administration's information and communications technology (ICT) infrastructure and calculate conformity costs for citizens and municipalities, the ministries are reluctant to do so. There are a few reasons for this. First, the assessment might highlight the shortcomings in the current sectoral policy where strong path dependency and domination of ministries are present. Secondly, impact assessment might highlight the scope and amount of personalism despite all formally constructed coordination schemes.

The “principle of commensurability” is one of the critical issues in the annual negotiations between the Ministry of Finance and the Latvian Association of Local Authorities (LPS) during the budgetary planning process each year. Both sides negotiate the percentage of the redistribution of personal income tax (between national and local needs) as the primary source of local revenues. Thus, the government is limited in its options to change the tax policy as it immediately affects the municipal well-being. However, there are no severe governmental attempts to reform local government finances. Currently, municipal equalisation is determined by the number of residents, categorised by age structure. The Ministry of Finance has proposed a new equalisation model that will evaluate the additional costs associated with each demographically segmented group compared to the working-age population. Based on this evaluation, the required funds for each municipality will be calculated. The subsequent step will involve distributing either personal income tax or state budget revenues to municipalities. Notably, this new model will exclude

property tax, allowing municipalities to retain this revenue rather than share it through the equalisation system (*Finanšu ministrija, 2024*).

The recently introduced Residents' Councils (since 2022) are to be established in each municipality, having consultative rights and rights to submit legal drafts related to local development (*Saeima, 2022*). The Residents' Councils and participatory budgeting are the new type of policy coordination and civic participation tools at the local level. It is expected to achieve several benefits, such as increasing public trust at the local level and increasing participation. This, in turn, might minimise “personalism”-related myths.

### CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNT

The reform initiatives in Latvia have always been grand and ambitious, aiming at a whole-of-government approach. However, implementation was mostly pending, delayed and faced with the exemption rules created during the process. During the EU accession process, the requirements for EU membership served as the change drivers for restructuring policy sectors and designing a vertical and horizontal coordination mechanism. Latvia experienced Europeanisation as a process of incorporating formal and informal rules, procedures and styles, as described by Radaelli and Dunlop (2013). As a small state, the formal rules serve as the framework where the informal rules are applied for real coordination games.

Despite the ambitious reforms, Latvia's normative approach primarily focused on creating a legal framework for further actions. Once Latvia entered the EU, the bureaucracy felt relieved, building additional steps upon procedural logic. In a small state where public administration and politicians are connected as university alumni, municipal residents or colleagues in the industry, a high degree of “personalism” and “closeness” might lead to a more “flexible” approach to administrative rules, potentially neglecting national interests (Randma, 2002). Personalism insists on the reverse—the stricter and even more bureaucratic adoption of rules as a personal safeguard instrument and avoidance of conflict of interests. In the long run, the small state setting required a search for coordination and cooperation mechanisms that substantially restrict the effects of conflict of interests and personal interests.

Planning regions and various inter-municipal associations play crucial roles in fostering cooperation and aligning local efforts with national

priorities, though they often face challenges due to their somewhat artificial constructs and limited genuine functions. Policy documents, such as the Regional Policy Guidelines and formal coordination mechanisms like the National Tripartite Cooperation Council and the Residents' Councils, are essential in providing structured frameworks for development and engagement. The introduction of resident councils and participatory budgeting at the local level is a positive step towards more openness and trust in public administration.

Horizontal intergovernmental coordination in Latvia is strongly influenced by the central level and a legalistic approach, particularly in the context of EU-related issues, where specific laws and institutional responsibilities are clearly defined. The national law on the management of EU funds sets out a detailed division of responsibilities, with the Ministry of Finance playing a central role in planning and implementation. This centralisation means that regional and local authorities have a minor voice in the process despite being the actual beneficiaries of EU funding. The dominance of central institutions highlights the need for more effective involvement of local authorities to ensure their priorities are adequately considered.

The recent administrative-territorial reform and municipal mergers have further complicated intergovernmental coordination, revealing weak policy synchronisation between national ministries and local governments. Although the Ministry of Regional Development and Environmental Protection provided general coordination, the sectoral ministries' guidance was not always well-aligned, leading to inconsistencies in service delivery timelines. Additionally, the reluctance of municipalities to design new local binding rules post merger has identified gaps in the policy implementation process.

These challenges underscore the necessity for extended *ex-ante* and *ex-post* assessments to enhance policy coherence and ensure that reforms are effectively integrated across all levels of government. Ultimately, the success of Latvia's public administration reforms will depend on continuous evaluation, better coordination mechanisms and the active inclusion of local voices in national policy decisions.

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## CHAPTER 11

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# Lithuania: Discussing the Dynamic Interplay Between Vertical and Horizontal Coordination

*Jurga Bučaitė-Vilkė and Aiste Lazauskienė*

## INTRODUCTION

Lithuania is a country in north-eastern Europe and the largest of the three Baltic states. It borders Latvia to the north, Belarus to the east and south, Poland and the breakaway Russian region of Kaliningrad to the southwest, and the Baltic Sea to the west. Lithuania declared independence in 1990 and adopted its current Constitution in 1992. Lithuania is a parliamentary republic with a head of government—the prime minister—and a head of state—the president—who appoints the prime minister. The Parliament (*Seimas*) is a unicameral legislative body. A mixed system elects the 141 members of the *Seimas*: half are elected in single-member constituencies under a two-round system, and the other half in multi-member constituencies under a proportional representation system. Lithuania joined the

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European Union and the North Atlantic Treaty Organization in 2004. About 75% of the population is Roman Catholic; there are smaller groups of Evangelical Lutherans, other Protestants, and people of other faiths. Lithuania joined the eurozone in 2015. The main sectors of the Lithuanian economy in 2023 were wholesale and retail trade, transport, hotels and restaurants (29.9%); industry (20.5%); and public administration, defence, education, health, and social work (16.1%) (Statistics Lithuania, 2023).

Lithuania is a unitary state with a high level of territorially consolidated local government system, with a total population of 2.795 million in 2023 (Statistics Lithuania, 2023). Lithuania has 60 municipalities (corresponding to LAU-1 level), with a high average number of inhabitants per municipality (on average 44,000 inhabitants per municipality) compared to other European countries. This chapter looks at the division of responsibilities between the central and municipal governments, constituting a multi-level institutional setting. As an example of a two-tiered local government system, Lithuania is characterised by the specificity of its administrative self-government system and strong tendencies towards centralised service provision. Links into the European governance architecture exist, and Lithuania appoints nine full and nine alternate members to the Committee of the Regions (CoR). Local government interests are also represented in Brussels through ALAL (Lithuanian Association of Local Authorities), which has its own liaison office. Lithuania also participates in several international cooperation programs. Namely, the Lithuania-Poland Cross-border Cooperation Programme, the Latvia-Lithuania Cross-border Cooperation Programme, the South Baltic Cross-border Cooperation Programme, the Baltic Sea Region Programme 2014–2020, the INTERREG IVC Programme, and the EEA and Norway Grants International Cooperation Programme (2014–2020). ALAL is also a member of the Council of European Municipalities and Regions (CEMR).<sup>1</sup>

Regarding research on local government and coordination, most scholarships deal with municipal functional performance and municipal autonomy as a critical aspect of horizontal and vertical coordination settings. Recent theoretical and empirical discussions have focused mainly on three main directions. The first direction concerns various issues of the municipal administrative system at the LAU level, such as the modification of the

<sup>1</sup> Council of European Municipalities and Regions. Available at: <https://portal.cor.europa.eu/divisionpowers/Pages/Lithuania-Relations-with-the-EU-Representation-at-EU-level.aspx>

legislative jurisdiction system and the implementation of territorial decentralisation reforms. Part of the national research has been conducted in areas such as legislation and institutional structure of local self-government institutions (Astrauskas, 2013; Lazauskienė, 2013) and has focused on multi-level governance, the influence of civil society organisations on municipal performance (Guogis et al., 2007; Raišienė, 2003), the structure of municipal budgets and the efficiency of functions of municipal institutions (Davulis, 2009; Civinskas & Tolvaišis, 2006), or on decentralisation reforms and their impact on municipal relations with central government institutions (Raipa & Backūnaitė, 2004; Baltušnikienė, 2009).

The other part of the research pays much more attention to analysing municipal service provision at the local level, including a focus on inter-municipal cooperation (Civinskas & Dvorak, 2010; Bučaitė-Vilkė & Vilkas, 2018). Attempts to identify the priorities of public service provision at the municipal level within this body of literature are still primarily based on the analysis of inter-institutional partnerships and public-private contracts and their impact on public finances (Gudelis & Rozenbergaitė, 2004; Gimzauskiene et al., 2016). Nevertheless, the issues of inter-municipal cooperation in regional service provision have hardly been the subject of academic research. One of the exceptions is the research on sectoral service problems and the possibilities of applying privatisation options or the possibilities of international cooperation between municipalities (especially regarding the development of cross-border projects and activities). Case studies of the inter-organisational partnership network between NGOs, local and central government institutions, and businesses in Lithuania show that the interaction between different actors is fragmented, heterogeneous, and mainly based on the exchange of various economic, financial, and information resources rather than on a mutual understanding of common goals and civic empowerment (Bučaitė-Vilkė, 2019).

The chapter is structured as follows. First, we briefly review the vertical dimension of the Lithuanian multi-level institutional setting before outlining the main challenges for horizontal intergovernmental relations, including the role of regional development councils and inter-municipal cooperation initiatives. Finally, we consider the implications and lessons of the Lithuanian case.

## INTERGOVERNMENTAL RELATIONS: THE POLITY

This chapter outlines the specificity of the vertical dimension of governance in the Lithuanian case. We refer to a few significant changes in decentralisation policy, including the abolition of the regional level, the establishment of Regional Development Councils, and the umbrella National Association of Local Authorities.

In 1990, the territorial administrative network remained the same as under the previous Soviet regime, except that elections to local self-government institutions were democratic. The Law on the Principles of Local Self-Government established a two-tier local government system, with the upper tier consisting of 44 districts and 12 cities of the Republic and the lower tier consisting of 80 district cities, 19 urban settlements, and 427 districts. Councils of wards, districts, and towns were elected, and an executive government was formed (Šaparnienė & Lazauskienė, 2012, p. 390). The system of local government institutions was established in 1990 and operated until 1995. In July 1994, a new Law on Administrative-Territorial Units and their Boundaries replaced the previous system of 581 administrative units with a new system of 66 territorial units: 10 districts and 56 municipalities (44 municipalities of districts and 12 municipalities of cities and towns). For the first time in Lithuania, a single-tier system of self-government was created. Counties became deconcentrated state authorities headed by centrally appointed governors. In 2010, a further county reform was carried out. The regional level (10 counties) was abolished by the central government's decision to avoid overlapping regional and municipal functions.

All administrative functions were removed from the counties and redistributed to central or local governments. The main arguments put forward by the government were the reduction of the administrative burden, economies of scale, and the overlap between municipal and regional functions. The regions (Lt: *apskritis*) now function as administrative and statistical subdivisions with no executive power of regional authority (informally referred to as 'regions' in legislation and statistical data nomenclature). The central political actors make decisions in shaping the territorial reform agenda. However, local actors are more concerned with increasing local autonomy, representing the legitimacy of democracy, civic engagement, and the decisive power of horizontal mutual networks.

*Administrative supervision of local authorities* is governed by the procedures and in the cases provided for by the Constitution of the Republic of

Lithuania (1992). The Constitution states, 'The observance of the Constitution and laws and the implementation of Government decisions by municipalities shall be supervised by representatives appointed by the Government' (Šaparnienė et al., 2021). The Law on Administrative Supervision of Municipalities of the Republic of Lithuania provides that the government appoints five government representatives to two districts (Vilnius and Alytus districts, Kaunas and Marijampolė districts, Panevėžys and Utena districts, Klaipėda and Tauragė districts, Šiauliai and Telšiai districts). Hence, the number of supervised municipalities ranges from 10 to 12. The government's representative in a county is a subordinate to the government and reports to the prime minister.

The Local Government Act stipulates that the competence of local government institutions is autonomous and delegated by the state. They have the right to unrestricted activity, initiative, and decision-making. Policy problems that fall outside the competence of central state institutions and affect the population of the administrative unit are solved by local governments. State functions are delegated to local self-governments by the Law on Local Self-Government or other laws; state institutions supervise and control self-government institutions, which perform the functions delegated by the state only in cases provided for by law (Šaparnienė et al., 2021). The variety of responsibilities entrusted to municipalities illustrates the wide range of obligations in providing public services, particularly education, health care, social welfare, public transportation, utilities, and waste management. Autonomous functions,<sup>2</sup> regulated by the Constitution and related legislation, include, among others, the municipal budget drafting, management, use and disposal of the land and other property, organisation of general education, public transportation, provision of social services, social housing, territorial planning and infrastructure, and many others (46 in total as for 2022). State-delegated tasks include various

<sup>2</sup> Lithuanian law defines two groups of municipal functions: autonomous and state-delegated. Referring to the Law of Self-governance, state-delegated functions are delegated by law to municipalities to implement public interest. In exercising these functions, municipalities are limited in implementing these functions regulated by decisions of public authorities and state officials. Autonomous functions (direct interpretation of Law) are a type of devolved function carried out according to the powers defined by the Constitution and the law. In exercising these functions, municipalities have the discretion of initiative, decision-making, and implementation process. However, the implementation of autonomous functions is also regulated by the requirements and procedures laid down by law.

fields, from state land disposal to social protection, health care, youth policy, and active labour market programs (37 as of 2022).

The forms of implementation of the authority of the representative of the government are as follows: advanced supervision of the draft legal acts of municipal collegiate administrative bodies, reasoned motion, written request, decree, and application to the administrative court on the legality of the legal act, application to the administrative court on the defence of the public interest, application to the court of general jurisdiction on the defence of the public interest, application to the administrative court on the abolition of the legal act, or on the obligation to execute the law or decision of the government (Kiurienė, 2013, p. 50). The impact on horizontal coordination derives also from the definition of autonomous municipal functions. Referring to the Law of Self-governance, autonomous functions are more of devolved tasks within intense supervision and control of their implementation protocols (e.g., social services provision standards and procedural regulations).

Top-down state supervision is also implemented for municipalities' administrative supervision. There is a particular position of government representative for regions as an independent constitutional figure who is accountable to the prime minister and supervises the municipalities under his/her jurisdiction (on a regional scale) (Law on the Administrative Supervision of Municipalities, firstly approved in 1998; minor amendments by 2022). The national government representative's primary executive function is to supervise whether municipalities follow the Constitution and the laws when executing governmental decisions and implications, including audit of state subsidies spending. In 2023, five state representatives for ten regions were appointed for this function (LT: *Vyriausybės atstovas*, Eng: *State representative*).

*Local autonomy level.* Research in local government assumes that local authorities with more responsibility for the provision of municipal services (a more significant number of functions) and more discretion (legal and political-administrative) are more likely to redesign their governance structure and seek performance alternatives (Teles, 2016; Teles & Swianiewicz, 2018). In comparative studies, as noted above, Lithuania has low (Hooghe et al., 2010) or medium (Ladner et al., 2021) local autonomy indicators. Two limitations could explain the relatively low indicators of local autonomy: (1) the low financial autonomy of municipalities and (2) the substantial control of the central government (Ladner et al., 2021). The findings on the relationship between low autonomy, low financial

autonomy, and high degree of central supervision are supported by several national case studies of Lithuanian municipalities (Davulis et al., 2013; Civinskis & Tolvaišis, 2006; Stonkutė & Gaule, 2017; Rudytė et al., 2018). Despite relatively high scores in financial dependence on state subsidies or legal oversight, research shows that Lithuania significantly expanded the scope of state-delegated and autonomous municipal functions from 2000 to 2016 (Burbulytė-Tsiskarishvili et al., 2018). As a preparatory stage for the abolition of the regional self-government level, new amendments to the Law on Local Self-Government came into force in 2008, when former regional-tier functions were assigned to municipalities, for example, state land disposal, municipal spatial planning, construction approval, and building permits. Due to the abolition of the regional self-government level (the so-called county level in 2010), the number of state-delegated functions has also increased. The changes in the proportion of state-delegated and autonomous municipal functions were part of a more general reform discourse. Regional reform has started as a part of the EU agenda for territorial administrative systems and decentralisation.<sup>3</sup> In 2008, “The 2008-2012 Operational Programme” was approved by the Government of the Republic of Lithuania. The programme identified the abolition of counties (regional administrative units), leaving the regions and their representative regional authorities (Regional development councils) (Program of Lithuanian Government, 2008). The main arguments were that county reform would optimise state costs for regional administrations and strengthen local autonomy by delegating some of the former county functions to municipalities.

No significant changes in the volume of municipal functions have been implemented in recent years, except for minor reallocations of functions (such as transferring the function of protection of children’s rights and adoption services from the municipal to the central level in 2018) and amendments to related legislation. Recent national-level reform on long-term care services and consolidation of the health care sector (in progress

<sup>3</sup> Central and Eastern Europe, since the mid-1990s, has become a laboratory for territorial administrative reforms and decentralisation. Many Central and Eastern European countries have restructured their public administration at the regional level before joining the European Union. The candidate countries have reorganised their public administration system and adapted their territorial-administrative structure to the European Union to achieve membership (Brusis, 2005). However, the EU institutions still need to adopt binding rules (*acquis communautaire*) on the legal status of inland regions as higher territorial administrative units that allow Lithuania to decide independently on the regional tier.

since 2021–2022) has projected that those related autonomous municipal functions (such as planning and provision of social services, establishment of social service units, primary personal and public health care, planning, and implementation of municipal health promotion measures) would not be transferred to the state-delegated function group. However, we assume that the reform of integrated long-term care should be financed mainly from state subsidies or as a hybrid model (subsidies and municipal budgets). The debates on the financing model and municipal functions are ongoing (Ministry of Health Security, 2022).

*Representation of local government interests.* The Association of Local Authorities represents the interests of local self-government (municipalities) in Lithuania. It represents its members in the government, other state institutions, and international organisations. The Lithuanian Association of Local Authorities (ALAL), as a non-profit, non-governmental organisation representing the common interests of its members—local authorities—seeks to implement the fundamental rights of local self-government and promote its development by influencing the decisions of national authorities and international institutions. ALAL is supported by the Government and Parliament of the Republic of Lithuania, which expects an active organisation with the right to represent all 60 Lithuanian municipalities.

The Law on Local Self-Government of the Republic of Lithuania (2020) stipulates that ALAL must be invited to give its opinion on draft laws (primary or secondary) related to local government activities. Article 50 provides for ALAL's participation in discussions with the government on changes in municipal functions, municipal revenues and expenditures, and projects with financial calculations. Following the parties' agreement, a bilateral commission for coordinating interests and positions between the government and the Association of Local Authorities in Lithuania shall be established.

## HORIZONTAL INTERGOVERNMENTAL COORDINATION: POLICY AND POLITICS

The central political actors play an essential decision-making role in shaping the territorial reform agenda. However, local actors are more concerned with increasing local autonomy, representing the legitimacy of democracy, civic engagement, and the decisive power of horizontal mutual

networks. Recent initiatives to change the patterns of intergovernmental coordination are reflected more as an ongoing political dispute over territorial decentralisation reforms and the maintenance of greater municipal autonomy. In the last decade, neither top-down nor bottom-up municipal mergers have been implemented in Lithuania. Recent political discussions on horizontal coordination could be classified into two main directions: (1) regional autonomy and the role of regional development councils and (2) inter-municipal cooperation regulation and forms.

*Regional autonomy.* From 2018 to 2020, a relatively new phase of regional policy was launched. During this period, new versions of the Law on Regional Development and the Law on Strategic Governance were adopted, and the National Progress Plan for 2021–2030 was introduced in 2020 (Government of Lithuania, No. 998, approved on September 9, 2020). These strategic documents aimed to give Regional Development Councils greater autonomy and discretion. The new arrangements would allow RDCs to implement their competitiveness strategies, designed by the regional representatives themselves, rather than imposed from above. The success of regional development should be linked to better delivery of services that meet the needs of citizens, the coordination of sectoral national, regional, and local initiatives, the strengthening of regional and local competencies, and the optimization of the public service network. It was noted that regional development councils are responsible for ensuring a higher quality of life in their regions. Municipalities' active involvement and cooperation in regional development are also crucial. Since 2020, the newly formed government has faced significant external challenges, such as the COVID-19 pandemic and the war in Ukraine (since February 2022), and the scope of regional autonomy initiatives has been postponed. Despite the geopolitical challenges, the Smart Regions GIS pilot tool (COMPASS 2030 pilot tool) was jointly launched in 2022 to support the adoption of the Comprehensive Plan of the Territory of the Republic of Lithuania 2030, which enables the assessment of the region's labour market and economic characteristics and regional competitiveness (Government of Lithuania, n.d.-a, No 789). The plan states that the network of all essential public services should be restructured to ensure that public services are available to every Lithuanian citizen within a given time frame at the lowest cost. The discourse on regional autonomy policy is constantly changing with the political majority in parliament and in response to other significant threats, such as the global pandemic since

2019 or the war in Ukraine since February 2022. The regional policy discourse became more fragmented and lost its primary importance in the parliamentary agenda.

*Regional Development Councils* have been established in each county, claiming the right to decide on critical issues for each region. Ten Regional Development Councils, one in each region, are legal entities established by agreement between municipalities. Regional Development Councils are supra-municipal bodies. The body of the Regional Development Councils is the General Assembly of Participants; the governing bodies are the Board (composed of the mayors and members of the municipal councils) and the Administrative Director of the Regional Development Council.

Their principal responsibilities include planning and coordinating the implementation of the national and regional policy in their respective region; promoting the social and economic development of the region, the sustainable development of urbanised areas, the reduction of social and economic disparities within and between regions; and promoting cooperation between municipalities to increase the efficiency of the provision of public services. The Regional Development Council has an advisory group of partners that provides conclusions and opinions to the body on the projects of planning documents and other issues in the field of regional policy.

The Ministry of the Interior is responsible for formulating, organising, coordinating, and monitoring the implementation of regional policy. The National Council for Regional Development is the collegial advisory body of the Government and the Ministry of Interior in regional policy formulation and implementation. It is composed of representatives of ministries, public authorities, the Association of Local Authorities of Lithuania, employers' and trade unions' organisations elected to the Tripartite Council, representatives of the Council of Non-Governmental Organisations and the National Council of Community Organisations, chairpersons of Regional Development Councils.

The National Council for Regional Development is empowered to discuss and review the projects of planning documents approved by the government, including the Regional Development Programme and regulations that may affect regional development, and to draw conclusions on these projects also to review the progress of implementation of these planning documents and, if necessary, to submit proposals to the Government and the Ministry of the Interior for improvement of these documents and to

consider other issues in the field of formation and implementation of regional policy.

*Inter-municipal cooperation.* The role of inter-municipal cooperation in enhancing service delivery and achieving economies of scale in public services has also been a topic of political discussion. Policymakers are exploring ways to encourage and facilitate collaborative efforts among municipalities to tackle common challenges. However, no special regulations in Lithuania can enforce municipalities' decisions for horizontal collaboration in service delivery or other joint initiatives. Following Article 5 in Local Government Law, the municipalities may form inter-municipal agreements ("joint activities agreements") (Local Government Law, 1994). The law specifies three options for cooperation: (1) where a joint operating agreement is concluded to achieve common objectives; (2) where a joint procurement agreement is concluded (for the purchase of services from non-municipal bodies); and (3) where one municipality delegates the implementation of public service to another employing a contract, signed jointly by a decision of the councils of both municipalities, with the responsibility for the implementation remaining with one municipality that supervises the process (Local Government Law, 1994). The legal regulation of cooperation between municipalities in the provision of public services in Lithuania can be considered from two perspectives: how it regulates the provision of public services by municipalities and how the legislation defines strategic decisions between municipalities. Strategic documents such as the White Papers on Lithuanian Regional Policy for 2017–2030 (approved in 2017) and the Integrated Territory Development Programme (approved in 2014 - see Government of Lithuania, n.d.-b) also mention the joint provision of public services and the promotion of municipal cooperation. Other strategic documents (e.g., State Education Strategy for the 2013–2022 period) by the central government stipulate sectoral cooperation between municipalities and other public entities, for example, in sectoral fields, such as preschool, primary, and secondary school education.

Inter-municipal cooperation (IMC) in Lithuania is characterised by diverse institutional arrangements to enhance public service delivery through networks, formal agreements, and permanent organisations. These arrangements span single-purpose initiatives, such as EU-funded consortium projects, and multi-purpose efforts, including regional councils and national associations of local authorities. Voluntary forms of cooperation, such as the regional transportation agreements, underscore a bottom-up approach to improving service delivery, albeit with mixed

success due to challenges in balancing collaboration with competition and decision-making dynamics. On the other hand, state-imposed partnerships, particularly in public utilities and healthcare reform, reflect a top-down mandate driven by EU policy alignments and demographic considerations (Bucaite-Vilke et al., 2018; Civinskas, 2019). Some of these initiatives have encountered significant resistance and implementation hurdles, highlighting the complex interplay of financial incentives, municipal autonomy, and the need for a balanced approach to fostering effective inter-municipal collaboration.

### RECENT REFORMS, TRENDS, AND DEVELOPMENTS

The main horizontal coordination challenge in the Lithuanian case is political discussions on municipal mergers. The debates relate to municipalities' size and autonomy level, touching upon both horizontal and vertical coordination. In this case, the horizontal coordination reflects suburban municipalities' intensive economic and demographic growth. Decentralisation and strengthening local governance to empower municipal authorities are frequently discussed topics on municipal and central government agenda. The main aspect of the political agenda includes the questions on providing local authorities with more autonomy and resources to address territorially specific needs, improve public service delivery, and encourage regional economic competitiveness. Economic disparities between urban and rural regions, demographic challenges, rural depopulation, the need for innovative and smart solutions for regional development in supporting smart city initiatives, digitalization of public services, and fostering innovation ecosystems are also important drivers of regional policy initiatives and reforms. These discussions are part of a broader political and public dialogue to establish a more balanced, sustainable, and inclusive regional development policy framework in Lithuania.

As for the discussion on municipal mergers, the central aspect considers the optimal size of municipalities, including the discussion on the incentives and motives for cooperation between neighbouring municipalities. Studies show that there is no optimal structure for self-government and that it depends on national multi-level governance systems (Tavares, 2018; Blom-Hansen et al., 2016). The fragmented self-government structure (consisting of small municipalities in terms of population) and the consolidated structure (consisting of large municipalities) have advantages and disadvantages. The consolidated structure of local government suggests

that municipalities are responsible for many public services (e.g., water and sewerage, waste collection and recycling, education) (Goodman, 2019). It is argued that such a structure only requires additional consolidation through changes to the administrative system (e.g., implementing specific amalgamation reforms, introducing multi-level territorial governance, or supporting cooperation mechanisms for joint service provision between municipalities).

As noted above, the Lithuanian system is characterised by a highly consolidated self-government structure (Swianiewicz, 2014; Stonkutė & Gaule, 2017; Groenendijk & Jaansoo, 2016; Lazauskienė, 2013). Some relevant statistical data, such as the average population size, also confirm this. In 2023, the average number of inhabitants in Lithuanian municipalities was approximately 45,531 thousand. In contrast, the average number of populations in statistical EU municipalities was approximately 22,9625 thousand inhabitants in 2014 (Ladner et al., 2015), leaving Lithuanian municipalities to be almost twice as large as municipalities in European countries. The last three decades have shown that the structure of Lithuanian self-government has remained unchanged since 1991 (the abolition of the lower tier of self-government in 1994 led to the definitive establishment of single-tier self-government) (Lazauskienė, 2008). However, for almost three decades, there has been an ongoing public and political debate on whether to have a more significant number of municipalities or a new model altogether. Despite these public debates, the number of municipalities has remained almost the same (58 municipalities in 1991, 60 in 2019 as a result of minor territorial-administrative reorganisations<sup>4</sup>). These data reveal a fundamental characteristic of the Lithuanian municipal system: a high degree of territorial consolidation that continues to challenge emerging inter-municipal cooperation initiatives.

Since 2015, the state authorities launched a discussion on merging urban and suburban municipalities in Vilnius, Kaunas, Šiauliai, Panevėžys, and Alytus. Indicators of effective delivery of public services, quality of life for residents, and avoidance of the 'free rider' phenomenon were used as the main arguments for promoting the reform. A feasibility study was prepared to assess the results and shortcomings of the process in the specific regions. The analysis concluded that improving infrastructure in the

<sup>4</sup>Visaginas municipality was established in 1995; Marijampolė district municipality was reorganised into Kalvarija and Kazlų Rūda municipalities in 2000; Rietavas municipality was established in 2000.

suburbs could be addressed through closer cooperation between municipalities, which would contribute to the region's sustainable development, enable regional cooperation, and promote the region's specialization. It is suggested that the so-called ring municipalities should consider cooperating with the other municipalities (*ies*) to address the problems of more effective public service delivery (Ministry of Internal Affairs, 2018<sup>5</sup>). Local government representatives (mostly mayors and councillors) strongly criticised the initiative as a harmful approach to reducing the level of local autonomy. Consequently, the initiative did not reach the implementation stage.

The incentives for inter-municipal cooperation are fostered by the population growth in the so-called ring municipalities around the main cities in Lithuania (Table 11.1). For the last decade, suburban municipalities have been characterised by positive internal migration (people moving from the cities to the suburbs or from rural municipalities to urbanised areas) and natural population growth. Suburban sprawl is explained by growing trends of relatively lower housing prices, limited housing availability in city areas, or lower household living costs.

**Table 11.1** Size of population in suburban municipalities, thousand inhabitants, 2017–2023

<i>Size of population</i>	2017	2018	2019	2020	2021	2022	2023
Alytaus district municipality	26,280	26,043	26,023	25,887	25,516	25,373	25,356(–)
Kauno district municipality	91,513	93,924	96,167	96,441	93,649	97,212	99,265(+)
Klaipėdos district municipality	55,171	57,486	59,253	60,139	58,027	61,425	63,862(+)
Panevėžio district municipality	36,061	35,574	35,392	35,324	35,323	35,270	35,225(–)
Šiaulių district municipality	41,261	41,525	41,452	41,442	40,906	40,605	40,638(+)
Vilniaus district municipality	95,861	97,377	98,997	100,158	96,712	99,856	10,1943(+)

Source: Lithuania statistics, Population of Lithuania (edition 2023). <https://osp.stat.gov.lt/>

<sup>5</sup> Ministry of Internal Affairs, Feasibility study on Municipal Mergers. 2018. [https://vrm.lrv.lt/uploads/vrm/documents/files/LT\\_versija/VVPD/ZiediniuPertvarkymoGalimynes\\_Atnaujinta.pdf](https://vrm.lrv.lt/uploads/vrm/documents/files/LT_versija/VVPD/ZiediniuPertvarkymoGalimynes_Atnaujinta.pdf)

New urban development concepts, such as ‘cities-regions’ (Ubarevičienė, 2014; Cirtautas, 2013) or territorial capital (Bučaitė-Vilkė et al., 2019), define a polycentric pattern of urban-rural development. As a result, intensive (sub)urbanisation in Lithuania suggests the need for a well-developed public infrastructure (Lazauskaitė et al., 2015). Second, growing suburban populations and increasing levels of urbanisation require additional services linked to urban public infrastructure systems (Pereira, 2014). As public systems are integrated into urban infrastructure networks or service systems, there is inevitably at least a minimum level of horizontal cooperation between municipalities. In addition, suburban residents are often active users of municipal services themselves (transport, road infrastructure, culture and entertainment, education), leading to social and political tensions between urban and suburban municipalities (free rider phenomenon). On the other hand, suburban municipalities have more flexibility in spatial planning and real estate development (land), which could be the basis for cooperation to expand horizontal interconnectedness with the neighbouring local authorities. Thirdly, city regions often develop in a polycentric manner, leading to additional coordination efforts between neighbouring municipalities to provide joint public services or foster innovations.

To summarise, for the last decade, neither top-down nor bottom-up municipal mergers have been implemented. The feasibility study prepared to evaluate the outcomes and shortages of the process in the Alytus and Panevėžys regions concluded that improving infrastructure in the suburbs could be addressed through closer cooperation between municipalities and help achieve sustainable development of the region, enable regional cooperation, and foster the region’s specialisation. The government suggests that the so-called ring municipalities should consider cooperating with the other municipality/ies to address the challenge of more effective public service delivery (Ministry of Internal Affairs, 2018<sup>6</sup>). Municipal administration representatives (mostly mayors and councillors) strongly criticised the initiative as a harmful approach, potentially decreasing the local autonomy level. In the end, the initiative did not reach the implementation stage. The discussion around mergers of urban and suburban municipalities is therefore likely to continue.

<sup>6</sup>Ministry of Internal Affairs, Feasibility study on Mergers. 2018. Available online: [https://vrm.lrv.lt/uploads/vrm/documents/files/LT\\_versija/VVPD/ZiediniuPertvarkymoGalimynes\\_Atnaujinta.pdf](https://vrm.lrv.lt/uploads/vrm/documents/files/LT_versija/VVPD/ZiediniuPertvarkymoGalimynes_Atnaujinta.pdf)

## CONCLUDING REMARKS: CHALLENGES AND LESSONS

When discussing the modes of vertical and horizontal coordination between local and central authorities in Lithuania, we need to consider the regional policy discourse as well as the willingness of local authorities to engage in different forms of cooperation. There's a noticeable trend towards strengthening the multi-level governance approach, which appears achievable and logical. However, the efforts of the central government should be directed to increase bottom-up participation, for example, in fostering inter-municipal cooperation in joint service delivery. Lithuania represents the case of a consolidated regional development system with relatively high socio-economic differentiation and urban/rural variability at the LAU level (as for municipalities). National research has revealed that the territorial socio-demographic profiles of municipalities can significantly impact the forms of inter-municipal cooperation and the top-down relations with the central government. However, existing scholarship so far lacks a discussion of territorial patterns that could define the relationship between territorial inequality and the mode of intergovernmental coordination in terms of socio-demographic changes, degree of urbanization, economic productivity, and socio-economic outcomes (household income, social exclusion, material deprivation, and availability of public services).

The main findings of the Lithuanian research emphasise several issues related to municipalities' functional and financial autonomy and challenges posed by demographic disparities in urban and rural municipalities. The first aspect refers to the problem of self-governance organisational structure and institutional practices, which vary considerably within and between municipal and central government levels. The incapacity of central authorities to identify the connection between territorial cohesion and the abilities of local municipal administration to provide equal access to public services and public infrastructure is a shortcoming.

The debate on limited municipal autonomy focuses on more fragmented policy initiatives to change vertical coordination to a more horizontal one. Less attention has been paid to the effectiveness and power of inter-municipal cooperation and alternatives to public service provision by supporting horizontal inter-institutional networks and community initiatives. The second aspect is how central authorities view engagement with existing forms of horizontal governance (including local authorities). Horizontal coordination is a non-linear process based on micro-level

interactions with structural forces that act as potential drivers for transforming local networks and functional interdependencies. Discussion on more deliberative and non-hierarchical forms of organising and making decisions is needed as part of the focus on effectiveness of local government and public service delivery.

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## CHAPTER 12

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# Norway: Low Population Density as Challenge and Opportunity for Coordination

Arjan H. Schakel , Øystein Solvang , and Jonas Stein 

## INTRODUCTION

Norway is a constitutional monarchy located on the Scandinavian peninsula in Northern Europe. It covers an area of 364,266 km<sup>2</sup>, of which the mainland constitutes 304,055. In 2021, Norway had a population of 5.4 million and a Gross Domestic Product (GDP) per capita of 89,154 USD, the sixth highest of any country (World Bank, 2023). Norway shares land borders with Russia, Finland, and Sweden, and maritime borders with Denmark and Iceland. Norway has jurisdiction over more than 2.2 million square kilometres of maritime areas, more than 80% of which are located inside the Arctic Circle (Søreide, 2016).

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Norway has a two-tiered system of sub-national government, with municipalities (*kommuner*) nested in counties (*fylkeskommuner*). While the system is territorially hierarchical, the regional-level government does not have general authority over the local government, and the two levels manage distinct task portfolios (Law No. 83/2018, Parts 1–3). All counties have a prefect (*statsforvalter*) appointed by the national government, which is tasked with managing the state's interests and supervising the county government and municipalities within the county (Bjørnå & Jenssen, 2006). The capital Oslo is both a municipality and a county and shares its prefect with neighbouring counties. The archipelago of Svalbard is subject to an international treaty (Treaty concerning Spitsbergen, 1920), and is not part of any county or municipality, with a cabinet-appointed governor combining the duties of prefecture and chief of police (Law no. 11/1925). The settlement of Longyearbyen is governed by a local council (*lokalstyre*) largely similar to mainland municipalities. The island of Jan Mayen is neither part of any county or municipality but falls under the jurisdiction of the *statsforvalter* for the county of Nordland.

Inspired by the French and American revolutions, the Constitution of 1814 established the modern Norwegian state, based on the principles of popular sovereignty, separation of powers, and human rights (Eriksen & Fossum, 2014). While Danish rule was ended by the defeat in the Napoleonic wars, the King of Sweden became Norway's head of state under a personal union. The Alderman Acts of 1837 established elected local and indirectly elected county governments, and an impeachment of the sitting cabinet in 1884 established a precedent for a parliamentarian system. Norway achieved independence in 1905, and universal male suffrage was introduced in 1898 and universal female suffrage in 1913. Parliamentarism was codified in the constitution in 2007, and a 2009 constitutional change rejected the semi-bicameral system for unicameralism.

Membership in the European Community, later the European Union (EU), was subject to national referenda in 1972 and 1994, both times resulting in a no-majority (1972: 53.5% v 46.5%, 1994: 52.2% v 47.8%, Statistics Norway, 2023). Despite this, Norwegian accession to the European Economic Area (EEA) agreement in 1994 has enabled close integration with the European Union on a wide array of policy issues. Under the EEA agreement, Norway had to incorporate substantial parts of EU law, and the majority of new EU legislation is continuously incorporated into the agreement. Norway has entered into several additional agreements with the EU that lie outside the purview of the

EEA agreement, including an agreement with the European Defence Agency (Eriksen & Fossum, 2014). Norway is also a member of NATO, the Schengen Agreement, and the Dublin Regulation.

Like its Nordic neighbours, Norway combines a market economy, an extensive welfare state, and a well-regulated job market (cf., “the Nordic model”, see e.g., Fløtten et al., 2014). Since 1996, the state’s tax revenue and dividends derived from petroleum exploitation has been funnelled into The Government Pension Fund Global (*Statens pensjonsfond utland*), which by 2021 had grown to more than 1000 billion euros, six times larger than the annual state budget (NOU, 2022, p. 12). The fund provides the government with financial freedom of action and is intended to safeguard the welfare of future generations (*ibid.*). Demographic changes such as sustained centralisation, urbanisation, and population ageing, particularly in rural areas, are challenging service provision and could potentially threaten the sustainability of rural communities (NOU, 2020, pp. 25–26).

The Norwegian Parliament, *Storting*, is elected for fixed four-year terms, without the possibility to call for early elections. The electoral system is proportional (using modified Saint-Lägues method with first divisor 1.4) and effectively closed-list, with 19 multi-member constituencies providing 150 directly elected and 19 “balancing” representatives. The distribution of directly elected mandates between constituencies is based on a combination of population size and area. Geographically larger constituencies receive relatively more seats, introducing an element of disproportion. This disproportionality is counteracted by the 19 “balancing” mandates that are allocated based on the national vote shares for the parties that received more than four percent of the national votes. Nonetheless, the Norwegian system is less proportional than the Danish and Swedish systems (Aardal & Bergh, 2022). Government formations follow a negative parliamentary model, where a new government is not required to win a vote of investiture but may be required to step down by a vote of no confidence in parliament (Bergman, 1993). Following the 2021 general election, the number of parties represented in Parliament increased from eight to nine. The number of effective parties has increased steadily in the last four elections and is currently at an all-time high of 6.4 (Aardal & Bergh, 2022).

Direct elections for county assemblies have been held every four years since 1975 and they are held concurrently with local elections at mid-term in the national election cycle. Despite simultaneity with local elections, turnout in county elections is systematically lower than the turnout in local

elections (Rose & Hansen, 2013). The national party system has penetrated local and regional politics, with around 90% of votes cast in the sub-national elections going to parties represented in Parliament (Statistics Norway, 2019; Aars & Christensen, 2013). Since 1989, the indigenous Sami people have been represented in their own parliament, with 39 seats allocated by proportional elections held concurrently with the general election every four years. Parties contesting the elections include some of the parties represented in Parliament, several Sami-policy-specific parties, and a number of local lists. All members of the Sami population, as defined by legislation, have the right to vote (Berg-Nordlie & Saglie, 2021).

## INTERGOVERNMENTAL RELATIONS: THE POLITY

The municipalities and counties have a long pedigree in Norwegian history and the contemporary structure of the *communer* (municipalities) and *fylkeskommuner* (counties) was laid in the 1837 Alderman Acts (Law Nos. 1/1837 and 2/1837). Per 2024, there are 357 municipalities and 15 counties, counting the capital Oslo as both a municipality and a county. A recent reform in 2020 reduced the number of municipalities from 426 to 356 and the number of counties from 19 to 11 (discussed in more detail below), while a partial reversal of these reforms increased the number of counties to 15 and added a single municipality effective 1 January 2024.

Municipalities and counties have self-government and are free to take up any tasks that are not allocated to other governmental bodies by national law. The law on municipalities and counties also includes a subsidiarity norm that specifies that public tasks should be allocated to the government level that is closest to the citizen (Law No. 83/2018, Art. 2). Specific laws lay down the tasks for municipalities and counties. Municipalities are responsible for cemeteries, garbage collection, kindergarten, primary education, elderly care, fire protection, primary health care, housing, water, sewerage, social welfare, and roads (Baldersheim, 2022).<sup>1</sup> The most important tasks for counties are secondary education, adult education, dental care, public transport, environmental protection, regional economy, sports, cultural institutions, and county roads (Baldersheim, 2016; Baldersheim & Rose, 2011). Until 2002, counties

<sup>1</sup> A national service catalogue lists no less than 220 services that are delivered by municipalities: <https://www.nasjonaltjenestekatalog.no/web/> (consulted on 20 March 2023).

were also responsible for hospitals, but a reform made this a central government responsibility by establishing four state-owned regional health authorities, which are responsible for 20 hospitals including special care institutes (Council of Europe, 2003, 2015). In addition, there are twelve police districts that also constitute deconcentrated central government.

It was not until 2016 when local democracy was enshrined into the Norwegian constitution (Constitution 1814, Art. 49), but local democracy has had a solid legal grounding in local government laws (Law Nos. 107/1992 and 83/2018). Local elections are held every four years in September and municipal (*kommunestyre*) and county assemblies (*fylkesting*) are elected on the same day throughout the country. The first municipal election with universal suffrage was held in 1898 whereas county assembly representatives (often municipal mayors) were elected by municipal assemblies until 1975, when the first direct elections for counties took place (Rose & Hansen, 2013).<sup>2</sup> Municipalities and counties are organised in a similar way and the executive (*formannskap/fylkesutvalg*) exists of members elected by and from the assembly which are headed by a mayor ((*fylkes*)*ordfører*). Consociational rules are applied, which implies that, in general, each party that has at least one seat in the county assembly is represented in the executive. A reform in 1992 (Law No. 107/1992) made it possible for municipal assemblies to opt for a “parliamentary” model whereby the executive and the mayor are elected by a majority of council representatives instead of being appointed by the assembly at large. In addition, the executive is called *byråd/fylkesråd* instead of *formannskap/fylkesutvalg*. In 2023, the city of Bergen and four counties (Oslo, Nordland, *Troms og Finnmark* and *Viken*) applied a parliamentary model.

Counties played a modest role until the 1950s and primarily took up tasks from (small) municipalities (Bjørnå & Jenssen, 2006; Reichborn-Kjennerud & Vabo, 2017). During the 1960s their role increased substantially when city municipalities (*bykommuner*) were incorporated into the *fylkeskommuner* in 1964 (Law No. 1/1961) and when the counties became responsible for hospitals (in 1969).<sup>3</sup> A major difference between municipalities and counties is that the latter consist of a dual administration with a county council and executive and deconcentrated central

<sup>2</sup> Elections were held every three years until a reform in 1947 instated a four-year term.

<sup>3</sup> The city of Bergen was included in Hordaland in 1972, and Oslo has been a municipality and county since 1918 (Law No. 1/1961, Art. 2).

government office headed by a centrally appointed *statsforvalter* (*fylkesmann* until 2021). The *statsforvalter* was the sole executive until 1975 with the introduction of direct elections for the county assemblies that select their own executives (Bjørnå & Jenssen, 2006; Hansen & Stigen, 2007). The main responsibilities are to represent the central government in the *fylke*, supervise the finances and budgets of municipalities, and implement national policy in relation to agriculture, civil protection, the environment, family policy, and social welfare.<sup>4</sup>

The most important source of income comes from taxes and municipalities and counties can set the rate of an income tax within limits set by national law (Baldersheim & Rose, 2011; Council of Europe, 1998; Lotz, 2006). In 2022, the maximum rates were set at 11.10% for municipalities and 2.4% for counties.<sup>5</sup> In practice, all municipalities and counties apply the maximum rate (Baldersheim, 2016). In addition, both municipalities and counties can implement a natural resource tax on energy companies, but only municipalities can decide to apply a property tax. Municipalities and counties can borrow domestically to cover investments or operating expenditures and borrow funds to support the acquisition of assets by another municipality, county, or company, given that these assets are used to fulfil a task allocated by law. However, municipalities and counties are prohibited from passing budgets with net deficits and required to cover any deficit accrued at year's end in the annual budget for the following year (Law no. 83/2018, Part 14). Before 2001, (*fylkes*)*kommuner* were required to get prior approval for borrowing and final budget proposals by the central government (Council of Europe, 1998). Since 2001, prior approval is only necessary when they do not have balanced budgets (Council of Europe, 2015; Lotz, 2006).

The law on municipalities and counties guarantees 'discretionary income' for municipalities and counties and, in practice, municipalities and counties can freely dispose 70% of their income (Law No. 83/2018, Art. 2). The central government collects the tax revenues and distributes

<sup>4</sup> *Instruks for fylkesmenn* 7.8.1981 and <https://www.regjeringen.no/no/dep/kdd/org/etater-og-virksomheter-under-kommunal%2D%2Dog-distsktsdepartementet/underliggende-etater/fylkesmannsembetene/id440428/> (consulted 14 February 2023). Following the reversal of some county mergers in 2024, previously merged counties are covered by the same prefect despite being separate counties. Oslo is covered by the prefect responsible for the neighbouring counties.

<sup>5</sup> <https://www.ks.no/fagområder/okonomi/skatteinntekter/skatteinntekter-i-desember2021/> (consulted 21 March 2023).

them across municipalities and counties whereby economic differences are evened out. Municipalities that collect more tax revenue per capita than the country's average receive a deduction of 60% of the difference between their own tax income and the national average. This deduction is allocated to municipalities that have tax revenues below the national average, and municipalities with less than 90% of the national average are given an additional compensation of 35% of the difference between their own tax revenues and 90% of the national average. Counties are compensated/deducted for 87.5% of the difference between their own tax incomes and the national average, and they do not receive additional compensation.<sup>6</sup>

### HORIZONTAL INTERGOVERNMENTAL COORDINATION: POLICY AND POLITICS

The law on municipalities and counties establishes two ways for municipalities and counties to cooperate on anything within their competencies. The two ways are intermunicipal collaboration, where two (or more) municipalities set up a joint public organisation or a municipality buying services from another municipality (Law No. 83/2018, Part VI).

Municipalities can set up an intermunicipal organisation in two ways. First, setting up a limited company with municipalities as shareholders, whereby mayors (or their replacements) act as representatives of the municipalities in the shareholder meetings. This form of municipal collaboration is often chosen to deliver business-like services such as cinemas, theatres, and sanitation services. Second, municipalities can establish an intermunicipal company regulated by a specific law (Law No. 6/1999). In 2023 there were 221 intermunicipal companies. This is the preferred solution to provide for public goods such as water supply, archives, or regional museums. In these cases, policy provision is transferred from the municipalities to these companies. The delegation can be substantial, for example, some of these companies set the level of parking fines.

A second possibility to secure efficient public policy provision by (smaller) municipalities is to buy-in services from (larger) municipalities. This option is often used to provide social-welfare services whereby a municipality secures places for its own residents in a childcare facility,

<sup>6</sup><https://www.regjeringen.no/no/tema/kommuner-og-regioner/kommuneokonomi/inntektssystemet-for-kommuner-og-fylkeskommuner/id2353961/> (consulted on 20 March 2023).

nursing home, or specialised secondary school managed by another municipality.

Since all municipalities have the same authority and clearly delineated territorial jurisdictions, there is, at first sight, limited need for horizontal cooperation. However, municipal collaboration is frequent, and this can be explained by two logics. First, municipalities are important *providers* of welfare services and second, cooperation bodies are set up to act as a *strategic actor* that represents a larger territorial area.

The majority of the 357 Norwegian municipalities are relatively small: 175 municipalities have less than 5000 inhabitants, 71 have between 5000 and 10,000 inhabitants, 63 have between 10,000 and 25,000 inhabitants, and only 48 have more than 25,000 inhabitants. Hence, many municipalities have limited capacity for providing high-quality welfare services as required by national laws and regulations. These municipalities have strong incentives to collaborate with adjacent municipalities to provide mandatory services such as firefighting, or in culture or sports. In addition, smaller municipalities often lack the specific knowledge or funds to make large investments that are necessary, for example, for recycling plants and water plants. Intermunicipal collaboration to provide welfare services has increased over the last decades (Torsteinsen & van Genugten, 2016). Most municipalities that seek collaboration aim to reduce costs and increase the efficiency of public goods and services provision (Martinussen et al., 2019).

A second reason why municipal collaboration is frequent, despite having similar levels of authority and clearly delineated territorial jurisdictions, is the desire by municipalities to engage in strategic or cross-border cooperation. This kind of collaboration is often organised through a so-called intermunicipal political council (until 2021, termed intermunicipal regional council; Law No. 83/2018, Art. 18) set up by two or more municipalities within a district or otherwise defined geographical area. A county can also participate. The cooperation must be formalised with a written collaboration agreement and the council often consists of the mayors, sometimes supplemented by one or more politicians from councils from the participating municipalities. Larger municipalities deliver more members in the intermunicipal political council. Many of those councils have been set up more than five decades ago. Municipalities in Vesterålen, for example, have cooperation bodies that were established as early as 1936. Municipalities can have several different intermunicipal councils with different sets of neighbouring municipalities and, in the case of nature

park conservation or outdoor life recreation, intermunicipal councils will have delegated authority (Hovik & Hongslo, 2017). In most instances, however, intermunicipal councils do not exercise authority or provide for a municipal service but rather deliver a report or statement that voices the common interest of the area that comprises the participating municipalities. Hence, intermunicipal councils are often used to aggregate interests in cross-border issues or intermunicipal coastal zone planning processes (Kvalvik & Robertsen, 2017). In any case, the final report or statement of the intermunicipal council will have to be approved by each of the participating municipalities before being used as an official opinion.

Intermunicipal councils are also used for vertical coordination. Both the counties and the county prefect often use the intermunicipal councils for strategic communication and information. They prefer to deal with four or five intermunicipal councils in a county instead of 20 or 25 municipalities separately, especially when it concerns regional development or coastal zone planning (Kvalvik & Robertsen, 2017). Intermunicipal collaboration has increased over the last decades, despite some variations in the level of success depending on which issues the municipalities cooperate on (Blåka et al., 2021; Holum & Jakobsen, 2016; Torsteinsen & van Genugten, 2016). Some have suggested that intermunicipal cooperation has been a part of a larger New Public Management trend in Norway (Torsteinsen & van Genugten, 2016). Even though this trend may explain some of the increase, the role of the municipalities has drastically changed over the last decades with increased welfare state responsibilities and stronger individual rights and regulations from the national level as well as urbanisation (Askim et al., 2017; Stein, 2019).

An example of a frequent and important form of intermunicipal collaboration is shared ownership of energy companies. High amounts of annual rainfall per inhabitant and mountainous topography make hydropower highly economical in Norway, and almost half of the country's catchment area drains through power stations (Thue, 2016). In 2021, hydropower accounted for 88% of total electricity consumption (NVE, 2023). Norwegian legislation gives the central state a right of reversion for hydropower licenses, meaning a private hydropower plant becomes government property when its licence expires (Law no. 17/1917). Hydropower companies are usually organised as limited companies, and a majority are owned by one or more municipalities or counties (Ministry of Oil and Energy, 2008). Today, approximately 90% of Norwegian hydropower is publicly owned, and dividends from power companies have

become an important source of revenue for many municipal and county governments (Thue, 2016). As a result of unusually high electricity prices, the 2023 national budget included a reduction totalling 3 billion NOK (260 million EUR) in fiscal transfers to local and regional governments, which derived extraordinary dividends from their ownership of electricity companies (Ministry of Local Government and Regional Development, 2023). For comparison, the budget included general transfers (*råmmetil-skudd*) to local and regional governments totalling 205 billion NOK (Ministry of Finance, 2022).

The ownership of hydropower and other companies became a topic for debate in the run-up to local and regional government mergers in 2018 and 2020. Merged municipalities or counties inherit all assets and liabilities from their predecessors (Larsen & Selle, 2016). Therefore, hydropower ownership may constitute a form of freeriding analogous to the common pool problem, as municipalities and counties that do not own an energy company gain a valuable asset and can use dividends from its merger partner's energy company to pay off their debts (see e.g., Jordahl & Liang, 2010). For example, in the debate preceding the merger of Nord- and Sør-Trøndelag counties, all stocks in Nord-Trøndelag Energi AS, which were owned by Nord-Trøndelag county, were transferred to the local governments located within the pre-merger county borders of Nord-Trøndelag (Modell, 2017). Prior to the merger of Troms and Finnmark counties, Troms held 60% of the stocks in the energy company Troms Kraft AS, while Finnmark county had previously sold off its hydropower assets. To prevent its shares in Troms Kraft to pass in part to Finnmark, Troms county transferred its stocks to a holding company jointly owned by the county and the local governments within the old county borders, with the holding company using dividends from its ownership to fund grants promoting regional development in the municipalities located within the former county borders of Troms (Troms Holding AS, 2019).

All Norwegian municipalities and counties are members of the Norwegian Association of Local and Regional Authorities (*Kommunenesektorens Organisasjon*, KS), which is a voluntary non-for-profit organisation that represents subnational government in Norway.<sup>7</sup> KS enables horizontal coordination between municipalities and counties in two main ways. First, as the representative of municipal and county

<sup>7</sup><https://www.ks.no/om-ks/> (consulted on 22 May 2024).

government employers, KS conducts annual salary negotiations with the trade unions. Second, KS provides advice and training and digital services for their members, and they represent subnational governments' interests when they provide input for parliamentary committees and central government ministries. Since 2001, KS meets two times in the Spring with the ministry of local government and the ministry of finance to discuss the annual budget, and two times in the Fall with several central government departments (Ministry of Local Government and Modernization, 2015).<sup>8</sup>

Within the KS, there are several committees (*utvalg*) that represent and voice the interests of specific members of the KS. Two committees represent the chairs of the executives of subnational governments, whereas two other committees draw their membership from top civil servants from the subnational governments.

The county mayor college (*fylkesordførerkollegiet*) consists of twelve county mayors (*fylkesordfører*), two county council leaders (*fylkesrådleder*) of the two counties that apply a parliamentary model (*Akershus* and *Nordland*), and one city council leader (*byrådsleder*) from Oslo (which is a municipality and a county council). The county mayor college meets bimonthly to discuss common interests to be voiced to the central government such as county roads maintenance, climate change policy, fiscal transfers from the central government, transport, and secondary schools.<sup>9</sup>

The members of the large city network (*stорбыннетьверк*) are the mayors (*ordfører*) or council leader (*byrådsleder*) from Bergen, Bærum, Drammen, Kristiansand, Oslo, Stavanger, Tromsø, and Trondheim. These are the most populous cities of Norway except for Tromsø. The network meets five times per year to discuss housing, climate policy, transport, integration, and education. The large city network also voices its interests mainly to the central government.<sup>10</sup>

The chief administrators from both the counties and municipalities also have their own committees, respectively the county collegium (*fylkeskommunekollegiet*) and the municipal director committee

<sup>8</sup> <https://www.ks.no/om-ks/hva-gjor-vi/faste-moter-med-regjeringen/faste-konsultasjonsmøter-med-regjeringen/> (consulted on 22 May 2024).

<sup>9</sup> <https://www.ks.no/om-ks/ledelse-og-utvalg/utvalg/fylkesordforerkollegiet/> (consulted on 22 May 2024).

<sup>10</sup> <https://www.ks.no/om-ks/ledelse-og-utvalg/utvalg/ks-stорбыннетьверк/> (consulted on 22 May 2024).

(*kommunedirektørutvalget*). These are advisory committees for the KS as well as the chief administrators.<sup>11</sup>

## EU-INDUCED CHANGES IN HORIZONTAL COORDINATION

According to a report made for the Norwegian Association of Local and Regional Authorities (*Kommunesektorens Organisasjon*, KS), around half of the decisions on the agenda in Norwegian municipal councils and county councils are affected by the EU or the EEA (Indset et al., 2018). Most EU laws influence all municipalities and counties equally, but some have specific impact, and here the regional offices play a vital part in voicing regional interests to the EU. All Norwegian counties are represented in Brussels and are engaged in different activities in the EU. The legal framework in Norway for sub-national international activities is very clear: the national level has neither the power, nor an interest, to stop the regions establishing representations abroad (Lein-Mathisen, 2018). The Nordic regional offices have also been instrumental when lobbying regional interests in the allocation of Structural Funds (Lein-Mathisen, 2018). For example, the North Norway European Office (NNEO) established in 2005 is owned by the three northernmost counties in Norway: Nordland, Troms, and Finnmark. There are also other partners which, together, contribute one-quarter of the total funding. These are two universities (Nord University and UiT—The Arctic University of Norway), one municipality (Tromsø), two intermunicipal councils (Helgeland and Salten), the Norwegian Fishermen's Sales Organization, and the Region Innovation Council (Panara, 2022).

As Norway is not a member of the EU, Norwegian regional offices frequently collaborate with adjacent Swedish or Finnish regional offices both to secure regional funds and to lobby the European institutions. Norwegian regions also face similar challenges and have similar interests as regions in Sweden and Finland. In 2008, the EU initiated the development of the EU Arctic policy (Holdhus, 2010). The initial draft of the policy focused largely on climate change and environmental protection, but North Norway felt that, overall, it evidenced a lack of detailed knowledge about the Arctic region and the policy did not emphasise the need

<sup>11</sup><https://www.ks.no/om-ks/ledelse-og-utvalg/utvalg/kommunedirektørutvalget/> and <https://www.ks.no/om-ks/ledelse-og-utvalg/utvalg/fylkesordforerkollegiet/> (consulted on 22 May 2024).

for industrial and economic development (Panara, 2022). North Norway decided to lobby the EU institutions to influence this policy. To achieve this result, North Norway lobbied the European institutions jointly with local and regional authorities from North Finland, North Denmark, and Sweden (all EU member states), organisations representing indigenous people, and Nordic regions such as Greenland, Iceland, the Faroe Islands, which, due to their geographical location, share similar economic interests to North Norway.

## RECENT TRENDS

Suggestions to reform—or altogether abolish—the regional level have been a recurring theme in debates about Norwegian sub-national governance (see e.g., Baldersheim & Rose, 2010; Bjørnå & Jenssen, 2006). Parliament voted to implement a county merger reform in June 2017 that, apart from the merger of North and South Trøndelag,<sup>12</sup> went into effect on 1 January 1 2020, reducing the number of counties from 19 to 11. The county merger reform coincided with a local government reform (see Vabo et al., 2023) that reduced the number of municipalities from 428 to 356. While the regional government reform was characterised by a high degree of national authority, the local government reform largely left it to the individual municipalities to consider and decide on whether to merge or not. Municipalities made extensive use of local referenda and 213 local governments held a total of 221 referenda (Folkestad, et al., 2021).

These reforms—in conjunction with centralising reforms of the higher education, law enforcement, and other sectors—produced a backlash of regionalist mobilisation in the 2019 local and regional elections (Stein et al., 2021). As a result, the Centre Party (*Senterpartiet*) won a significant vote share in the 2021 general election (13.5% compared to 10.5% in 2017) and formed a coalition government with Labour (*Arbeiderpartiet*), with parliamentary support from the Socialist Left party. The new government vowed to put an end to centralising reforms and enable a reversal of local and regional mergers where this was popularly desired (Labour Party & Centre Party 2021). Following deliberations in the affected local and regional governments, three counties and one municipality were demerged effective as of 1 January 2024.

<sup>12</sup>The merger of North and South Trøndelag was passed by Parliament separately and implemented two years prior to the remaining mergers.

## CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNT

This chapter has discussed important ways in which Norwegian local and regional governments engage in horizontal coordination. The large number of sparsely populated municipalities, facing a vast set of responsibilities and a challenging demographic development, makes collaboration an important tool to provide welfare and other public services in the face of increasing demands. Local governments can choose between several types of collaborative structures, depending on the nature of the concerned services and challenges they face. Coordination between local governments and local officials also plays an important role in the multilevel governance structure by promoting the shared interests of municipalities and counties in communication with the central government. Shared ownership of hydropower resources remains another important type of collaboration. The issue of electricity production is returning to the top of the local government agenda, as the green transition creates demand for increased capacity and new infrastructure, while the national government has given the local level a large pedigree in balancing competing interests surrounding land use. Furthermore, recent attempts to consolidate the local and regional government structure have not drastically changed the geographical and demographical makeup of the subnational jurisdictions, which means that collaboration and coordination is likely to remain an important element of Norwegian governance at the local and regional level.

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## CHAPTER 13

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# Poland: The Complex Governance of Horizontal Coordination in the Context of EU Membership

*Andżelika Mirska*

## INTRODUCTION

Poland is one of the largest European countries, its area is 312,696 km<sup>2</sup>, which gives it ninth place in Europe and seventh in the European Union. The large territorial area of Poland justifies the implementation of a three-tier territorial division. The unitary system that has been adopted involves deep decentralisation, with three levels of local government. This system provides a natural environment for both horizontal and vertical cooperation between territorial units. Poland neighbours seven countries: Germany, Czech Republic, Slovakia, Ukraine, Belarus, Lithuania, and

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Russia (Kalininograd Oblast<sup>1</sup>). The borders with Russia, Belarus, and Ukraine also constitute the external border of NATO, the European Union, and the Schengen area.<sup>2</sup> Poland as a member of the European Union is a recipient of structural funds. The implementation of part of the financial resources requires horizontal cooperation between territorial units, both within Poland and across state borders.

Poland is inhabited by 37,766,327 people (2022<sup>3</sup>) and takes seventh place in Europe, and fifth in the European Union in terms of population.<sup>4</sup> From 2000 onwards, there has been a decrease in the number of urban inhabitants and their share in the total population, which currently accounts for 59.8% (in the years 1990–2000 almost 62%). In contrast, the number of rural residents is growing slightly yet constantly. This phenomenon is mainly due to the fact that gradually since 2000, the population has moved from urban areas to rural spaces, most often to some rural communes concentrated around large cities.<sup>5</sup>

Poland is a parliamentary republic with elements of a semi-presidential form of government. The form of current political system was shaped by the process of state democratisation, which began in the 1980s. After Poland was incorporated into the Eastern Bloc (1945–1989) the transition began from communism to democracy and capitalism (Rustow, 1970). The key element of the political transformation in Poland was the deep decentralisation of the state (Lipowicz, 2010), maintaining the form of a unitary state without separating autonomous regions.<sup>6</sup>

<sup>1</sup> Kaliningrad Oblast is an exclave on the Baltic Sea that is an administrative unit of the Russian Federation. It is separated from Russia by areas of independent states (Poland and Lithuania) and has no land connection with the main part of the Russian state.

<sup>2</sup> Poland has been a member of NATO since 1999, a member of the EU since 2004, and a member of the Schengen area since 2007.

<sup>3</sup> *Size and structure and vital statistics in Poland by territorial division in 2022. As of 31 December*, Statistics Poland, Demographic Department Population. Publication available on website <https://stat.gov.pl>, <https://tiny.pl/cl7wr> (30.06.2023).

<sup>4</sup> *Population on 1 January 2022*, Eurostat, <https://ec.europa.eu/eurostat/databrowser/view/TPS00001/default/table?lang=en> (30.06.2023).

<sup>5</sup> *Demographic situation in Poland up to 2021*, Statistics Poland, Demographic Surveys Department, Warsaw 2022, p. 48, <https://stat.gov.pl/obszary-tematyczne/ludnosc/ludnosc/sytuacja-demograficzna-polski-do-roku-2021,40,2.html> (30.06.2023).

<sup>6</sup> There was one autonomous region in Poland in the period 1920–1939.

The system of state authorities is based on the classic tripartite separation of powers. According to the Constitution of 1997,<sup>7</sup> the *legislative power* is exercised by a bicameral parliament: the *Sejm* and the Senate (both chambers are directly elected by citizens<sup>8</sup>) for a four-year term. The *executive power* is formed by the Council of Ministers with the Prime Minister (government) and the President of Poland elected in general elections for a five-year term. Therefore, the system of government in Poland fits the two-element (dualist) structure of the executive (Machelski, 2021). The Constitution transfers overall responsibility for executive power to the government, which is politically responsible to the parliament (the *Sejm*) but reserves significant powers in other areas of governance to the President as the Head of State, for example, the right to veto parliamentary acts. The *judicial power* is exercised by courts and tribunals.

Since 2005, the results of the parliamentary elections held periodically have confirmed that Polish society is deeply divided, with the political scene polarised into voters supporting the right-wing conservative Law and Justice party (PiS) and those who are against PiS policy and criticise it from left-liberal or extreme right-wing positions. As a result of the 2023 elections, PiS lost power on the central level and moved to the opposition. The Council of Ministers was formed by a coalition of centre-liberal and left parties led by Prime Minister Donald Tusk from the Civic Platform.<sup>9</sup> Poland has a multi-party system, and usually a few parties are represented in the parliament.<sup>10</sup> But Law and Justice and Civic Platform have taken turns ruling Poland since 2006 and it is often argued that the Polish party system might effectively be frozen around the two blocks (Niebylski, 2020).

Poland is a homogeneous country in terms of nationality and ethnicity. The results of the 2021 census indicate that 97.7% of all Polish residents

<sup>7</sup>The Constitution of the Republic of Poland of 2 April 1997 (Journal of Laws No. 78, item 483), English: <https://www.sejm.gov.pl/prawo/konst/angielski/kon1.htm>

<sup>8</sup>Since 1989, there have been proposals in political and scientific discussion to transform the Senate into a chamber representing the interests of local governments, this idea was also present in the period 1918–1939 (Osiński, 2010; Radomski, 2019).

<sup>9</sup>In 2018 the Civic Platform party formed a political alliance ‘Civil Coalition’. It includes, apart from Civic Platform, small parties with liberal, feminist, and economic views.

<sup>10</sup>Since 1993, electoral thresholds in parliamentary elections have been introduced, set at 5% for party lists and 8% for coalitions. This has contributed to a reduction in the number of parties represented in parliament. In the 2019–2023 term, five parties/coalitions of parties were represented in the *Sejm*.

declare belonging to the Polish nation.<sup>11</sup> Among the national minorities, the largest nationality is German—144,238 Polish citizens (0.38%) declared it. The Act on Ethnic and National Minorities and on the Regional Language of 6 January 2005 indicates two categories of recognised minorities in Poland—nine national minorities (Belarusians, Czechs, Lithuanians, Germans, Armenians, Russians, Slovaks, Ukrainians, Jews) and four ethnic minorities (Karaites, Lemkos, Roma, and Tatars)—and provides them with legal protection and financial support from the Polish state.

Conventionally, Poland was not among the countries with a large inflow of migrants. Since 24 February 2022, the migration situation in Poland has changed dramatically as a result of the increased inflow of Ukrainian citizens. They became the largest group of foreigners in Poland, constituting slightly over 80% of all foreigners residing in Poland. A year after the Russian aggression against Ukraine, almost one million Ukrainian citizens, mainly women and children, currently benefit from temporary protection in Poland. A total of 1.4 million Ukrainian citizens have valid residence permits in Poland.<sup>12</sup>

The current situation in Poland is determined by both external and internal factors. The main challenge is the war in Ukraine and the unstable situation on the border with Belarus. Poland, like other countries, is facing the effects of the COVID-19 pandemic, the migration crisis, and rising inflation. These are the challenges of the last three years. The pressing problems that have been identified for a long time include the demographic situation: depopulation of certain areas (especially in the eastern part of Poland) and the ageing of society. The challenges also include uncontrolled suburbanisation (Hrynkiewicz et al., 2018), issues in managing functional areas of cities, and public governance and horizontal

<sup>11</sup> National Population and Housing Census 2021, Preliminary results of the National Population Census 2021 in terms of national and ethnic structure as well as language of household contacts, <https://stat.gov.pl/spisy-powszechne/nsp-2021/nsp-2021-wyniki-wstepne/wstepne-wyniki-narodowego-spisu-powszechnego-ludnosci-i-mieszkani-2021-w-zakresie-struktury-narodowo-eticznej-oraz-jezyka-kontaktow-domowych,10,1.html> (15.07.2023).

<sup>12</sup> Official information of the Office for Foreigners of Poland, <https://www.gov.pl/web/udsc/obywatele-ukrainy-w-polsce%2Daktualne-dane-migracyjne> (15.07.2023).

coordination in metropolitan areas. The implementation of public tasks and services in increasingly interconnected functional areas around cities requires intensified coordination efforts.

## INTERGOVERNMENTAL RELATIONS: THE POLITY

### *Territorial Division and Decentralisation*

The territory of Poland is divided into *three basic levels*: voivodeships (provinces, polish: *województwo*); these are divided into counties (*powiat*), and these, in turn, into communes/municipalities (*gmina*). This structure of territorial division has been a valid source in Poland since 1 January 1999 and was introduced by Law.<sup>13</sup> The Constitution of Poland does not contain any regulations regarding the number of territorial levels. However, it includes the term of ‘commune’—as the basic unit of territorial division and the term of ‘voivodeship’. Therefore, based on the Constitution, the basic territorial division must have at least two tiers (commune and voivodeship). However, the Constitution authorises the legislator (the parliament) to introduce further tiers of territorial division. Therefore, a county, which was created as an intermediate level of territorial division under the Act of 1998, may be eliminated, also under the Act—without the need to change the Constitution.

A characteristic feature of the Polish territorial system is the link between the number of tiers of basic territorial division and the number of levels of local government. It results from the provisions of the constitution, article 16: *The inhabitants of the units of the basic territorial division shall form a self-governing community in accordance with the law*. Therefore, there is a local government at each level of basic territorial division: (1) commune self-government, (2) county self-government, (3) voivodeship self-government (three-tier model of local government). Therefore, residents of the commune, county, and voivodeship elect representative bodies of local government in direct elections as an indication of local democracy. Additionally, since 2002, residents have directly elected the mayor of the commune. However, the executive bodies of county and voivodeship self-government are elected by representative bodies (indirect

<sup>13</sup> Act of 24 July 1998 on introducing basic three-tier territorial division of the country (Journal of Laws No. 96, item 603). The act entered into force on 1 January 1999.

election). Due to the uniform local government system throughout Poland, local elections are held on the same day (Mirska, 2021b).

Therefore, there are currently four levels of government in Poland:

1. Central level;
2. *Voivodeship* level as *a regional level*, which includes 16 territorial units<sup>14</sup>;
3. *County* level as a *local level of a supracommune character*, intermediate level, 380 units including 66 cities with county rights;
4. *Commune* level as a *basic local level*, 2477 units.<sup>15</sup>

At the regional level, the phenomenon of ‘duality of public authority’ is characteristic for the Polish administrative system. Namely, within the borders of the voivodeship there is both a voivodeship self-government and a voivode (a single-person government administration body) with the extended government administration subordinated to him (police, state fire service, pharmaceutical supervision, veterinary supervision, sanitary supervision, and many others). Voivodes are representatives of the central government. They are appointed and dismissed by the Prime Minister and are politically accountable to him. The voivode and the government administration subordinate to him are called ‘combined administration’. This means that the voivode manages and supervises various government administrations/services operating in the province (e.g. the police). These are relationships of hierarchical subordination (Zieliński, 2013).

In addition to the voivode and the government administration hierarchically subordinated to him, the voivodeship self-government has been operating at the regional level since 1999. The voivodeship’s self-government bodies are the provincial assembly and the executive board. The provincial assembly is elected directly by the residents of the voivodeship. The number of representatives in the provincial assembly ranges from 30 to 51—depending on the number of people living in the voivodeship. The executive board, which consists of five members, is elected by the provincial assembly. Creating regional economic development is the

<sup>14</sup> According to the Eurostat classification, the voivodeship level is the NUTS 2 level. Currently, there are 17 NUTS 2 territorial units in Poland, because in 2018, the voivodeship, in which the capital of Poland is located, was divided into two separate NUTS 2 units.

<sup>15</sup> According to the Eurostat classification, communes are indicated as Local Administrative Units (LAU) in Poland.

main task of the voivodeship self-government. The establishment of the voivodeship self-government in 1999 was influenced, among others, by the prospect of Poland's accession to the EU and Poland's need to have a territorial unit of a regional character that would be able to implement funds from the European Regional Development Fund (ERDF) and would be independent of state authorities.

In turn, local governments at the commune and county levels are included in the category of local government that is primarily responsible for providing public services to residents. The bodies of the commune's self-government are the commune council (from 15 to 60 members depending on the number of residents) and the mayor.<sup>16</sup> Both bodies are elected directly by residents and can be dismissed by residents in a local referendum. The county self-government bodies are the county council (from 15 to 29 members) and the county executive board. The county board consists of 3–5 members and is elected and dismissed by the county council. The commune self-government, as the basic unit of local government in Poland, has a general authorisation to perform local tasks, and the county self-government is there to support, in accordance with the principle of subsidiarity, the commune in performing local tasks of a supra-commune character. The local government performs two types of tasks: own tasks (financed from the local government budget) and delegated assignments (financed from the state budget). The basic form of delegating assignments in the field of government administration is their transmission under an act of the central parliament. Then, they are distinguished as obligatory tasks for the local government. However, it is also possible to conclude voluntary agreements between local governments and government administration.

At the county and commune level, the act does not provide for a representative of the central government (like the voivode in a voivodeship).

<sup>16</sup>The term 'mayor' is used in this thesis as the name of a single-person executive body in all communes in Poland. However, in Polish law, there are different terms: the mayor is used in urban and urban-rural communes, while in rural communes the name 'commune head' (*wójt*) is used. However, there is no impact on the political position of this body. The terms of reference are the same, and both the commune head and the mayor play their professional function and not social. The third concept used in Poland regarding the executive body in the commune is the 'president of a city'. The term is applied to large cities (urban communes) that are also counties (cities with county rights). In this case, no county authorities are appointed. However, the assignments of the commune and county are fulfilled by the commune authorities (the council and the president of a city).

However, some services belong to the government administration (e.g. police and the first professional fire service). On the one hand, these services are subordinated to higher-level government administration bodies. On the other hand, they are subordinated to the executive bodies of county and commune self-government.

Another feature of the Polish territorial system that plays a crucial role in the analysis of the relations between territorial units is the uniformity of legal solutions for the entire territory of Poland. The following results from the principle of a unitary state: the territorial structure and responsibilities of territorial units are regulated at the central level creating a uniform system and functions of local government throughout the entire territory of the Polish state. This uniformity contrasts with the potential variation of local government regulations across the territorial entities within federal states.

It should be emphasised that there are no hierarchical relationships or subordination between the three levels of local government in Poland. Local governments can enter into various types of relationships with each other—but only voluntarily. However, the government administration (voivode and the Prime Minister) supervises the local government units, but only from the legal point of view (criterion of legality) of the local government's activities. Whether these are own or delegated tasks is not significant. The local government may lodge a complaint to the administrative court if it considers the applied supervision to be incompatible with the law.

In Poland, in addition to the basic divisions (commune, county, voivodeship), there are several special territorial divisions. For instance, the territory of Poland has been divided into nine territorial units for the Border Guard Service, and two territorial units have been designated for the maritime administration. These types of administration report directly to central-level bodies or central government ministers.

### *A New Framework for Territorial Cooperation in Poland: A Metropolitan Union*

For years, there has been a political and academic discussion in Poland about the creation of a fourth level of territorial governance, namely, the level of metropolitan areas. The role of metropolises in Poland is naturally played by the largest cities, which are the 'capitals' of voivodeships, that is, they are the seats of the voivode and at the same time the seats of

voivodeship self-government bodies. In these areas, functional relationships arise naturally across administrative borders. Commune and county self-governments create various forms of cooperation in metropolitan areas (bottom-up processes), but so far only one territorial unit of a metropolitan nature has been created in the top-down process (Mirska, 2018). The metropolitan union 'Upper Silesian-Zagłębie Metropolis' is the unit established pursuant to an Act of Parliament on 1 January 2018, within a territory of one voivodeship—the Śląskie voivodeship which is the most highly urbanised and most populated in Poland. Moreover, it is a polycentric type of metropolitan area, that is, an urban settlement system consisting of many highly urbanised territorial areas (Mirska & Cytniewska, 2021). The metropolitan union comprised 41 territorial units: 13 cities with powiat status and 28 communes. The union is inhabited by over 2.3 million residents, that is, half of population of the whole Śląsie voivodeship. The Metropolis Assembly is the regulatory and inspecting authority of the Metropolitan Union. It consists of delegates from the communes forming a part of the union with one delegate from each commune. Mayors are these delegates or persons authorised by them. The Management Board is the executive authority and consists of 5 members, including the chairman. The management board is elected by the meeting of the Union in a secret ballot. The Metropolis Assembly resolutions are passed in a special way, that is, by a double majority of votes (i.e. the majority of communes included in the Union that represent the majority of the population living in the metropolitan area at the same time).

### *Institutionalised Coordination Involving the Central Level*

In Poland, there is no tradition of specific institutions of intergovernmental relations. Although the Polish parliament is bicameral, both chambers are elected in direct elections and neither chamber serves as a representation of territorial units. This results both from the political tradition and the lack of regional, ethnic, or cultural diversity in contemporary Poland.

The institution that can act as an intermediary in intergovernmental coordination is the Joint Commission of the Government and Territorial Self-Government. Although it is 'the forum for the elaboration of a joint position of the central government and local government' (vertical intergovernmental relations), it also serves the purpose of coordinating horizontal interests (Mirska, 2021c). The idea results from the adopted concept of the composition of this commission. Namely, in addition to

representatives of the central government (16 members), the commission includes representatives of eight national local government organisations (16 members): the Union of Polish Metropolises, the Union of Small Polish Towns, the Association of Rural Communes of the Republic of Poland, the Association of Polish Cities, the Association of Polish Counties, the Association of Voivodeships the Republic of Poland, the Association of Polish Local Governments, and the All-Poland Alliance of Local Government Organizations. The principle adopted is that the Joint Commission includes representatives of the central government and representatives of local government in equal numbers. On the government side, the Minister of Administration is a member of the commission, the other members are nominated by the Prime Minister. Each local government organisation has the right to nominate two representatives.<sup>17</sup>

The Joint Commission has the right, guaranteed by law, to participate in consultations on acts relating to local government matters. The Joint Commission also prepares scientific expertise and provides an important forum for discussion on the rights of local government. Commission meetings are held regularly.

## HORIZONTAL INTERGOVERNMENTAL COORDINATION: POLICY AND POLITICS

### *Traditional Mechanism of Coordination and Cooperation Between Local Government Units*

Legal regulations enabling horizontal coordination in Poland concern, primarily, local government units. At all three levels of local government, there are several forms for coordinating the fulfilment of public tasks. First of all, they result from the right to voluntary cooperation guaranteed in the Polish Constitution (Article 172). There are traditional forms of cooperation between local government units, whereby horizontal coordination arises: (1) via municipal union, (2) via agreement, and (3) via association.

<sup>17</sup> In July 2023, the Act on the Joint Commission was amended. The composition of the commission was expanded to include representatives of two more local government organisations (the Association of Polish Local Governments and the National Agreement of Local Government Organizations). Therefore, eight local government organisations will have 16 representatives on the Joint Commission. As a consequence, the number of representatives of the central government will also increase to 16.

1. *The municipal union* means the creation of at least two local government units at the same level as a new legal entity with a legal personality to delegate tasks to be performed by it. Therefore, the tasks entrusted to the union during its existence cease to be the tasks of the local government units constituting the union.
2. *The agreement* between local government units means that no new legal person is created, but one local government unit transfers its tasks to another unit for their implementation.
3. *The associations*: their purpose is different. This is not about implementing the tasks of local government, but about ‘supporting and promoting the idea of local government and the joint interests of local government units’.<sup>18</sup> In the case of associations, we are talking about a new legal entity, similar to a union, adopting its statute and operating through its legal bodies.

Since the restoration of commune self-government in 1990, communes can create municipal unions, agreements and associations among themselves (inter-municipal cooperation). Counties could also cooperate in these three legal forms from the moment they were established in 1999 (inter-county cooperation). Intergovernmental vertical cooperation (between communes and counties) was possible in the form of agreements and associations. Until a fundamental change in legislation in 2016, unions could only be created at one level, either only between communes or between counties. Afterwards, intergovernmental vertical unions, that is, between counties and communes, were legally possible. Therefore, both perspectives of interest coordination are combined here: horizontal and vertical. In contrast, at the third level of local government (voivodeship self-government), it is not possible to conclude unions, only agreements and associations are possible.

The decision about establishing municipal union is made by the representative body of local government units (the commune council or the county council). Furthermore, the statute is also adopted by local government units. The union operates through its authorities, including the union’s assembly (as a regulatory and controlling authority) and the union board (as the executive authority). All unions must be listed in the central

<sup>18</sup> Article 84 of the Act of 8 March 1990 on commune self-government (Journal of Laws 2004, item 609).

‘union register’<sup>19</sup> kept by the minister responsible for public administration (currently: Minister of the Interior and Administration of Poland).

Unions of communes are a very popular form of performing self-government tasks. Currently, there are 200 of them in Poland and they include from 2 to 49 communes. The range of tasks they perform is very wide. There are tasks related to spatial order, environmental protection, economy, waterworks and water supply, sewerage, urban wastewater treatment, cleanliness, and many others. Commune-county unions are also very popular. Between 2016 and 2023, 66 such unions were established. Their tasks involve mainly the organisation of local public transport. However, unions have also been formed recently to create joint tourist products to build a brand promoting the region, and to implement projects related to tourist infrastructure development, environmental protection, and pro-ecological activities. County unions are much less popular. Since 1999, 8 of them have been established in all parts of Poland. They include from 2 to 19 counties.

The agreement form is a very popular way of performing local government tasks. The form can be considered a horizontal and vertical coordination between local government units. Various configurations are possible here: inter-communal agreement, inter-county agreement, county-communal agreement, inter-voivodeship agreement, voivodeship-county agreement, voivodeship-county-communal agreement, and voivodeship-communal agreement.

The association’s form plays a significant role because it allows for the coordination of the interests at different levels of local government. There are many different local and regional associations, but universal, nationwide associations play a special role. First, there is the Association of Voivodeships of the Republic of Poland, which brings together all 16 voivodeship self-government units. There is also one nationwide association at the county level, the Association of Polish Counties, which brings together 321 counties (there are 380 counties in Poland). At the commune level, we have several associations that consociate local governments with similar interests. These include the Union of Polish Metropolises, the Association of Polish Cities, the Union of Small Polish Towns, the Association of Rural Communes of the Republic of Poland. They aim to coordinate positions and interests, jointly develop a position on the central government’s policy and also alleviate disputes between local government units.

<sup>19</sup> <https://www.gov.pl/web/mswia/zarejestruj-zmien-statut-lub-wyrejestruj-zwiazek-miedzygminny-zwiazek-powiatow-zwiazek-powiatowo-gminny> (30.09.2023).

***Metropolisation as a Factor Strengthening Coordination and Cooperation***

In Poland, interests have been coordinated in the functional areas of the largest cities for a long time (Kaczmarek, 2021). For this purpose, it concerns commune and county self-governments that create various legal entities to achieve harmonious development of the entire metropolitan area. They may take the form of associations, for example, the 'Gdańsk-Gdynia-Sopot Metropolitan Area' association consists of 53 communes and 8 counties, including a population of 1.6 million people. However, Wrocław (the third largest city in Poland), together with 32 commune self-government units from the Wrocław agglomeration, established a joint-stock company called 'Wrocław Agglomeration Development Agency'. Thanks to it, the local government units are willing, among others, to 'build a strong economic position and a positive image of the entire Wrocław agglomeration'.<sup>20</sup>

The launch of a new financial instrument called Integrated Territorial Investments (ITIs) by the European Union was an important incentive to further reinforce the above-described coordination between commune self-governments in metropolitan areas and functional areas of large cities. To increase the involvement of cities in the implementation of cohesion policy, the European Commission obliged all member states in the 2014–2020 Multiannual Financial Framework to allocate a minimum of 5% of funds from the European Regional Development Fund (ERDF) to the implementation of this instrument. The provisions contained in the EU regulations for 2021–2027 indicate that a minimum of 8% of ERDF funds should be allocated to support the sustainable development of functional urban areas.

In Poland, the ITI instrument is implemented both in the functional areas of the largest cities (these are all 'capitals' of voivodeships), as well as in regional and subregional cities along with areas functionally related to them. Areas of a realisation of the ITIs for voivodeships cities were obligatory and were carried out in accordance with the guidelines of the Ministry of Infrastructure and Development, while the designation of ITI areas for

<sup>20</sup><https://startupwroclaw.pl/about-us/> (31.07.2023).

regional/subregional cities depended on the decisions of the voivodeship self-governments where these cities are located. In total, there are 24 areas of realisation of ITIs in Poland, including 7 functional areas of regional/subregional cities. One of the necessary elements of the creation of the ITI area was the establishment of an institutionalised form of partnership, that is, the establishment of the 'ITIs Association' or the 'ITIs Partnership' by local government units, and the development of a joint, coordinated territorial development strategy and then the implementation of joint projects.

### *Supra-local and Supra-regional Development Strategies as New Dimensions of Coordination*

A new, very important element for horizontal coordination is the '*supra-local development strategy*' (S-LDS). Under Polish law, from 2020, neighbouring and functionally related communes may develop such a document constituting a common development strategy.<sup>21</sup> The S-LDS serves primarily horizontal coordination at the commune level, but it can also combine a horizontal and vertical perspective because the county can also participate in the preparation of the strategy. The participation of a county is obligatory if all communes in a given county intend to develop a S-LDS. The strategy constitutes a complement to the ITIs strategy and encourages cooperation between all local government units, regardless of whether they are located in the functional areas of large cities or outside them.

The '*supra-local development strategy*' is an integrated document combining social and economic perspectives. Additionally, mandatory elements of the strategy include developing a model of the functional and spatial structure and recommendations regarding spatial policy. This comprehensive document is intended to provide spatial coordination of planned activities in compliance with sustainable development and spatial order. The S-LDS is a multipurpose instrument and can be used by all communes, regardless of their demographic potential and location. An incentive for communes to create supra-local development common strategies is the Partnership Agreement for the Implementation of the Cohesion

<sup>21</sup> The supra-local development strategy was introduced by the Act of 15 July 2020, amending the Act on the principles of development policy.

Policy 2021–2027 in Poland.<sup>22</sup> According to it, communes with a S-LDS can rely on additional EU funds under the Objective 5 of the European Union policy ‘Europe closer to citizens’.

It should be emphasised that the S-LDS is one of the elements of the comprehensive development management system in Poland. The Act of 6 December 2006, on ‘the principles of development policy’ plays a key role in shaping this system. Development planning and adoption of development strategies are based on four levels of government (central, voivodeship, county, and commune). However, to ensure system coherence and increase horizontal coordination between territorial units in the perspective of sustainable development, two additional development planning instruments were introduced into the Polish legal system: ‘supra-local development strategy’ and ‘supra-regional development strategy’. While the ‘supra-local development strategy’ is a planning instrument within commune and county governments, the authors of the ‘supra-regional development strategy’ are voivodeship self-governments.

So far, four supra-regional strategies have been developed, including a *Strategy for the socio-economic development of Eastern Poland by 2020* by 5 voivodeships, a *Development Strategy for Southern Poland by 2020* by 2 voivodeships, *Development Strategy for Western Poland by 2020* by 5 voivodeships, *Development Strategy for Central Poland by 2020 with a 2030 perspective* for 5 voivodeships. Two voivodeships located in the northern part of Poland have not decided to participate in the development of a supra-regional strategy. In three strategies (Western Poland, Central Poland, and Southern Poland), the main goal is the development of macroregions leading to the strengthening of their position and importance on a pan-European scale. However, in the case of the Central Poland strategy, it indicates the increased significance on an international scale and, additionally, it is more closely related to the transfer of knowledge and innovation. The common consensus is the fact that coordination of voivodeship activities across administrative borders will deliver better results in economic and social development.<sup>23</sup>

<sup>22</sup> Partnership Agreement for the Implementation of the Cohesion Policy 2021–2027 in Poland.

<sup>23</sup> The implementation evaluation of supra-regional strategies. Report commissioned by the Ministry of Investment and Development, 2018; [https://www.ewaluacja.gov.pl/media/61537/raport\\_koncowy\\_ewaluacja\\_strategii\\_ponadregionalnych.pdf](https://www.ewaluacja.gov.pl/media/61537/raport_koncowy_ewaluacja_strategii_ponadregionalnych.pdf) (20.09.2023).

## EU-INDUCED CHANGES IN HORIZONTAL COORDINATION

Polish local governments have the right to international cooperation guaranteed in the Constitution. Article 172.2: *A unit of local government shall have the right to join international associations of local and regional communities as well as cooperate with local and regional communities of other states.* Due to the fact that Poland is not a federation and does not have federated units, voivodeship self-governments have received special authorisation to establish international cooperation. Pursuant to the Act, the decision-making bodies of voivodeship self-government units have the competence to adopt 'Priorities of the voivodeship foreign cooperation' and to initiate the province foreign cooperation, in particular agreeing on regional cooperation. However, since Poland is a unitary state, international cooperation agreements require the consent of the Minister of Foreign Affairs of Poland.

Undoubtedly, until Poland acceded to the European Union, Polish local governments were very active in cooperation with local governments of other countries, but EU membership meant a breakthrough in this respect and opened up completely new, broad opportunities for developing international activity.

First of all, representatives of all three levels of local government are members of the European Committee of the Regions (CoR). They are designated by the following international local government organisations: the Association of Voivodeships the Republic of Poland (10 members and the same number of deputy members), the Association of Polish Counties (3), the Association of Polish Cities (3), the Union of Polish Metropolises (2), the Association of Rural Communes of the Republic of Poland (2), the Union of Small Polish Towns (1). These are the same organisations that constitute a part of the Joint Commission of Government and Territorial Self Government of Poland.

In addition, local government units opened their representative offices in Brussels to have access to EU institutions. Primarily, it is used by voivodeship self-governments and large cities. An interesting solution for horizontal coordination is the creation of joint offices in Brussels. For example, five voivodeship self-government units located in eastern Poland (i.e. at the eastern border of the EU) established a joint representative office called 'The East Poland House'<sup>24</sup> to coordinate and strengthen common activities and interests in the EU.

<sup>24</sup><https://eastpoland.eu/en/about-us/>

Membership in the European Union also provided an impetus to the coordination of regional and local interests beyond Poland's external borders. Polish local governments in border areas are willing to use INTERREG programmes, creating cooperation networks with regions of countries neighbouring Poland. Currently, in the years 2021–2027, Poland has cooperation agreements between local governments and regions from all neighbouring EU countries (cross-border programmes), including the Czech Republic, Slovakia, Lithuania, Germany (three German federal states neighbouring Poland: Saxony, Brandenburg, Mecklenburg-Western Pomerania). In addition, three Polish voivodeships located on the Baltic Sea implement the multilateral cross-border cooperation programme INTERREG 'South Baltic' between the coastal regions of five EU member states: Germany, Denmark, Sweden, Lithuania, and Poland. Moreover, Poland participates in transnational programmes: the INTERREG 'Baltic Sea Region' Programme, which is implemented in 9 countries (Denmark, Estonia, Finland, Lithuania, Latvia, Poland, Sweden, and Schleswig-Holstein from Germany and part of Norway). All Polish voivodeships can participate.

It is worth noting that the voivodeships located in eastern Poland are implementing the INTERREG NEXT Poland–Ukraine Programme in cooperation with the western regions of Ukraine. It is a continuation of the Poland–Belarus–Ukraine 2014–2020 programme. However, cooperation with Belarus is currently discontinued.

The European Structural and Investment Funds, primarily the European Regional Development Fund (ERDF), also stimulate the development of horizontal coordination at the local and regional levels within Poland. Namely, Poland received significant funds to be used by local government units, provided that horizontal coordination is institutionalised. This is essentially about the Integrated Territorial Investment (ITI)<sup>25</sup> instrument mentioned above, which is intended to serve the sustainable development of the so-called functional areas, that is, areas of large cities and adjacent communes. Therefore, local government units were somehow forced to coordinate their development plans and coordinate activities to be able to use ITIs. ITI areas are quite diverse in terms of size (certainly, it depends on the degree of development of functional connections between the city and adjacent communes). The number of communes included in ITI areas

<sup>25</sup> ITIs were introduced in the Multiannual Financial Framework 2014–2020 and continued in 2021–2027.

varied from 5 to 72. When implementing ITIs, we are dealing with both horizontal and vertical coordination mechanisms, because the Managing Authorities of the sixteen Regional Operational Programmes from which ITIs are financed are the executive boards of individual voivodeship self-governments. The role of the 'Intermediate Body' is played by the 'ITI Association' or 'ITI Partnership'. Agreements are concluded between them regarding the implementation of individual ITI strategies.

### RECENT TRENDS AND DEVELOPMENTS

In the case of a unitary state, the issue of horizontal coordination is not marked as the dominant element of institutional and administrative reforms. The lack of the federated units eliminates several issues from policy agenda-setting, such as the role of the second chamber of parliament as a forum for representing and coordinating the interests of federal states or the importance of a forum such as the Conferences of Federal State Prime Ministers in Germany. However, coordination mechanisms are also key to the functioning of a decentralised unitary state in which many public tasks have been delegated to local government. Due to the intensifying agglomeration processes, the coordination of the performance of public tasks by local government units across administrative borders is still the key issue to be regulated in Poland (Kaczmarek, 2016).

The costs of public services in metropolitan areas are high due to the larger number of people receiving these services and the intensification of social and economic challenges. In the past, there were efforts to establish 'special purpose associations' in urban areas, but they did not adequately solve the issues of cooperation in public services implementation, especially in terms of financing (Glumińska-Pawlic, 2012).

It should be emphasised that the problem of the form of the public governance system in metropolitan and urban areas has been present for several years in both political and scientific debate. The desire to create formalised institutions for metropolitan areas may cause problems in constructing political and administrative connections between metropolitan, local, and regional authorities. Achieving a balance of power between them is not an easy task due to political and economic rivalry (Mikuła, 2010, p. 49). Two processes are conducted in parallel, aimed at developing a new public governance model in metropolitan areas. Firstly, top-down solutions were prepared several times. Namely, it was intended to create universal regulations regarding governance in all metropolitan areas

under one act. The Act on Establishing Metropolitan Associations passed in 2015 has not been implemented and has not produced any legal effects. Then, under the Act of 2017, the first metropolitan association in Poland, 'Upper Silesian and Zagłębie Metropolis', was established. In the following years, subsequent local governments of the largest cities in Poland (Kraków, Tricity Gdańsk-Gdynia-Sopot, Łódź) submitted applications to adopt similar laws establishing metropolitan unions, but without success in the Polish Parliament.

Secondly, intensive bottom-up processes can be noticed, that is, various initiatives from the largest cities and neighbouring communes undertaken to coordinate the performance of public tasks in the functional areas of cities (municipal unions, associations). Coordination concerns various tasks, for example, organising integrated public transport that will function well across administrative borders (Mirska, 2021a).

These processes are influenced by several factors such as the growing awareness of local politicians considering the provision of some public services is no longer possible without coordination of activities with other local governments. In addition, there is also the awareness of residents who expect integrated solutions for everyday life. On the other hand, a certain impediment to the development of horizontal coordination and cooperation is the firm belief of some local policymakers that it is crucial to implement particular tasks within the borders of their local government unit because they are politically accountable to their residents.

It should be noted that the awareness of policymakers at the central level is also growing. They recognise the need to introduce impulses and incentives to activate the coordination potential, for example, through a well-thought-out structure of a comprehensive development governance system. Programming the development of a decentralised state should be a bottom-up process, built on the basis of coordinated local and regional development strategies. However, due to the excessive inflexibility of this system, it was necessary to supplement it with a supra-local level. Therefore, a breakthrough reform was the introduction of the 'supra-local development strategy' instrument to the development governance system in Poland in 2020 and providing a link between this instrument and financial incentives from the European Union. For many local governments, these may be their first experiences in cooperation with other local governments, because in the past, competition between local governments and focus on their own matters dominated.

## CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNT

It should be emphasised that undoubtedly the key factor stimulating the development of horizontal intergovernmental coordination in Poland is membership in the European Union. Although local and regional development strategies are intended to determine the directions of development of communes, counties, and voivodeships, their adoption by local governments opens the possibility of obtaining EU funds by local governments. The ‘territorial partnership’ especially promoted by the European Union, that is, the development of supra-local and supra-regional strategies, requires horizontal coordination between territorial units to jointly agree and develop such a strategy.

The EU’s maintenance of instruments such as ITIs in the Multiannual Financial Framework 2021–2027 will certainly have a positive impact on the development of horizontal coordination at each level of local government. The commune level will certainly play a leading role in this respect. This results from the fact that it is the basic unit of local government responsible for the implementation of several public tasks. However, due to the growing importance of urban centres and the accompanying metropolisation processes, the performance of public tasks by local governments within their administrative borders becomes ineffective and inadequate to the expectations of residents. Since there are no real plans for territorial reforms in Poland aimed at consolidating communes, coordinating activities between communes is the only possibility. The central authorities support this direction of development because in 2026 the provisions of the Act will come into force, under which a commune that has a supra-local development strategy created with other communes will be allowed to resign from adopting a separate development strategy for its commune.<sup>26</sup> This is very important in the context of the central authorities’ abandonment of establishing metropolitan associations under the Act.

Therefore, solving contemporary problems at the level of public governance, closest to the citizen, is facilitated by the systematically increasing awareness of local governments in Poland about the importance of the benefits of coordination and cooperation, especially in the perspective of additional financial resources from the EU. It can be assumed that this will certainly contribute to building a culture of cooperation in Poland. However,

<sup>26</sup> Act of 7 July 2023, amending the Act on spatial planning and development and certain other acts (Journal of Laws of 2023, item 1688).

the question remains open about the functioning of mechanisms for residents' participation in these processes. Although the Act stipulates that the draft of the supra-local development strategy is subject to consultations with neighbouring communes and their associations, local, social, and economic partners as well as commune residents, an assessment of the functioning of this mechanism is not yet possible due to the too short time horizon.

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## CHAPTER 14

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# Romania: Horizontal Coordination in a Unitary Nation-State

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and Noémia Bessa Vilela*

## INTRODUCTION

With a territory of 238,397 km<sup>2</sup> and a population of 19,053,815 at the last census (2022), Romania is the twelfth largest and tenth most populous country in Europe. Its location has been variously described as

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Central, Eastern, and Southeast European, owing to conflicting views on the boundaries of European subregions. When classified as part of Southeast Europe, it dominates that category as both the largest and most populous country.

The geography of Romania revolves around three natural landmarks. Located both within and outside the Carpathian Mountains, Romania is traversed by the Danube, which forms a delta primarily on its territory. As a coastal country, Romania borders the Black Sea to the southeast, where it enjoys a 285-km-long shoreline. Its neighbouring countries are Ukraine to the north and southeast, Moldova to the northeast, Bulgaria to the south, Serbia to the southwest, and Hungary to the northwest. This unique landscape has greatly informed the territorial politics and policies of Romania. Mountains act as a natural barrier between historical regions, but hinder connectivity. The Carpathians are also home to a Hungarian-speaking population known as the Székelys or Szeklers. The Danube Delta is sparsely inhabited, which makes Tulcea the least populated county in Romania. The Black Sea coastline grants access to a strategically important corridor, as well as significant deposits of natural gas located in its continental shelf.

The history of Romania also played a part in shaping its laws and politics on intergovernmental coordination. Such a polity did not exist prior to 1859 and only became independent after the Russo-Turkish War of 1877–1878. Efforts to catch up with the Western world stumbled upon a specific culture within the public sector not uncommon to most countries of Central and Eastern Europe. While importing the liberal constitutional models of its Western counterparts, Romania proved itself adept at undermining their operation by adapting institutions to local idiosyncrasies. This negative achievement has echoed ever since in what has become known as the “form without substance” theory (Maiorescu, 1868). This formal, peripheral modernisation<sup>1</sup> has arguably been the defining feature of the Romanian polity ever since, enabling authoritarian slips—from the democratic Caesarism of Alexander John I (1864–1866) and the personal rule of Charles II (1938–1940) to the military regime of Ion Antonescu

<sup>1</sup>The notion of peripheral modernisation builds upon the distinction between core and periphery in the process of modernisation. In the context of nineteenth century state-building efforts, Romania can be described as a peripheral polity, i.e., the receiver of institutions, mechanisms, and processes from “core” democracies (for a more detailed account, see Iancu, 2024).

(1940–1944) and the totalitarian rule of the Communist Party (1947–1989)—only ever allowing democracy to blossom into dysfunctional cul-de-sacs, such as during the Hohenzollern dynasty (1866–1938) or the short-lived interregnum (1944–1947).

The most profound impact on the dynamics of horizontal coordination comes, perhaps, from the interplay of history and geography. Certain disparities are the legacy of a distinctive territorial evolution: regions embrace different approaches in applying the same rules and implementing the same institutions. Such discrepancies exist between Transylvania, which formed part of Austria–Hungary, and pre-war Romania (i.e., Moldova and Wallachia), previously part of the Ottoman Empire. Voting patterns and policy preferences serve as further evidence of a cultural divide between these regions.

Having been created as a loose union between two vassal states of the Ottoman Empire, the United Principalities of Moldavia and Wallachia emerged as a real union upon the unexpected election of Alexander John I to both thrones (1859), developing into a full-fledged unitary state by the time of his abdication (1866). Assuming the name of Romania, the polity endured and stabilised as a hereditary monarchy under Charles I, gaining its independence and expanding into Northern Dobruja (1878), followed by its elevation to kingdom (1881). However, stability came at the price of an undemocratic constitutional innovation: the informal arrangement to dissolve Parliament and appoint cabinets that would use the subsequent elections to fabricate supportive parliamentary majorities (Iancu, 2020, p. 264). This improvisation established a two-party system (i.e., the upper-class Conservative Party and the middle-class National Liberal Party), ensuring their perpetual rotation in power.

A reckoning arrived in the aftermath of the First World War, as the nineteenth century ideal of creating a Romanian nation-state came to fruition. A direct beneficiary of Wilsonian self-determination, Greater Romania was also undermined by it: the nation-state narrative came into conflict with the multi-ethnic reality, as the polity increased its share of minorities upon the incorporation of territories such as Bessarabia, Bukovina, and Transylvania (1918). The issue of identity only added to the accumulation of unsolved problems: having failed to take root in a predominantly agrarian and illiterate society, liberal rules and Western constitutional transplants had been repurposed to disguise a political system devoid of liberal substance and ridden with neo-feudalism and sham elections. Ultimately, universal suffrage and agrarian reform spelled the

end of the two-party system. Having lost its electoral base, support for the Conservative Party collapsed and left the National Liberal Party unable to find a suitable “opposition” partner to maintain the pre-war rotation arrangement. A string of outsider victories and the monarch’s involvement in unravelling the classical party system paved the way for a succession of authoritarian and totalitarian dictatorships.

The constitutional design of post-communist Romania has been greatly informed by this rather complicated history. The drafters of the constitution understood that the democratic survival of the polity depended on addressing the disconnect between adopting liberal institutions and lack of cultural change towards embracing their underlying liberal-democratic values. Forging closer ties to the West and pursuing NATO and EU membership made sense from a purely geopolitical perspective, yet structural change was needed as far as the balance of power was concerned. As a result, the key component of the post-communist consensus has been to prevent the personalisation of power by diverting authority away from the head and state and avoiding the concentration of power.

The Constitution of 1991, revised in 2003, establishes Romania as a semi-presidential republic governed by the separation and balance of power principle. Distribution of power pervades the institutional structure, with a bicameral legislature (i.e., the Chamber of Deputies and the Senate) and a dual executive (i.e., the President and the Government) securing further division of authority by preventing any such component from dominating the other.

Following Duverger’s law, the electoral system (i.e., proportional representation) ensures that competition for political power occurs within a multi-party system (Duverger, 1964, p. 239). Remarkably resilient, the electoral system and the party system have thwarted any direct or indirect challenge to date. Hung parliaments and coalition governments have become the norm in terms of election outcomes. While amendable, at least in theory, this arrangement is accompanied by a constitutional lock on early elections, imposing requirements of failed votes of confidence that may only be fulfilled under exceptional circumstances,<sup>2</sup> the likes of which have yet to materialise.

<sup>2</sup>For example, article 89 para. (1) of the Constitution of Romania provides that: “After consultation with the presidents of both Chambers and the leaders of the parliamentary groups, the President of Romania may dissolve Parliament, if no vote of confidence has been obtained to form a government within 60 days after the first request was made, and only after rejection of at least two requests for investiture”.

Romania joined NATO on 29 March 2004 and has been a member state of the European Union since 1 January 2007, holding the rotating presidency of the Council from 1 January to 30 June 2019. Having pledged to join the Eurozone and Schengen Area, the polity has faced significant challenges in managing its transition to democracy, especially in upholding the rule of law, as demonstrated during the constitutional crises of 2012 and 2017. However, the Cooperation and Verification Mechanism—a transitional measure set up to support the establishment and consolidation of an independent judiciary in Romania—lapsed in 2023, superseded by the EU-wide Rule of Law mechanism.<sup>3</sup>

Other outstanding issues faced by Romania tend to be legacies from its past: addressing calls to grant territorial autonomy to the Hungarian minority, forging a close relationship or even union with the Republic of Moldova, as well as managing the steady population decline (with an exodus of its workforce and a brain drain). According to the latest World Bank report,<sup>4</sup> almost 40% of Romanian emigrants (out of a total that exceeds four million people) are higher education graduates. Furthermore, Eurostat places Romania among the EU countries with the largest population decline forecasts for 2050. This prediction is relevant across the country, with urban areas estimated to experience a 9% decline, while rural areas are expected to face a loss of 25%.<sup>5</sup>

## INTERGOVERNMENTAL RELATIONS: THE POLITY

As is the case in most European polities, Romanian local governance is organised in a two-tier non-hierarchical administrative system. The lower-tier consists of rural (communes) and urban (cities and municipalities) settlements, whereas the upper-tier corresponds to an intermediate administrative subdivision (counties).

<sup>3</sup> Decision 2023/1786 of 15 September 2023, available on <https://eur-lex.europa.eu/eli/dec/2023/1786/oj>

<sup>4</sup> World Bank, *Romania—Systematic Country Diagnostic Update*, 10 March 2023, available at <https://www.worldbank.org/ro/country/romania/brief/consultations-romania-systematic-country-diagnostic-update-2023>

<sup>5</sup> Eurostat, *Population projected to decline in two-thirds of EU regions*, 30 April 2021, available at <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20210430-2>

Driven by the priority to build a nation-state, as well as functional and coherent institutions at that level, Romania treated local self-government as a secondary goal. Local authorities were originally conceived as only complementary to the central decision-making tier and enjoyed autonomy insofar as not to undermine the general interests of the nation. This would explain the tendency to tolerate interferences by central government in local affairs (Tănăsescu, 2012, p. 534). Local self-government functions at both levels, with the latter also hosting the deconcentrated, territorial structures of the central government.

### *The Institutional Actors*

There are two types of directly elected bodies carrying out local self-government, irrespective of tier: a deliberative, collegiate authority (i.e., the local or county council) and an executive, unipersonal one (i.e., the mayor or the president of the county council). Interactions between and within these pairings are underlined by coordination, as are their respective relations with the Prefect.

Institutional arrangements pertaining to local self-government are expressly established in the corresponding legal framework. At this level, intergovernmental relations take place according to six principles: local self-government, legality, cooperation, solidarity, equal treatment, and responsibility (Art. 85, para. 1 of the Administrative Code). The importance of cooperation has been underlined by ruling out subordination between and within these bodies through either constitutional or infra-constitutional legal provisions.

The outcomes of future coordination are greatly informed by the political composition of such authorities. Directly elected, their membership encompasses both representatives of political parties and independents, with the weight of the latter influencing the issues debated within the collegiate body. And if until now, independents hardly managed to win mandates, independent political platforms are encouraged by the recent results, which may lead to an increase in competitiveness in the future elections. The parties understand that they must adapt to the visions and wishes of the citizens. The latest polls demonstrate that traditional political parties no longer dominate the electoral landscape. On the contrary, the electorate's options now also include independent candidates promoting ideals, values, and policies different from those of traditional political parties. In

this context, everyone wins: voters have more options and the system becomes more competitive and versatile.

The mayor and local council are bound to coordinate by design, with the former preparing and implementing decisions adopted by the latter. Subordination between them has been explicitly ruled out in Article 121 para. 2 of the Constitution, which uses the designation of “autonomous administrative authorities”.

County councils are meant to coordinate local councils in order to provide county-level public services. Similar to their local counterparts, county councils may also engage in domestic and foreign interinstitutional cooperation, with the distinction that works of county-level public interest may also be financed and implemented in tandem with civil society partners (Art. 173 para. 7 of the Administrative Code). Whereas interactions between county councils and their presidents are not explicitly addressed by the Constitution, the Administrative Code settles this question through a general prohibition of subordination between and within both tiers of local self-government, instead requiring them to collaborate (Art. 85 para. 2).

The Prefect is the appointed local representative of the central government, acting as a liaison with local self-government bodies. Such an office serves two functions: overseeing the conduct of local self-government, as well as heading the decentralised public administration. Since the latter provides county-wide services (or for the entire Municipality of Bucharest, respectively), prefects were also established at this level. The Constitution explicitly rules out subordination between prefects and directly elected authorities of local self-government (Art. 123 para. 4).

### *Specific Institutions of Horizontal Intergovernmental Relations*

Intergovernmental coordination is carried out through a plethora of dedicated institutions. The resulting institutional framework, while designed to overcome the boundaries and limitations of county-level administration, is arguably hindered by a combination of legislative clumsiness and indecisiveness, usually resulting in overlapping competences and unclear jurisdiction.

A common issue is the overlap of responsibilities between different tiers of government (e.g., local councils, county councils, regional development agencies) in the field of infrastructure projects, leading to

bureaucratic delays and inefficiency. In some cases, the problem involves the lack of clear jurisdictional boundaries, resulting in confusion and disputes.

For example, environmental legislation may be enforced by both national and regional bodies, leading to a rather inconsistent application and enforcement. Such an instance is that of urban planning, where the competences of local and county councils are not correlated. A particular case concerns the General Council of the Municipality of Bucharest, which can approve urban plans unilaterally, preventing the Mayor General from discharging the legal duty of ensuring the optimal conditions of urban traffic inside the territorial unit.

Institutions to facilitate intergovernmental coordination are split into two main categories—regional development bodies (section “[Development Regions and Regional Development Bodies](#)”) and intercommunity development associations (section “[Intercommunity Development Associations \(IDAs\)](#)”).

#### *Development Regions and Regional Development Bodies*

Efforts to reduce regional disparities resulted in the establishment of development regions and regional development bodies—created by virtue of Law no. 315/2004 with the explicit purpose of coordinating and developing regional growth, overseeing policies and projects irrespective of county boundaries, with active involvement from local authorities. Furthermore, the law specifies that development regions are not administrative-territorial units and lack legal personality in their own right. These regional structures do not hold fiscal or legislative competencies, and therefore lack decision-making powers (Dodescu & Chirilă, [2010](#)).

The bodies responsible for regional development are established at both regional and national level. Each development region is host to a Regional Development Council (“the Council”) and a Regional Development Agency (“the Agency”), all overseen by a National Council for Regional Development (“the National Council”). It should be noted that Agencies are non-governmental, non-profit, public utility bodies, with legal personality, endowed with the duties and role of management authorities since 2020,<sup>6</sup> allowing them to directly manage EU-funded regional development programmes. At the time, the measure was

<sup>6</sup>See Emergency Government Ordinance no. 88 of 27 June 2022, published in the Official Journal of Romania no. 637 of 28 June 2022.

perceived as a profound reform of the management system of EU funds, which facilitates access for Agencies and decentralises the management of operational programmes.

### Structure and Functions

At regional level, the Council and the Agency serve roles similar to the deliberative-executive pairings of local and county-level self-government authorities: the former acts as a deliberative body, while the latter functions as a management authority. The Council oversees the drafting and monitoring of regional development policies, operating on a partnership basis, while the Agency drafts the regional development strategy, plans, and programmes, submitting them to the Council for approval and ultimately carrying them out.

In contrast to local self-government authorities, the Council lacks legal personality, whereas the Agency enjoys it as a non-profit NGO. A recent amendment clarified that regional agencies “act under a regime of public power (sic<sup>7</sup>) and are assimilated to public institutions, and acts adopted in fulfilment of this role are assimilated to administrative acts”, meaning that judicial review applies to them (Art. 8 para. 14 of Law no. 315/2004, as introduced by Emergency Ordinance no. 88 of 27 June 2022).

The Council is comprised of the presidents of each participating county council, as well as one representative from each category of local councils (i.e., municipal councils, city councils, and communal councils, respectively). In the case of Bucharest-Ilfov, the Council encompasses the President of Ilfov County Council, the General Mayor of Bucharest, and 6 representatives from the local councils of Bucharest (one for each sector council), as well as 6 representatives from the local councils of Ilfov county. Leadership of the Council rotates among the county council presidents, which serve as president and vice-president for unlimited, non-consecutive terms of one year. Meetings may be attended without voting rights by prefects and representatives of local councils, relevant institutions, organisations or socio-economical partners, and the civil society.

The National Council is legally defined as “the nationwide structure of a partnership type with decision-making role in the drafting and implementation of the goals of regional development policies” (Art. 11 para. 1

<sup>7</sup>This refers to a public function, in the sense of the French *puissance publique*. For developments, see Eduardo Gamero Casado, *Administrative Public Power: Comparative Analysis in European Legal Systems*, Aranzadi, 2022.

of Law no. 315/2004). This body is composed of the presidents and vice-presidents of each regional development council, as well as representatives of the central government (including the President of the National Council), in equal numbers. Its functions include the approval of documents bearing strikingly similar names (“the policies and national strategy for regional development, as well as the national development Plan”; Art. 12 para. a of Law no. 315/2004), as well as the criteria and priorities for the national Fund for regional development (Art. 12 para. b).

### **Critical Assessment**

Whereas the legal and institutional frameworks for regional development exist, the road from intention to results has been hindered by poor institutional design: development regions were not established as administrative divisions, but rather as purely statistical NUTS 2-level units; hence, regional councils were denied the status of local self-government bodies, instead acting as intergovernmental forums that lack legal personality (unlike regional agencies, established as NGOs) and depend on their membership for both initiative and legitimacy.

The formal aim of the Agency is to carry out public utility services, such as:

- Reducing imbalances by stimulating sustainable economic, social, and cultural development of the Region to increase the quality of life
- The accelerated recovery of delays in development of disadvantaged areas and the prevention of new imbalances as a result of historical, geographical, economic, social, and political conditions
- Promoting cooperation, both within the Development region and with other Romanian or international regions, by carrying out projects of common interest
- Supporting cross-border cooperation
- Participation, together with the other intercommunity development associations (IDAs) located in the cross-border cooperation area, as a founding member in the establishment of cross-border cooperation offices Biroul Regional pentru Cooperare Transfrontalieră (BRCT)
- Promoting innovation and technological transfer, by strengthening the link between the business environment and the scientific/technological/research environment
- Increasing the attractiveness of the development region and in order to attract investments

- Carrying out specific activities, in order to implement the operational programmes

Regionalisation has gained increasing support in the political environment of post-Communist Romania, with the current territorial arrangements (dating back to 1968) being denounced as “not adapted to the times” (Soare, 2020, p. 148). Amid an ongoing debate, it is generally accepted that regionalisation has the potential to drive economic development, improve public services, and enhance local democracy; however, certain challenges are yet to be overcome, including bureaucracy, regional disparities, and implementation complexities.

Since the development regions are not enshrined in the Constitution, which only provides for a two-tiered system of local governance, their introduction as a further level of administrative division would require constitutional revision. The procedure is particularly cumbersome, for Article 152 of the Constitution requires the approval of a two-third supermajority. However, regionalisation has been perceived as contrary to the unitary character of the state, which enjoys constitutional protection under an eternity clause (Art. 152 para. 1 of the Constitution). Such political sensitivities, as well as the constitutional landscape itself, have been informed by certain historical grievances, including the use of centralisation in the pursuit of a Romanian nation-state.

An additional setback has been the artificial composition of the eight development regions. By ignoring traditional affinities and growth poles in favour of an artificial composition, the NUTS 2-level structures were created solely in anticipation of Romania’s EU accession, leaving them with purely statistical functions. Since genuine progress in regional development depends on the voluntary involvement of local self-government authorities, this “pseudo-regionalisation” has largely been focused to secure EU funding (Iftene, 2016, p. 246). As such, regional reform and regionalisation have occurred in a rather functional way, mostly as a means of accessing and managing regional-level structural funds (Dobre, 2010).

#### *Intercommunity Development Associations (IDAs)*

Intercommunity development associations (for brevity, IDAs) are a type of private organisation that can be established between two or more territorial units with the purpose of implementing common projects of local or regional interest, or to provide certain public services in common. Whereas some authors proposed adopting a distinct regulation for IDAs

(Apostol-Tofan, 2022, p. 106), the lawmaker ultimately opted to integrate them within the Administrative Code.

From a strictly legal perspective, IDAs are autonomous entities, meaning that they hold legal personality and can enter contracts, manage funds, and administer projects independently of their members. This autonomy allows them to operate more efficiently and respond quickly to common needs. In fact, IDAs are forms of association which the administrative divisions had to establish in order to apply for certain categories of funds (e.g., environmental funds from the European Union) in the absence of regionalisation. For example, since the EU does not finance the water-sewer network of a municipality or the modernisation of the utilities system of a small town (given that the dimensions of the project are insignificant for the European Commission), the mayors joined IDAs in order to attract appropriate funding.

Coordination within IDAs is structured through defined organisational bodies, decision-making processes, legal frameworks, and administrative support mechanisms, all aimed at fostering effective intermunicipal cooperation and achieving common development goals.

The organisation bodies of an IDA are the General Assembly, the Board of Directors, and the President. The General Assembly is the supreme decision-making body of an IDA and includes representatives from all member units. It is responsible for setting the strategic direction, approving budgets, and making major policy decisions.

The Board of Directors consists of elected representatives from the General Assembly, usually including mayors, council members, and other officials from the member units. It handles the day-to-day operations, implements the decisions of the General Assembly, and oversees specific projects and initiatives. Each Board has a President, often a mayor from one of the member units, serving as the chief executive officer of the IDA, representing the association in official matters and ensuring that the Board decisions are executed.

While consensus is preferred, voting is used to resolve differences. Each member typically has one vote, and decisions are made based on majority or qualified majority rules, depending on the IDA statutes. It is worth mentioning that a Romanian administrative-territorial unit can be a member of multiple IDAs. This flexibility allows local governments to participate in various collaborative projects and initiatives that address different needs and priorities.

### *Metropolitan Areas*

Metropolitan areas are a species of IDA created for the purpose of securing common goals in infrastructure and development projects. The terminology has been criticised as inappropriate in the Romanian context (Săgeată, 2004). Indeed, with the exception of the Capital, regional metropolitan centres are situated below the demographic ceiling of 400,000 inhabitants and polarise areas with less than one million inhabitants; in this sense, they are closer to peri-urban areas. This is precisely why the Romanian legislator constructed the definition of metropolitan areas around their associative character.

Law no. 351/2001 established metropolitan areas as free associations of urban areas and the surrounding urban or rural settlements, up to a radius of 30 km, which have developed cooperation on many levels.

This regulation was later incorporated into and amended by the Administrative Code, before being furthered by Law no. 246/2022, which also correlated its provisions to those of Law no. 350/2001 (on landscaping and urbanism), and extended its eligibility to every municipality in Romania, opening up new avenues for sustainable development in areas of common interest (e.g., urban mobility, joint provision of public services, waste management, funding education and health infrastructure, housing management). Said law has defined metropolitan territory as “the territory surrounding municipalities, delineated according to the present law, in which mutual relationships of influence had been generated in the communication, economic, social, cultural and urban infrastructure sectors” (Art. 5 para. 3 of Law no. 246/2022). Municipalities which border county seats may opt to join the metropolitan area built around the county seat municipality or to establish its own metropolitan area (Cătană, 2022, p. 135).

However, Law no. 246/2022 suffers from shortcomings of its own. First, its Annex compiles a list of metropolitan territories pertaining to each municipality in Romania. Bearing in mind that any of these local administrative units may at any time leave the metropolitan territory or vote against joining in the first place, the solution is at the risk of quickly becoming obsolete. Nevertheless, no member has ever left any of the 23 metropolitan areas currently established in Romania, which can be seen as a sign of stability.

Another potential weakness concerns the reluctance to grant metropolitan areas the status of administrative divisions in their own right. While local administrative units may freely join and transfer certain powers to the

metropolitan area, any such arrangements are based solely on their own volition. Since membership can be rescinded and powers withdrawn, the endurance of metropolitan structures is far from guaranteed.

## HORIZONTAL INTERGOVERNMENTAL COORDINATION: POLICY AND POLITICS

In Romania, horizontal coordination typically follows the impetus of the central government and involves many dedicated structures. Internally, such institutional frameworks include, but are not limited to, county councils, prefects, IDAs, and metropolitan areas. Within the central government, the Administrative Code also allows the establishment of temporary, consultative structures, as well as interministerial commissions, councils, and committees.<sup>8</sup> Their creation is ultimately underscored by the urgency of solving certain issues on the governmental agenda and, equally, by the volition of the prime minister with regard to their opportunity.

Cross-border coordination falls under the remit of the Ministry of Regional Development and Public Administration. It is currently involved in the implementation of 12 European territorial cooperation (ETC) programmes, acting either as Managing Authority (overseeing the allocation of non-refundable EU grants and state co-financing)<sup>9</sup> or as National Authority.<sup>10</sup> Many structures are involved in these programmes, particularly joint secretariats (JSs) and national contact points (NCPs). JSs support the activity of the Managing Authority, the Monitoring Committee, and the Audit Authority and function within each regional cross-border cooperation office, which also comprise first-level control units overseeing the expenses incurred by Romanian beneficiaries. National contact points or persons likewise support both JSs and beneficiaries, respectively.

Metropolitan areas exist independently of the city around which they are formed; however, the authorities of that city largely set the

<sup>8</sup> See Article 20 para. (2) of the Administrative Code.

<sup>9</sup> The projects are: Interreg VA Romania-Bulgaria 2014–2020; Joint Operational Programme Romania-Republic of Moldova 2014–2020; Joint Operational Programme Romania-Ukraine 2014–2020; Interreg-IPA Cross-border cooperation programme Romania-Serbia 2014–2020; Interreg VA Romania-Hungary 2014–2020; Joint Operational Programme Black Sea Basin 2014–2020.

<sup>10</sup> The projects are: Hungary-Slovakia-Romania-Ukraine (2014–2020); Interreg Europe; URBACT III (2014–2020); Interact III (2014–2020); Danube Transnational Programme (2014–2020); ESPON 2020 cooperation programme.

development framework. For example, the Constanța Metropolitan area is the first structure of its kind established in Romania, with nearly 500,000 inhabitants. It is centred around the Municipality of Constanța and 15 adjacent communities: 5 cities and 10 communes. Established to foster close local cooperation to achieve common, unified functionalities for the component localities, it aims to bring benefits in multiple areas. The specific geographic area considered the expansion and development of summer tourist resorts along the coastline south of Constanța. The possibility of creating multimodal transport flows (airport, ports, rail hubs) allowed the individualisation of a continuous urban axis from north to south with an industrial-port and touristic profile (leisure or medical).

### **EU-INDUCED CHANGES IN HORIZONTAL COORDINATION**

Absorption of EU funds has been an enduring challenge for successive Romanian governments, with constant low rates suggesting a structural incapacity to catch up with the more developed member states. The endemic corruption and failing administrative system have been blamed for these poor results (Adăscăliței, 2018), with the size of upper-tier administrative subdivisions often cited as an issue (Săgeată, 2015, pp. 179–180). Since the current constitutional architecture prevents the creation of full-fledged NUTS-2 level units, efforts were instead directed at establishing networks for acquiring EU funds.

In full compliance with Regulation (EC) no. 1059/2003, development regions were established as the sole NUTS-2 level divisions capable to access and implement major funding projects. In the case of the North-East Regional Development Agency, setting up a direct office in Brussels facilitated access to funds for a geographically secluded border region.

Collective structures at every tier of government are represented in the European Committee of Regions. Romania holds 15 seats: 6 for county representatives (NUTS-3) and 9 for basic units (NUTS-4), with communes, cities, and municipalities represented by 3 members each. Starting in 2015, the Romanian delegation adopted its own by-rules, establishing interregional working groups for the six commissions of the ECR: CIVEX, COTER, ECON, ENVE, NAT, SEDEC.

Union law has been transposed in the internal legal order of Romania, including with regard to the establishment of institutional structures such as the joint secretariats, first-level control units, and national contact points. Most EU funding rules were transposed in 2015, through the

Government Ordinance no. 29/2015<sup>11</sup> and the Government Decision no. 274/2015,<sup>12</sup> both with the goal of implementing cooperation programmes involving Romania.

## RECENT DEVELOPMENTS

When examining the evolution of interinstitutional cooperation in Romania, one easily notices the odds and ends of centralisation. While such remnants could have been erased by a radical shift in paradigm, any young democracy fosters both desire and resistance to change. Indeed, radical decisions tend to arrive under some kind of external impetus: for example, the impending EU accession ushered in (the imperfect) development regions, the COVID-19 pandemic enabled a fast-paced digitalisation, and the National Recovery and Resilience Plan set out ambitious goals for reform.

### *Digitalisation*

A silver lining of the COVID-19 pandemic has been the fast-paced digitalisation of the Romanian public administration. Digital solutions were introduced at all tiers of government, enhancing the activity of civil servants and citizens' interaction with authorities (see, e.g., the large-scale recognition of digital signatures<sup>13</sup>). Local Council meetings were allowed to take place with the remote participation of councillors through digital means,<sup>14</sup> albeit they could only participate in open votes, and not in closed ballots.<sup>15</sup>

<sup>11</sup> Government Ordinance no. 29/2015 was published in the Official Journal of Romania no. 646 of 26 August 2015.

<sup>12</sup> Government Decision no. 274/2015 was published in the Official Journal of Romania no. 292 of 29 April 2015.

<sup>13</sup> Emergency Government Ordinance no. 38/2020 was published in the Official Journal of Romania no. 289 of 7 April 2020.

<sup>14</sup> Art. 137 para. (1) of the Administrative Code, as amended by Emergency Government Ordinance no. 61/2020 (Official Journal of Romania no. 381 of 12 May 2020).

<sup>15</sup> Art. 139 para. (7)–(9) of the Administrative Code, as amended.

### *Administrative Consortia*

Administrative consortia are a novelty within the Romanian legal and institutional framework. They connect with the IDAs discussed above, but, currently, only exist at a theoretical level. Their implementation has been delayed for multiple reasons presented below.

The administrative consortium is a form of association between territorial divisions introduced by Law no. 365/2022 in fulfilment of certain obligations assumed under the National Recovery and Resilience Plan. Aiming to provide citizens with quality public services, consortia are meant to attract investments and increase the administrative capacity of local governments (Murphy & Ghencea, 2023).

Since participation in administrative consortia is entirely voluntary, territorial units retain their individuality and powers. Unlike IDAs, consortia pool specialised human resources for common use among its members. However, the legislation governing such structures is faulty and lacks clarity, raising constitutional issues with regard to the powers transferred by the collegiate local authorities (Alexe, 2023, p. 169), potentially undermining the principle of local self-government.

One of the most vocal criticisms regarding the unconstitutionality of regulating administrative consortia in the current manner refers to the fact that Law no. 375/2022 establishes that the organisation and functioning of the administrative consortium are subject to an association agreement, a document that is approved by the deliberative authorities of each administrative-territorial unit that is a member of the administrative consortium. A careful examination of the text of the law reveals that the mentioned legislative solution is introduced in Title III of the Administrative Code, titled General Regime of Local Autonomy. According to Article 73, paragraph 3, letter o of the Romanian Constitution, the general regime of local autonomy is regulated by organic law, being a domain clearly defined by the constitutional text, as shown by the Constitutional Court in its jurisprudence. Therefore, the solution chosen by the legislator contradicts the text of the fundamental law, which requires the establishment of rules in this matter through organic law, not through administrative acts of the local deliberative authorities. This aspect is also highlighted by the Legislative Council in the opinion that accompanied the legislative initiative. To reinforce this conclusion, the representatives of the Legislative Council refer to a decision of the Romanian Constitutional Court, Decision No. 442/2015, in which the constitutional court analysed the

legal regime of intercommunity development associations, considering that the organisation of these associative structures falls within the concept of the general regime of local autonomy.

In any case, the legal framework enables the association of neighbouring units irrespective of county borders or administrative tier, allowing the creation of such structures among smaller settlements from adjoining counties, as well as between counties themselves.

## CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNT

While in theory, the Romanian legislation fosters intergovernmental cooperation, practice tells a different story. Interinstitutional coordination requires not just dedicated structures, but also collaborative decision-making, which is undermined by a deeply rooted autocratic leadership model. In most cases, cooperation is seen as a formality: while the mayor and the local council are meant to collaborate, the average citizen perceives the unipersonal body as the actual ruler on all matters local.

The institutional performance of Romanian counties does not entirely correlate with regional wealth; but regional disparities and the mechanisms used to smooth out inequalities ought to be considered in the public debate concerning further decentralisation (Dragoman, 2011).

Although the organisation of Romanian local communities nominally follows the principles of local self-government, administrative decentralisation and deconcentration of public services (Art. 120 of the Constitution), certain factual constraints prevent their enforcement. One such issue concerns the obsolete system of administrative divisions, which notably pre-dates the current constitution.<sup>16</sup> No less than 3.322 administrative units exist in Romania,<sup>17</sup> most of them—communes and small cities, in

<sup>16</sup> See Law no. 2/1968 on the administrative territorial organisation of Romania (repub-lished in the Official Journal of Romania no. 54 of 27 July 1981). This reform was driven partly by a desire to abolish the Soviet-inspired regions of the former system and partly by a penchant for centralisation, not dissimilar to pre-Communist governments (it should be noted that, by 1968, the regime had entered its national communist stage under Nicolae Ceaușescu). Furthermore, county borders reflect obsolete development trends, arguably hin-dering growth and collaboration.

<sup>17</sup> The official figures are provided by the Ministry of Regional Development and Public Administration, available at [http://www.dpflb.mdrap.ro/nr\\_uat-uri.html](http://www.dpflb.mdrap.ro/nr_uat-uri.html)

particular—unable to access development funds due to their low population. Recent studies show that only 39 of these settlements are self-sufficient (i.e., the revenue is larger than the expenditure) (Andrei, 2021). As a result, most local authorities are reliant on allocations from the central budget, undermining the very concept of self-government (Baga, 2004, p. 52).

Other shortcomings stem from an uncertain demarcation between politics and administration, or of the roles, responsibilities, and relationships between institutions. Attempts to insulate the civil service from political interference have produced mixed results, with the Prefect being the prime example: after a brief trial as a career civil servant (2004–2021), the prefect has reverted to the status of political appointee (Emergency Ordinance no. 4/2021).

Nevertheless, past experiences offer valuable insights for the future development of horizontal coordination. First, clearer definitions and guidelines concerning the roles and responsibilities of the different institutional actors would prevent unnecessary overlaps and confusion, leading to more effective governance. Second, reforms ought to be implemented in a phased manner, allowing for adjustments based on immediate feedback and outcomes, reducing disruptions. Third, structures such as IDAs can leverage collective strengths and resources, leading to more effective regional development. By learning from these experiences and continuously adapting its legal and institutional frameworks, Romania can enhance the coordination of public authorities and achieve more balanced and sustainable regional development.

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## CHAPTER 15

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# Serbia: Waiting on the EU to Spark Horizontal Coordination

*Ivan Stanojević*

## INTRODUCTION

The main factors influencing intergovernmental relations in Serbia are as follows:

1. *Unitary State Structure*: Serbia operates as a unitary state with the autonomous provinces of Vojvodina and Kosovo and Metohija.<sup>1</sup>
2. *Government System*: Serbia is a parliamentary republic with a semi-presidential system in place.
3. *Centralisation*: Despite being formally highly centralised, the practical extent of centralisation in Serbia is taken to extremes.

<sup>1</sup> From now on we will refer to Kosovo and Metohija as Kosovo\* meaning “this designation is without prejudice to positions on status and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence,” in accordance with practice in relations between Serbia and Kosovo\*.

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4. *Foreign Relations*: Serbia is a candidate for EU membership while also striving to maintain strong ties with Russia and China. This balancing act has become increasingly challenging, particularly since the onset of the Russian invasion of Ukraine.

Reporting on Serbia's geography is inherently controversial due to the country's non-recognition of Kosovo's declaration of independence, a stance shared by some EU and many UN member states. To minimise ambiguity, we will present available data for Serbia both with and without Kosovo\*. For instance, the Serbian Government's website lists the area of Serbia as including Kosovo\*, yet it provides population figures that exclude Kosovo\* (The Government of the Republic of Serbia, 2024). Clarifying this, the total area of Serbia is 88,499 km<sup>2</sup> when including Kosovo\*, or 77,474 km<sup>2</sup> when excluding Kosovo\*. Consequently, Serbia ranks as the twentieth largest country in Europe with Kosovo\*, and the twenty-second largest without Kosovo\*. Additionally, Serbia is the largest country in the Western Balkans region among those still candidates for EU membership.

Serbia is a landlocked country located within the Balkan Peninsula. It shares borders with Hungary, Romania, Bulgaria, North Macedonia, Albania/Kosovo\*, Montenegro, Croatia, and Bosnia and Herzegovina, making its central location geopolitically significant. It is important to note that Serbia, which maintains a stance of formal military neutrality, is surrounded by NATO member states, with the exception of Bosnia and Herzegovina. Additionally, Serbia lies just outside the Schengen Area, bordering Hungary and Croatia, and is significantly influenced by EU policies towards migrants.

The Serbian population is experiencing a decline. The estimated population for 2023 is 6.7 million (excluding Kosovo\*), a decrease from 7.8 million in 1991 (The Statistical Office of the Republic of Serbia, 2024). The population of Kosovo\* is estimated at 1.7 million in 2023 (Focus Economics, 2024). The current population density in Serbia is approximately 87 people per square kilometre. Between the last two censuses, conducted in 2011 and 2022, the population decreased by 495,975 people, or 7.2%. Notably, the only region that saw a population increase was the Belgrade region, which gained 26,000 inhabitants (The Statistical Office of the Republic of Serbia, 2022).

Serbia is relatively homogeneous in terms of nationality. According to the 2022 census, 81% of the population identified as Serbian. The

second-largest group comprises individuals who chose not to declare their nationality, labelled as “unknown,” totalling just over 470,000 people or 7%. The next largest groups are Hungarians with 184,442 individuals (2.8%), Bosniaks with 153,801 (2.3%), and Roma with 136,198 (2%). Albanians account for 0.9% of the population, followed by Slovaks and Croats, each constituting 0.6% (The Statistical Office of the Republic of Serbia, 2023).

Serbia has been profoundly influenced by population migrations. During the 1990s, over 550,000 people fled to Serbia from the former Yugoslav republics during the Yugoslav Wars, along with more than 200,000 internally displaced persons from Kosovo\* after the 1999 conflict (The UN Refugee Agency (UNHCR), 2024). Today, Serbia experiences three notable migration trends. Firstly, there is significant emigration of the domestic population to Western Europe and America. Secondly, Serbia serves as a transit route for a large number of migrants from Asia and Africa en route to Western Europe, with 100,000 such migrants passing through Serbia in 2023 alone (Radio Slobodna Evropa, 2024). Lastly, Serbia has seen an influx of Russians and Ukrainians since the onset of the Russian invasion of Ukraine. Media reports suggest that around 200,000 Russian citizens arrived in Serbia in 2022 (Euronews Serbia, 2023), while official data indicates that 22,351 have settled in the country (Commissariat for Refugees and Migration Republic of Serbia, 2022). The significant discrepancy in these numbers arises because Russian citizens do not require a visa to enter Serbia and are permitted to stay for up to 30 days. Many take advantage of this by leaving Serbia briefly after the 30-day period and then re-entering, allowing them to extend their stay for another 30 days.

The polity of Serbia is characterised by a semi-presidential parliamentary system of government, as established by the Constitution adopted in 2006. Unfortunately, the practical reality of Serbian governance often diverges from these constitutional provisions. The Constitution of Serbia establishes a division of powers among the legislative, executive, and judicial branches. The government, which holds executive power, is elected by the National Assembly and serves a four-year term. The president, who symbolises the unity of the Republic of Serbia, is elected by popular vote for a five-year term.

In practice, the president is typically the leader of the ruling party, thereby becoming a pervasive holder of executive power (Pavlović & Stanojević, 2011; Simović, 2017), especially evident during the tenure of

Aleksandar Vučić (Bieber, 2020, p. 32). Although the Constitution assigns the government the authority to determine and lead policies, in reality, this role is predominantly assumed by the president in Serbia.

The National Assembly, Serbia's unicameral legislature, holds primary legislative authority and serves as the highest representative body in the country. However, it often functions as a voting apparatus for the government or ruling party (Vučićević & Bursać, 2023, p. 42). The National Assembly comprises 250 members elected through a proportional representation system, with the entire country acting as a single electoral unit. Although elections for the National Assembly are scheduled to occur every four years, only 4 out of 14 parliamentary elections in Serbia's post-communist history have been held regularly; the remaining 10 have been snap elections.

The electoral threshold in Serbia is 3% for parties and coalitions, with minority communities benefiting from a natural threshold. This threshold was reduced from 5% to 3% following the boycott of the 2020 elections by opposition parties, which resulted in only the ruling parties remaining in parliament (Jovanović, 2020). The reduction aimed to facilitate the entry of a "loyal" opposition into parliament, thereby creating the semblance of a functioning parliamentary party system.

The judicial authority operates independently. The public prosecutor's office is a unified and autonomous state body responsible for prosecuting individuals who commit criminal and other punishable acts. It also exercises additional competencies defined by law to protect the public interest. However, the prosecution often remains silent on scandals and criminal acts involving individuals connected to ruling structures. Consequently, it faces criticism from the professional community and becomes a focal point for citizen protests (Bursać & Vučićević, 2021, p. 3).

The Serbian Progressive Party (SNS) has dominated the Serbian party system since 2012. This period has been characterised by the collapse of the democratic parties that ousted Slobodan Milošević in 2000, suppression of media freedom, clientelism, corruption, and an escalation of abuses of power (Bursać & Vučićević, 2021, p. 2; Vladisavljević, 2019). Additionally, Podunavac (2022) highlights the establishment of a regime of fear. These assertions are corroborated by reports from international organisations, including the most recent report from the OSCE Office for Democratic Institutions and Human Rights (OSCE, 2024).

Currently, the main challenges in Serbia encompass negotiations with Pristina, aligning common foreign and security policies with the EU in the context of the Russian invasion of Ukraine and beyond, as well as issues related to the rule of law, media freedom, and electoral fraud.

### INTERGOVERNMENTAL RELATIONS: THE POLITY

The polity of Serbia is structured vertically (Fig. 15.1). The hierarchy corresponds with the size of the territory governed:

1. The Government of Serbia governs and legislates for the entire country.
2. Territorial autonomies are designated as autonomous provinces (*autonomne pokrajine*). According to the Serbian Constitution, there are two autonomous provinces: Vojvodina and Kosovo\*.
3. An administrative district serves as a subordinate centre of state administration, encompassing subordinate units of all state administration bodies established for that area. Serbia has 29 administrative districts.
4. Local self-governance is categorised into municipalities, cities, the City of Belgrade, and city municipalities. The first three are constitutional categories, while city municipalities are established by law. Currently, Serbia has 150 municipalities and 19 cities.

If we examine the polity hierarchy from the perspective of jurisdiction, it would be structured as follows: At the top is the Government with its administrative districts, followed by the territorial autonomy units, and finally, the local self-government units (Fig. 15.2).

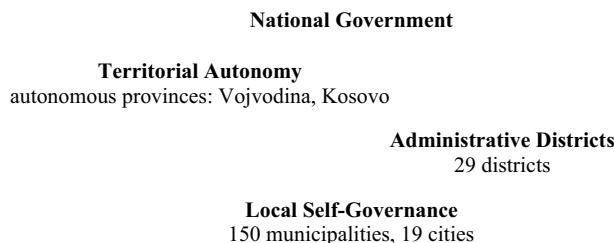
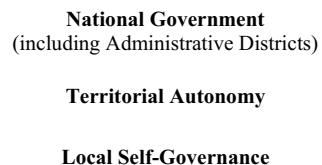


Fig. 15.1 Polity of Serbia, sorted by the territory governed

**Fig. 15.2** Polity of Serbia, sorted by the jurisdiction



As mentioned earlier, autonomous provinces and local self-government are constitutional categories, while districts were established by the Government's decision. First, we will briefly describe administrative districts, and then focus on autonomous provinces and local self-government.

According to the Serbian Constitution, autonomous provinces and local self-government serve as mechanisms for citizens to limit the power of the Government, within the constitutional and legal framework (Constitution, Article 12). Statutes, decisions, and all other general acts of autonomous provinces and local self-government units must comply with the law. Additionally, all general acts of autonomous provinces and local self-government units must align with their respective statutes (Constitution, Article 195, paragraphs 2 and 3).

### *Administrative Districts*

Administrative districts are directly subordinate to the national ministries, which serve as the central authorities and the highest state administration bodies in the Republic of Serbia. Each administrative district typically encompasses several units of self-governance. According to the Government's regulation, 29 administrative districts have been established in the Republic of Serbia.

### *Autonomous Provinces*

Autonomous provinces (AP) represent a form of territorial autonomy in the Republic of Serbia. According to the Constitution, two autonomous provinces are defined: Vojvodina and Kosovo\* (Constitution, Article 182, paragraph 2). Although the Constitution permits the establishment of additional autonomous provinces, this has not been pursued since its adoption. Instead, the central authorities in Belgrade have tended to suppress the autonomy of these provinces, citing negative experiences with

APs during the era of communist Yugoslavia, when they were first established. In communist Yugoslavia, the autonomy of the autonomous provinces was nearly equivalent to that of the republics. The abolition of Kosovo's autonomy in 1990 served as a precursor to conflicts, wars, and the eventual dissolution of Yugoslavia. Today, the two autonomous provinces, Vojvodina and Kosovo\*, have formally and substantively different statuses.

The Constitution stipulates that Kosovo\* has “substantial autonomy” regulated by a “special law enacted in the procedure provided for amending the Constitution.” This ambiguity reflected the negotiating stance of the elites in Belgrade towards Pristina and the international community at that time. The idea, as advocated then and encapsulated in this constitutional formulation, could be paraphrased as Belgrade’s willingness to grant significant power to Kosovo\* Albanians, provided Kosovo\* formally remained part of Serbia. However, shortly thereafter, in 2008, Kosovo\* unilaterally declared independence, which Serbia does not recognise. As of the writing of this text, the *de facto* situation on the ground has been evolving, with Kosovo\* increasingly appearing independent from Serbia. Despite this, Serbia has yet to adopt the aforementioned law on “substantial autonomy” to which it is committed according to the Constitution.

On the other hand, AP Vojvodina is a functional autonomous province with its administrative centre in the city of Novi Sad. The main bodies of AP Vojvodina, as defined by its Statute, are the Parliament (*Skupština*) of AP Vojvodina, the Government (*Vlada*) of AP Vojvodina, the Administration (*Uprava*) of AP Vojvodina, and the Ombudsman of AP Vojvodina (Statute of AP Vojvodina, Articles 30–56).

The AP of Vojvodina holds various competencies, including spatial planning, regional development, and sectors such as agriculture, rural development, water management, forestry, hunting, and fishing. Additionally, it oversees tourism, hospitality, spas, and health resorts, along with environmental protection efforts. The province is responsible for industries and crafts, as well as road, river, and rail transport and road management. It organises fairs and economic events and promotes education, sports, and cultural initiatives. Vojvodina also manages health and social care services and provides public information at the provincial level. Infrastructure development and capital investments are part of its agenda, and it holds competencies in protecting human rights, minority rights, and religious rights (Statute of AP Vojvodina, Article 27). However, AP Vojvodina possesses significantly fewer competencies today compared to

the Yugoslav period. Its original jurisdiction included powers of a programmatic, budgetary, normative, executive, and organisational nature.

Additionally, there are delegated competencies, that is, state affairs entrusted by the Republic of Serbia to the province for execution. AP Vojvodina is an autonomous financial entity with its own revenues to finance its competencies and to provide funds to local self-government units for delegated tasks (Statute of AP Vojvodina, Article 58). The budget of AP Vojvodina constitutes at least 7% of the budget of the Republic of Serbia, with three-sevenths of this budget allocated for financing capital expenditures (Statute of AP Vojvodina, Article 57).

Decisions and general acts by the AP Vojvodina can regulate issues of provincial significance in policy fields such as agriculture, water management, forestry, hunting, fishing, tourism, hospitality, spas and health resorts, transport, environmental protection, sports, culture, health, or social protection. However, the AP Vojvodina does not have independent legislative authority, which falls short of the standard concept of territorial autonomy. This limitation is a reaction to the near-complete parallelism of provincial and republican legislation that existed in the second Yugoslavia under the 1974 Constitution. Decisions and general acts of the autonomous province must comply with the constitution, laws, and other republican regulations. The highest form of normative authority in the autonomous province is its statute, which is adopted by the provincial assembly with the prior consent of the National Assembly (Marković, 2020). However, the AP's parliament can propose laws to the national parliament (Constitution, Article 107, Paragraph 1).

### *Local Self-Government*

Local self-government (LSG) in the Republic of Serbia is defined by the Law on Local Self-Government.<sup>2</sup> The law characterises it both as a human right and a political institution. Article 2 states that LSG is “the right of citizens to manage public affairs directly and through freely elected representatives, in matters of direct, common, and general interest to the local population,” as well as “the right and obligation of local self-government

<sup>2</sup> *Zakon o lokalnoj samoupravi* [Law on Local Self-Government]. 2007. (“Sl. glasnik RS”, br. 129/2007, 83/2014—dr. zakon, 101/2016—dr. zakon, 47/2018 i 111/2021—dr. zakon) [https://www.paragraf.rs/propisi/zakon\\_o\\_lokalnoj\\_samoupravi.html](https://www.paragraf.rs/propisi/zakon_o_lokalnoj_samoupravi.html). Accessed 15 April 2024.

bodies to plan, regulate, and manage public affairs within their jurisdiction and of interest to the local population, in accordance with the law.”

The Constitution and the Law on Local Self-Government define the units of LSG as municipalities (*opština*), cities (*grad*), and the City of Belgrade (*Grad Beograd*). Serbia has 150 municipalities and 23 cities (including Kosovo\*). While the competencies of municipalities, cities, and the City of Belgrade are similar, there are notable differences. For instance, cities have the additional authority to establish a municipal police force (Law on Local Self-Government, Article 24, Paragraph 2) and the option to establish city municipalities. In contrast, the City of Belgrade is required to have city municipalities. Therefore, city municipalities should be considered the fourth type of local self-government unit, albeit with fewer competencies than the other three.

However, it is more accurate to say that in the system of local self-government in the Republic of Serbia, there are four types of municipalities rather than four distinct types of local self-government units. The primary difference between these units is the population size required for their establishment. Typically, a municipality must have over 10,000 inhabitants, while a city must have over 100,000 inhabitants. Belgrade stands out as the largest city in Serbia, with a population exceeding one million inhabitants. Based on this information, we can outline the structure of local self-government units in the Republic of Serbia (Fig. 15.3).

The bodies of LSG include the municipality parliament (*skupština opštine*), the municipality president (*predsednik opštine*), the municipality council (*opštinsko veće*), and the municipality administration (*opštinska uprava*) (Law on LSG, Article 27). The municipality parliament serves as the legislative body, comprising between 19 and 75 members of the municipal parliament (MMP) (*odbornik*) (Law on LSG, Article 29). MMP

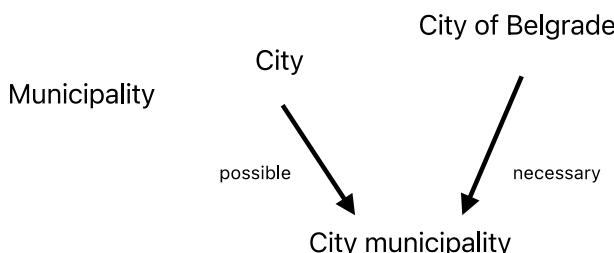


Fig. 15.3 Local self-governance units in Serbia, hierarchy of jurisdiction

cannot be employed in the municipal administration nor appointed as municipal officials. The term of office for MMPs is four years. Among its various competencies, the municipal parliament is responsible for adopting the municipal statute, budget, and rates for municipal income, among other duties.

There are corresponding bodies in cities and city municipalities, with the primary difference being that in cities, the chief executive is referred to as the mayor (*gradonačelnik*) instead of the municipality's president (Law on LSG, Article 65). The competencies are largely the same, except for the slight differences mentioned at the beginning of this section.

Before addressing the relationships within the Serbian polity, it is important to mention two additional types of self-governance in Serbia: sub-municipal units (SMUs) (*mesna zajednica*) and housing communities (HUs) (*stambena zajednica*). The former is outlined in the Law on Local Self-Government (Article 72), while the latter is covered by the Law on Housing and Building Maintenance.<sup>3</sup> Sub-municipal units, a relic from the communist era, were originally designed to organise people in rural communities and can be understood through the modern principle of subsidiarity. SMUs also exist in urban areas, where they may be established in city neighbourhoods or quarters. However, the primary issue with SMUs today is their lack of independent income, aside from potential donations, rendering them financially dependent on municipal aid. This dependence often makes them appear as an extension of the ruling party within the community.

In contrast, housing communities were established by the Law on Housing and Building Maintenance in 2016. This law aims to compel residents to take care of their residential buildings, thereby relieving municipalities of such costs. Like SMUs, HUs have legislative and executive bodies, but with a significant difference: HUs can mandate residents to pay for investment and current maintenance and can employ a paid executive (*upravnik*). This form of “taxation” encourages residents to participate in decision-making, offering the potential for genuine micro-local self-governance.

<sup>3</sup> *Zakon o stanovanju i održavanju zgrada* [Law on Housing and Building Maintenance]. (“Sl. glasnik RS”, br. 104/2016 i 9/2020—dr. zakon) [https://www.paragraf.rs/propisi/zakon\\_o\\_stanovanju\\_i\\_odrzavanju\\_zgrada.html](https://www.paragraf.rs/propisi/zakon_o_stanovanju_i_odrzavanju_zgrada.html). Accessed 10 March 2024.

## HORIZONTAL INTERGOVERNMENTAL COORDINATION: POLICY AND POLITICS

Horizontal intergovernmental coordination in Serbia is regulated by the Constitution, the Law on Local Self-Government, and the Statute of the Autonomous Province of Vojvodina. The Constitution permits cooperation between autonomous provinces and local self-government units with their counterparts in other states, within the framework of Serbia's foreign policy, while respecting the territorial integrity and legal order of the Republic of Serbia (Constitution, Article 181). Additionally, the Law on Local Self-Government provides further regulations on the cooperation and association of local self-government units (LSGs) (Law on LSG, Articles 13, 88–89).

The law allows LSGs, their organs, services, and enterprises to establish cooperation and associate with other LSGs and their respective organs, services, and enterprises in areas of common interest. To achieve these interests, they may pool resources and establish joint bodies, enterprises, institutions, and other organisations. Cooperation between LSGs can also involve delegating certain tasks from their original competencies to another local self-government unit. Agreements between LSGs are concluded for the performance of joint tasks, particularly in the field of communal activities (Law on LSG, Article 88). These agreements must be submitted to the competent ministry for local self-government within 30 days of their conclusion. The ministry is responsible for maintaining a record of all concluded cooperation agreements.<sup>4</sup> Additionally, two or more LSGs may propose to the ministry that they jointly perform delegated tasks (Law on LSG, Article 88a). In alignment with the aforementioned constitutional provision, the law also permits LSGs to cooperate with their counterparts in other states on areas of common interest (Law on LSG, Article 88b).

In this context, the law permits the establishment of joint bodies, services, companies, or other organisations based on a concluded cooperation agreement. The LSGs that have signed the agreement are responsible for appointing, nominating, and dismissing the leaders of these joint organisations, in accordance with the Constitution and the law. Employees in joint organisations exercise their rights, obligations, and responsibilities in the LSG where the joint organisation is headquartered. If the

<sup>4</sup>During the writing of this text, such records were not publicly available.

agreement stipulates that the joint body will decide on the rights and obligations of citizens in administrative proceedings, the second instance bodies of the founding LSGs will handle appeals. LSGs are required to provide financial resources for funding the joint bodies proportionate to the scope of tasks performed by the joint body (Law on LSG, Article 88v).

If one LSG delegates tasks to another LSG, it is also obligated to finance the performance of those tasks in proportion to their scope. The LSG to which the tasks are delegated must provide reports on the performance of the delegated tasks upon request and at least once every six months. The LSG that delegated the tasks remains accountable for their performance to citizens and other stakeholders (Law on LSG, Article 88g). Agreements between LSGs cease to be valid upon the written request of one of the participating LSGs. If multiple LSGs are involved in the agreement, it ceases to be valid only for the LSG that requested the termination of cooperation. The LSG that requested the termination must inform the competent ministry about it (Law on LSG, Article 88d).

In addition to the mentioned forms of cooperation, the Law on LSG also permits the formation of associations of LSGs to promote development, protection, and the realisation of common interests. These associations can represent the interests of their members vis-à-vis state authorities, particularly in the legislative process (Law on LSG, Article 89). The most significant association of this type is the Standing Conference of Towns and Municipalities [*Stalna konferencija gradova i opština*] (SKGO). More details about the SKGO will be discussed in the following section.

The Statute of the Autonomous Province of Vojvodina regulates cooperation with local self-government units. It permits collaboration and coordination between the Autonomous Province of Vojvodina and local self-government units within its territory. The Autonomous Province of Vojvodina can furthermore collaborate with territorial units and autonomous communities in other countries, in accordance with the Serbian Constitution and the law. Moreover, the Autonomous Province of Vojvodina can become a member of international associations of regions (Statute of APV, Article 16). The Autonomous Province of Vojvodina also has the authority to delegate the performance of tasks from its jurisdiction to local self-government units (Statute of APV, Article 28).

The Standing Conference of Towns and Municipalities (SKGO) is an independent, non-partisan, non-governmental, and non-profit association voluntarily formed by the towns and municipalities of the Republic of Serbia. Its purpose is to develop and improve local self-government,

protect its interests, and achieve common goals (Statute of SKGO, Article 1).<sup>5</sup> Any town or municipality within the territory of the Republic of Serbia that accepts the goals, principles, and statute of the SKGO, and submits an application for membership, can become a member of the SKGO (Statute of SKGO, Article 5).

The objectives of SKGO include the development, improvement, and protection of local self-government in Serbia in alignment with the principles of the European Charter of Local Self-Government. Additionally, SKGO aims to pursue the common interests of municipalities and towns, to enhance their capacities to fulfil their responsibilities and provide services to citizens. As an association of local authorities in Serbia, SKGO represents the collectively established interests of its members, particularly in the process of adopting laws and other acts relevant to the protection, improvement, and financing of local self-government. Furthermore, SKGO represents the interests of towns and municipalities as employers, with the specific consent of the majority of its members (Statute of SKGO, Article 2).

The activities of SKGO encompass a broad range of initiatives aimed at enhancing local self-government in Serbia. These include collaboratively formulating positions and proposals to improve the legal framework for local governance, advocating for these positions at national and international levels, and representing the interests of cities and municipalities as employers. SKGO collaborates closely with state authorities on matters relevant to local development and partners with domestic and international institutions to improve conditions for local governance. The SKGO also provides extensive support to cities and municipalities, assisting in capacity building, strategic planning, project implementation, and accessing financial resources (Statute of SKGO, Article 3).

The SKGO website serves as repository for various SKGO publications, analyses, and programme documents that are primarily aimed at introducing new legislative solutions to local government representatives as well as at sharing of best practices of individual local self-governments and providing guidance for solving various problems. In 2019, SKGO developed the “Methodological Guidelines for the Preparation of Agreements on Inter-municipal Cooperation,” along with templates for agreements in six areas:

<sup>5</sup> *Statut Stalne konferencija gradova i opština—Saveza gradova i opština Srbije* [Statute of the Standing Conference of Towns and Municipalities—Union of Towns and Municipalities of Serbia]. 2022. <https://www.skgo.org/strane/236>. Accessed 10 March 2024.

1. Joint Municipal Police Service
2. Joint Legal Aid Service
3. Delegation of Municipal Police Tasks
4. Delegation of Tasks
5. Joint Institution
6. Joint Public Procurement Implementation

The most significant established form of cooperation between local self-governments (LSGs) was signed by 18 cities and municipalities in the watershed of the West Morava River. This agreement emerged as a response to the catastrophic floods that hit Serbia, Croatia, and Bosnia and Herzegovina in 2014. The agreement was signed in 2021, seven years after the mentioned flood and other subsequent floods. The signing was supported by relevant ministries, as well as the Delegation of the European Union to Serbia and the UNDP. Similarly, an agreement on cooperation between cities and municipalities in the Drina River basin was signed in 2018, involving eight local self-government units.

To establish and improve inter-municipal cooperation, the Government of the Republic of Serbia initiated a public call in 2022, inviting local self-government units to participate in the project “Local Self-Government for the twenty-first century.” This project primarily aims to enhance the capacities of individual municipalities. The initiative is supported by the Government of Switzerland.

The extent of local and territorial autonomy is not just determined by legal and constitutional provisions. Politics, party dominance, and central encroachment over time play a vital role for the degree of decision-making autonomy that local governments enjoy. The budget of the Autonomous Province of Vojvodina is a constitutional category, stipulating that it should amount to at least 7% of the budget of the Republic of Serbia (Marković, 2006, p. 33). However, in practice, the central government often does not adhere to this provision (Vučićević & Bursać, 2023, p. 37). An attentive reader will notice that, in this context, the financial autonomy of provinces does not include Kosovo\*. This omission is due to a constitutional provision that mandates the adoption of a special law to regulate the “essential autonomy of the autonomous province of Kosovo and Metohija,” which is to be enacted through the same procedure as the adoption of the constitution. This law has not been adopted even 17 years after the Constitution was ratified in 2006.

Serbia's political system is formally already very centralised, in practice, however, centralisation has been taken to an extreme. Whoever gains control of central power in Belgrade will strive to exert authority over every regional and local unit in Serbia (Vučićević & Bursać, 2023, pp. 41–43). Political parties forming coalitions often set a condition that cooperation must continue at all levels of government after elections. This practice significantly contributed to the political shift that occurred in Serbia in 2012. In the preceding four-year term (2008–2012), the core parties of the Government were the Democratic Party (*Demokratska stranka*—DS) and the Socialist Party of Serbia (*Socijalistička partija Srbije*—SPS), with DS President Boris Tadić serving as the President of Serbia. The parties had an agreement to form the Government together after the elections. However, simultaneous elections were held for the National Assembly and the directly elected presidency. Although DS and SPS had enough mandates to form the government, as agreed, it did not happen because DS President Boris Tadić lost the presidential election to Tomislav Nikolić, the president of the Serbian Progressive Party (*Srpska napredna stranka*—SNS). SPS promptly terminated the coalition agreement with DS and formed the Government with SNS, being rewarded with the position of Prime Minister (Kojić, 2020).

Local politics are even more tightly controlled from Belgrade. Political parties often appoint individuals loyal to the party leadership into local official positions, rather than those with support from their local communities. If citizens organise and participate in elections independently of major national parties, they face pressures, threats, and, recently, even violence. As a result, many either withdraw from the electoral process or align themselves with the ruling party (Bursać & Vučićević, 2021, p. 1). The situation became even more challenging after Aleksandar Vučić became the President of the Republic of Serbia. Serbia is now in a perpetual political campaign led by the ruling Serbian Progressive Party (SNS), headed by President Aleksandar Vučić. He appears as the leader of the list in all local, provincial, and national elections, despite not formally participating in those elections, as he is the President.

Furthermore, after the recent local elections, including those for the city of Belgrade in December 2023, the ruling party was caught in the act of relocating loyal voters. This voter relocation involved sympathisers of the ruling party formally “moving” from municipalities where local elections were not currently being held to municipalities where elections were taking place. In this way, the ruling party manipulates the electoral will of

citizens who actually reside in the latter municipality. Since the consent of the homeowner is required to register voters in another municipality, voters were relocated in such a way that dozens of new voters were registered at a single residence. Additionally, voters were registered at facilities that are not residential in nature, such as schools, health centres, and even electricity transformer stations (CRTA, 2024).

## EU-INDUCED CHANGES IN HORIZONTAL COORDINATION

On the path of European integration, Serbia has experienced many ups and downs. The country became involved in the European integration process only after the democratic changes in 2000 and the fall of Slobodan Milošević. Following these changes, the Third Yugoslavia joined the Stabilisation and Association Process with the European Union. Shortly thereafter, the EU abolished tariffs on imports from the Third Yugoslavia. In 2005, Serbia and Montenegro received a positive assessment in the Feasibility Study for the conclusion of the Stabilisation and Association Agreement. However, negotiations were cancelled in 2006 due to insufficient cooperation with the International Criminal Tribunal for the former Yugoslavia. Following that, Montenegro declared independence, and Serbia continued negotiations with the EU independently. By the end of the year, Serbia signed the Central European Free Trade Agreement (CEFTA).

In 2007, the new Serbian government resumed negotiations on the Stabilisation and Association Agreement, and agreements on visa facilitation and readmission were signed. In 2008, the Stabilisation and Association Agreement between Serbia and the EU was officially signed. At the end of 2009, visa liberalisation came into effect, allowing Serbian citizens to travel to Schengen countries without a visa. Shortly after that, Serbia applied for EU membership. In 2011, the European Commission recommended granting Serbia candidate status for EU membership, contingent upon progress in the dialogue with Pristina. The candidate status was granted two years later in 2013 by the European Council. It is worth noting that Kosovo\* declared independence in 2008. Since 2013, 16 negotiating chapters have been opened under the old methodology, and two clusters have been opened under the new methodology for accession. To date, only two non-chapter benchmarks have been closed: Chapter 25, Science and Research, and Chapter 26, Education and Culture. The process associated with accession to EU membership has led to the creation

of new avenues for collaboration. Negotiating groups for the preparation and negotiation of accession (hereafter referred to as negotiating groups) were established and play a crucial role together with the Negotiating Team for the accession negotiations of the Republic of Serbia to the European Union (hereafter referred to as the Negotiating Team). These actors collaborate to analyse legislation and policies, ensuring alignment with European Union standards as part of the preparation process for accession to the European Union.

The process of accession to the European Union has led to the formation of new bodies tasked with implementing horizontal coordination between ministries in the Government of the Republic of Serbia.<sup>6</sup> One such body is the Coordination Body, which can be viewed as a narrower cabinet. It consists of ten members, including the Prime Minister, the Minister of Foreign Affairs, the Minister of Construction, Transport, and Infrastructure, the Minister of Trade, Tourism, and Telecommunications, the Minister of Public Administration and Local Self-Government, the Minister for European Integration, the Minister of Finance, the Minister of Justice, the Minister of Agriculture, Forestry, and Water Management, and the Minister of Environmental Protection (Decision 2018, point 3). In addition to the Coordination Body, the Coordination Body Council has been established. This council is presided over by the Minister for European Integration and includes the chief negotiator, representatives of negotiation groups, state secretaries, a representative of the central bank, and a representative of the republic's legislative secretariat (Decision 2018, point 6).

Serbia participates in the INTERREG programmes of the European Union. In the budgetary period from 2021 to 2027, Serbia is involved in eleven programmes for which the EU has allocated 260 million euros. Seven programmes are aimed at neighbouring countries: Bulgaria, Hungary, Romania, North Macedonia, Bosnia and Herzegovina, Montenegro, and Croatia. Two programmes have a regional focus. The first is the IPA Adriatic Ionian Programme—IPA ADRION—which includes ten Mediterranean countries in this region. The second, the

<sup>6</sup> *Odluka o osnivanju Koordinacionog tela za proces pristupanja Republike Srbije Evropskoj uniji* [Decision on the Establishment of the Coordination Body for the Accession Process of the Republic of Serbia to the European Union]. 2018. (“Sl. Glasnik RS” br. 84/2013, 86/2013, 31/2014, 79/2014, 92/2015, 23/2018 u 36/2019) [https://www.mei.gov.rs/upload/documents/koordinaciono\\_telo\\_odluka.pdf](https://www.mei.gov.rs/upload/documents/koordinaciono_telo_odluka.pdf)

Danube Region Programme, covers 14 countries in the Danube region. Lastly, the URBACT and INTERREG Europe programmes are dedicated to fostering cooperation between cities, municipalities, and regions.

## RECENT TRENDS AND DEVELOPMENTS

When it comes to recent initiatives and trends, we will briefly mention two significant ones. The first involves international regional cooperation within the Open Balkan initiative. The second is the initiative for Serbia and Bulgaria to join the liquefied natural gas terminal in Alexandroupolis, Greece. The Open Balkan Initiative, also known as the Mini Schengen Initiative, is a regional cooperation project aimed at fostering economic integration and political stability in the Western Balkans. Launched in 2019 by Serbia, Albania, and North Macedonia, the initiative seeks to facilitate the movement of people, goods, and services across borders by harmonising regulations and reducing bureaucratic barriers. In line with the Agreement on Free Access to the Labour Market signed in Tirana on 21 December 2021, citizens of Albania, North Macedonia, and Serbia can electronically submit applications for the Permit for Free Access to the Labour Market in other member states of the initiative. This permit allows workers to stay and work in the territory of the member state during its validity period without the obligation to apply for a temporary residence permit or regulate a work permit (Open Balkan, [2024](#)).

During the energy crisis triggered by the Russian invasion of Ukraine, Serbia joined a regional initiative aimed at diversifying energy sources by connecting to a gas pipeline leading to the Greek port of Alexandroupolis, where a floating LNG terminal was being installed. Construction of the terminal began in May 2022 (Aposporis, [2022](#)). Serbia completed the gas pipeline connection to Bulgaria by the end of 2023 and eagerly anticipates the start of LNG deliveries once the terminal in Alexandroupolis becomes operational in 2024. Future plans also include connecting gas pipelines to North Macedonia and Romania (Balkan Green Energy News, [2024](#)).

## CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNT

In conclusion, it is essential to emphasise that horizontal coordination of authorities in Serbia is challenging to establish and operates with difficulty due to the strong centralisation of power and the vertical dominance of

the government, especially under President Aleksandar Vučić. This dominance permeates the political life of the country, as evidenced by the fact that there is currently no level of government in Serbia where the Serbian Progressive Party is not in power. One might assume that complete control by a single party would facilitate horizontal cooperation at the local level, but this is not the case.

In addition to political dependencies, there is significant financial dependence of the Autonomous Province of Vojvodina and local self-government units on the Government in Belgrade. The application of the subsidiarity principle, one of the main principles underlying the organisation of the European Union, will have to wait until Serbia makes further progress on its path towards European integration.

The limited local horizontal cooperation and coordination that has been established in Serbia have been achieved with significant support from the European Union and European countries. The support of European partners is crucial for the restoration of democracy and, consequently, for creating the conditions and space for autonomous local cooperation and coordination of local authorities in Serbia, as well as for fostering cross-border local cooperation.

The main obstacles on this path remain the relations between Belgrade and Pristina, as well as the Serbian government's ambition to "sit on two chairs." The declarative commitment to European integration while simultaneously maintaining and strengthening relations with Russia and China is becoming an increasingly unsustainable position in the geopolitical context following the Russian invasion of Ukraine. As a result, there are concerns that Serbia may end up isolated and losing both chairs. On one hand, it risks being left behind on the European path, and on the other, it may become geographically isolated from its eastern allies as a country surrounded by EU and NATO member states.

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## CHAPTER 16

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# Spain: Horizontal Coordination and the Autonomous Communities

*Pablo Podadera and Immaculada Colomina Limonero*

## INTRODUCTION

On January 1, 1986, Spain joined the European Union. It boasts a land area of 505,370 km<sup>2</sup> in Southwestern Europe making it the fourth largest country on the continent, trailing only behind Russia, Ukraine, and France. According to Article 2 of the 1978 Spanish Constitution, the country's territory is divided into 17 autonomous communities: Galicia and Cataluña are divided into four provinces each, Castilla y León into nine provinces, and the Basque Country has three provinces. Additionally, the Principality of Asturias, Cantabria, La Rioja, Madrid (hosting the capital), Murcia, and Navarra, each consist of a single province. The Balearic Islands constitute one province with five islands, while Aragón and Comunidad Valenciana have three provinces each. Castilla La Mancha has five provinces, Extremadura has two provinces bordering Portugal, and

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the Canary Islands have two provinces divided into seven islands. Lastly, in the South, Andalusia has eight provinces.

Provinces, in turn, have their own municipalities, totalling approximately eight thousand municipalities across the entire territory, according to a report from the National Statistics Institute (2003).<sup>1</sup> They represent the fundamental building blocks of Spain's territorial organization. Additionally, there are other territorial entities composed of small groups of municipalities or entities of lower administrative rank than municipalities, known as minor local entities. When united, they form the “*comarca*” and “*mancomunidad de municipios*”, both possessing full legal personality. Within these entities, one or two municipalities may hold the status of being the capital.

From a legal and territorial standpoint, the country is divided into municipalities, judicial districts, provinces, and autonomous communities. A judicial district can encompass several municipalities, but only one among them is designated as the capital. This division is outlined in Act 38/1988, enacted on December 28, 1988, concerning the geographical limits of the judicial institutions.

### *Government System*

The current democratic government was established on November 20, 1975. The country operates under a unitary State framework, characterized by a parliamentary monarchy, with King Felipe VI serving as the head of the State. The prime minister, on the other hand, assumes the role of leading the national government. This governance structure adheres to the principle of the separation of powers, dividing authority into three branches: the judiciary, executive, and legislative.

The legislative power is vested in the *Cortes Generales*, a bicameral legislature consisting of the Senate and the Congress of Deputies. Representatives to these bodies are directly elected by Spanish citizens over the age of 18, and general elections are held every four years. The President, who is the head of the government, is subsequently elected by these assemblies and formally invested by the King.

To assist the *Cortes Generales* in its oversight functions, two separate institutions play a crucial role: the Ombudsman and the Court of Auditors.

<sup>1</sup> National Statistic Institute. (2003). *Municipalities in Spain*. [https://www.ine.es/daco/daco42/codmun/cod\\_num\\_muni\\_provincia\\_ccaa.htm](https://www.ine.es/daco/daco42/codmun/cod_num_muni_provincia_ccaa.htm)

Both are appointed by the *Cortes Generales* and serve to scrutinize various aspects of the government, including the different administrative structures at the State level, the autonomous communities, and local bodies.<sup>2</sup>

The executive power is composed of the government and the general administration of the state. The institutional framework is complemented by the constitutional court, along with two consultative bodies: the council of state and the economic and social council. The constitutional court serves the critical role of ensuring the supremacy of the Constitution and overseeing its implementation by all public authorities. The council of state, on the other hand, functions as the highest advisory body for the government, while the economic and social council serves as a platform for ongoing dialogues between representatives of various social and economic stakeholders.

The contemporary political system is characterized by a multi-party nature, a trend that was solidified during the 2016 general elections. However, a shift was noted during the general elections in November 2019, indicating a slight resurgence of the two-party system that prevailed during the Spanish transition and the 1982 general elections. This trend persisted in the general elections held on July 23, 2023, where the two traditional parties, the Partido Socialista Obrero Español and the Partido Popular, collectively secured 258 out of 350 seats.

### *Recent History*

In recent history the country can be categorized into four distinct historical periods: the second republic (1931–1936), the civil war (1936–1939), the Francoist era (1939–1975), and democratic Spain (1975–present day). These stages ranged from a failed attempt at democratization in a context of political instability, both internally and internationally, through a tragic situation of internal civil war, a complicated inter-war situation, a long period of dictatorship (under General Francisco Franco), and a period of democratic transition that led to the 1978 Constitution followed by periods of economic crisis, terrorism, crisis in the ruling party and threats of coups, Spain's incorporation into international organizations such as NATO and the EU, and the democratic transition up to the present day.

<sup>2</sup> Spanish Administration System. (2024). <https://administracion.gob.es/>

### *Current Key Challenges*

In addition to the prevailing global challenges such as increased protectionism, stringent controls on investments and capital movements, the extension of sanctions against Russia, the partial reversal of global supply chains, and the growing strains on global economic governance due to great power rivalry, migration issues, and border concerns, the country is confronting a set of internal challenges encompassing persistently low unemployment rates, elevated levels of debt, structural deficits, and the looming issue of an aging population at severe risk of social exclusion. In the short term, the country is poised to confront a substantial challenge concerning the effective and responsible management of European funds, notably those provided through the Next Generation EU programme.

On the political landscape, the presence of Catalan nationalism and the potential for an unstable coalition government introduce an element of uncertainty into current governance. The nation's political future remains uncertain, particularly after the initial failed attempt to establish a new government following the July 2023 elections.

## INTERGOVERNMENTAL RELATIONS: THE POLITY

### *General Considerations*

Since the enactment of the 1978 Constitution and the establishment of the Statutes of Autonomy, the structure of the Spanish state administration has undergone a significant transformation, delineating a three-tiered system as outlined in Title VIII of the Constitution. This structure comprises the central, regional, and local levels. In 1983, the entire territory split into 17 autonomous communities and the whole process ended in 1995 with the approval of the statutes of autonomy for the cities of Ceuta and Melilla.<sup>3</sup> The accession to the European Union in 1986 introduced a new supranational level to this administrative hierarchy.

The introduction of these various administrative levels has generated new responsibilities needing coordinated efforts with the central administration in Madrid, albeit to a somewhat lesser extent with local authorities (Agranoff, 1993). The decentralization of powers has given rise to a multi-level governance system, requiring the establishment of intergovernmental

<sup>3</sup> Articles 148 and 149 of the Spanish Constitution.

relations (IGR) (Anderson, 1960; Rose, 1984; Wright, 1997) to address functional imperatives for the effective operation, maintenance, and legitimacy of the government. Additionally, the system mandates the management of civil servants engaged in interdependent actions with other governmental bodies, an approach referred to as Intergovernmental Management (IGM) (Agranoff, 1993; Elazar, 1987).

Intergovernmental relations serve three primary functions:

1. Coordinating activities between the state and autonomous communities, encompassing information sharing, economic management, and public actions.
2. Striving to achieve a balance between coordination and autonomy through collaborative efforts.
3. Resolving conflicts through collaborative mechanisms.

It is important to note that most of intergovernmental relations are vertical, involving interactions between the central government and the autonomous regions. In intergovernmental collaboration, various instruments and techniques are used in different areas of cooperation:

1. Regulatory processes of the state involving the formulation and adjustment of state regulations.
2. Financing of public services addressing financial matters related to the provision of public services.
3. Use of resources from other public administrations.
4. Joint management of public services focusing on collaborative administration of public services.
5. Procedural cooperation encompassing cooperative measures.

Moreover, various instruments facilitate intergovernmental cooperation:

1. Organic instruments that bring together the entities where intergovernmental relations (IGR) occur. They include the senate, government delegates in the autonomous communities' sectoral conferences, bilateral cooperation commissions, and inter-administrative consortiums.
2. Functional instruments encompassing legal or procedural mechanisms that facilitate coordination decisions. Examples include the

distribution of subsidies between autonomous communities and subsidies granted by the state to the autonomous communities.

3. Collaboration agreements such as sectoral conference agreements, joint plans and programmes, and general protocols.

Intergovernmental cooperation is primarily executed through executive bodies, but the role of the legislative branch is expanding with the participation of the Senate. The senate enjoys the same legislative powers as the House of Representatives and, in some cases, may express its opinion before the latter. Additionally, it plays a crucial role in the reform of statutes of autonomy. Also, it serves as arena for debates on the State of the Autonomies and hosts meetings of the Conference of Presidents. Many of these functions are executed through one of its permanent legislative commissions, namely, the General Commission of the autonomous communities including senators, representatives of the central government in Madrid, and representatives of the autonomous governments.

*Vertical IGRs: Multilateral and Bilateral Cooperation Instruments*

Given the significance and distinctive prominence of vertical intergovernmental relations compared to horizontal relations, it is essential to devote a section to elucidate the key aspects of these relations categorized into two primary forms:

1. Multilateral cooperation instruments encompassing mechanisms and frameworks that facilitate cooperation among multiple entities, typically involving the central government and the autonomous communities. Multilateral cooperation instruments serve to address shared challenges and coordinate actions across a broader spectrum. These instruments may include sectoral conferences; technical bodies for inter-administrative or second-level cooperation; collaboration agreements; the Conference of Presidents; and the consultative bodies of the central administration with regional participation.
2. Bilateral cooperation bodies focused on relationships between two specific entities, often involving the central government and a specific autonomous community. These bilateral relationships can take on two distinct natures:

- (a) Organic bilateral cooperation bodies are established by law or regulations and serve as formalized platforms for intergovernmental collaboration. They may include government delegates in the autonomous communities, or any designated institutions aimed at enhancing dialogue and coordination between the central government and specific autonomous regions.
- (b) Functional bilateral cooperation bodies are characterized by their focus on particular functional or policy areas. They involve cooperation agreements and mechanisms designed to address specific issues or needs, such as the distribution of subsidies between the central government and autonomous communities' joint plans and programmes, and other functional arrangements aimed at streamlining collaboration in specific domains.

This distinction between multilateral and bilateral cooperation mechanisms is essential for understanding the dynamics of vertical intergovernmental relations, in which the interactions between the central government and individual autonomous communities play a key role in the country's governance structure.

***Local Entities in the IGRs and the Contributions  
to Horizontal Cooperation***

Local bodies maintain direct interactions with the central government and the autonomous regions, with the primary connection to the central government revolving around financial matters. This relationship involves the provision of current or direct transfers from the central authority to the municipalities and provinces.

The Sectorial Conference for Local Affairs is the highest cooperative body for addressing local issues and facilitating collaboration between the central state and the autonomous communities. It plays a crucial role in both consultative and political agreement functions.

The Local Entities Commission of the Senate, established in 2004, serves as a parliamentary commission with an exclusive legislative focus. It addresses a spectrum of topics related to local entities, projects, and bills, as detailed by Greciet (2008).

The National Commission of Local Administration, as a permanent body, fosters collaboration between the central state administration and

local administration. It is organically and functionally integrated into the ministry of territorial policy.<sup>4</sup>

Regarding horizontal coordination, one key organization responsible for promoting coordination among local entities is the Spanish Federation of Municipalities and Provinces (FEMP). It plays a crucial role in coordinating activities and initiatives at the local level which in turn fosters vertical coordination with the autonomous communities. FEMP acts as the primary platform for representing local interests. As a private association, it operates under the protection of the European Charter of Local Self-Government. It is a collective entity that brings together city councils, Provincial councils, and island councils. FEMP is recognized as the Spanish section of the Council of European Municipalities and Regions (CEMR) and serves as the official headquarters for the Ibero-American Organization of Intermunicipal Cooperation (OICI). Within its organizational structure, FEMP has governing bodies, such as the Pleno, Consejo Territorial, *Junta de Gobierno*, the President, and a General Secretary. It also follows internal regulations and statutes, which are supported by the working commissions.

Federation of municipalities and provinces, known as *Federaciones territoriales* (Territorial Federations), act as the channels through which local entities communicate with the authorities of their respective autonomous communities. The cooperation agreement emerges as the most frequently employed instrument for coordinating actions within the state and the local entities.<sup>5</sup> Many of these agreements entail financial commitments to support specific policies and initiatives undertaken by local entities. Cooperation agreements are instrumental in articulating the division of competencies between the state and local entities within the same territorial jurisdiction in areas such as infrastructure. It also extends to various domains, including the cadastral sector and efforts aimed at fostering entrepreneurship and promoting economic and social innovation.

<sup>4</sup> Its legal basis is the Law 7/1985, of April 2, 1985, and the Royal Decree 427/2005, of April 15, 2005, amended by the Royal Decree 1142/2012, of July 27, 2012.

<sup>5</sup> Are ruled by Law 40/2015, of October 1, 2015, and Order PRA/1267/2017, December 21, 2017.

## HORIZONTAL INTERGOVERNMENTAL COORDINATION: POLICY AND POLITICS

### *Decentralization of Competences*

The distribution of competencies between the central state and the autonomous communities is outlined in Title VIII of the Spanish Constitution, and in the various Statutes of Autonomy. It categorizes matters into four types, each corresponding to a particular way of exercising competencies:

1. Matters within the jurisdiction of the Spanish central state.
2. Matters in which the State legislates, and the autonomous communities are responsible for executing this legislation.
3. Matters in which the State establishes only the basic framework of the law, while its legislative development and execution fall under the jurisdiction of the autonomous communities.
4. Matters within the exclusive jurisdiction of the autonomous communities.

The distribution of competencies and the boundaries between the state and the autonomous communities have sometimes led to disputes and conflicts. In such cases, the Constitutional Court plays a crucial role in settling these disputes and specifying the scope of responsibilities for each level of government.

The Constitutional Court's jurisdiction includes hearing and resolving appeals of unconstitutionality against laws or normative provisions with the rank of law as well as addressing conflicts of jurisdiction between the Spanish central state and the autonomous communities or disputes between different autonomous communities.

The development of the autonomous system has often resulted in legal disputes and conflicts between the state and the autonomous communities. They typically revolve around the interpretation and application of the competencies granted to each level of government. Constitutional jurisprudence has played a vital role in clarifying these matters and providing guidance on how competencies should be exercised and shared between different government levels.

To document and track these disagreements, each ministry's technical services maintain two types of documents:

1. The monthly conflict report provides updated information on the development of disputes related to competencies between the State and the autonomous communities.
2. Quarterly bulletins on conflicts between the State and the autonomous communities contain information regarding the Constitutional Court's decisions, the activities of the bilateral cooperation commissions, and the status of ongoing conflicts in the current year. Additionally, they include statistics related to the cumulative conflicts between the State and the autonomous communities. These documents help monitor and address the ongoing issues related to competencies and jurisdictional conflicts.

### *Horizontal Intergovernmental Coordination*

Horizontal Intergovernmental Relations (IGRs) refer to interactions and collaborations that occur between autonomous communities without the involvement of the central state. This type of cooperation has been relatively limited and fragile. It typically takes place through non-formal means, such as protocols, declarations of intent, consortiums, or foundations, or through purely political means when multiple autonomous communities share a common interest. This limited nature of horizontal cooperation is outlined in Article 145 of the Spanish Constitution, which imposes a strict regulatory framework on agreements between autonomous communities and the absence of State participation. It establishes an absolute limit, based on the indissoluble unity of the Spanish territory stating that “Under no circumstances shall a federation of self-governing communities be allowed”.

However, after the 2008 reforms to certain statutes the autonomous communities sought to improve collaboration in areas of mutual interest. They initiated meetings between autonomous communities for the development of the statutes of autonomy, with the goal of enhancing cooperation. These efforts led to the establishment of the conference of the governments of the autonomous communities in 2010, which institutionalized a system of political collaboration to promote horizontal relations among the autonomous communities. Nevertheless, it can be challenging to convene, limiting the impact of the agreements reached. Furthermore, there has been a growing trend of collaboration between the legislative assemblies, culminating in the annual Conference of Presidents of the autonomous house of representatives. This conference serves as a platform

for discussions on public policy objectives and has contributed to increasing cooperation among the autonomous communities.

These developments represent an ongoing effort to enhance horizontal cooperation among the autonomous communities. However, challenges persist due to the complex regulatory framework and logistical issues in convening all the autonomous communities for effective collaboration. In recent years, horizontal agreements have emerged in new areas of cooperation among the autonomous communities. They span a wide range of domains, including:

1. Public health and healthcare for cases requiring medical care for individuals living in bordering areas or when specialized techniques or activities from another Autonomous Community.
2. Justice administration that allows professionals within the judicial, fiscal, forensic, and other related fields to securely access a single file.
3. Immigration: Several autonomous communities such as Andalusia, Catalonia, Castilla y León, and Galicia have coordinated immigration strategies through specific Secretariats or General Directorates under the autonomous government of each region.
4. Affairs related to integration to the EU.
5. Culture, heritage, and sports involving research agreements, shared material heritage, preservation of common traditions, exhibitions, heritage protection methods, and sports collaborations.
6. Universities and education promoting academic exchange initiatives.

Additionally, bilateral summits with a sectorial focus are typically held between neighbouring autonomous communities, with the participation of their respective Presidents and Councillors. These summits provide a platform for discussing and advancing cooperative efforts in specific areas of mutual interest. As a result, the establishment of new action protocols has proven beneficial in various aspects of social policy, simplifying access to services for citizens of both communities, whether temporarily or permanently displaced. These coordination efforts extend to areas such as public healthcare access, assistance for vulnerable individuals in situations of dependency, support for child adoptions and post-adoption processes, senior university exchange programmes, the application of coordinated protocols for addressing gender-based violence, and collaborative actions in the fields of education, youth, civil protection, emergencies, and

disaster relief. These initiatives aim to enhance the overall well-being of the population and promote efficient service delivery.

According to Arbós et al. (2009) there is a certain degree of weakness in the actions specified within agreements between the autonomous communities, although they do not quite reach the level of a Consortium. This situation, while not unique, is quite common in the comparative context, both in the horizontal dimension and in relations between the State and the autonomous communities.

The identified weakness in horizontal cooperation, as outlined by the same authors, appears to stem from the absence of formal, institutionalized cooperation. They note that there are no established mechanisms for horizontal meetings. While some initiatives such as meetings of the presidents of the autonomous communities in Brussels, pre-sectoral meetings, cooperation through autonomous agencies in Brussels, and annual meetings of the legal agencies of the autonomous communities exist, these arrangements are not formalized.

Scholars agree that, in terms of public policy effectiveness, horizontal cooperation is beneficial for citizens and promotes the rational use of resources. In terms of efficiency, implementing regulatory mechanisms for horizontal cooperation between autonomous communities similar to systems in European comparative law could indicate progress in intergovernmental cooperation. Establishing horizontal conferences could be a good first step in addressing these issues.

At the local level, the working committees of the Federation of Municipalities and Provinces (FEMP) serve as important mechanisms for horizontal collaboration among local authorities despite being primarily designed for vertical cooperation. These committees cover critical areas, such as economic development and employment, education, environment, security, civil protection, civic coexistence, urban planning, and housing. Horizontal cooperation takes the form of “*Mancomunidades*”, voluntary associations of municipalities working together on joint projects and providing shared services. The concept of *mancomunidades* dates back to the nineteenth century when municipalities first formed associations to protect their interests and provide public services. These entities have their autonomous budget and operate by delegating powers and functions from the governing bodies of constituent municipalities to provide services to all members involved. There are over 1000 *mancomunidades* across the country, bringing together more than 3500 municipalities

found in rural or sparsely populated areas, where inter-municipal collaboration is crucial for delivering essential services to residents.

## EU-INDUCED CHANGES IN HORIZONTAL COORDINATION

Spain's participation in the European Union along with the gradual increase in powers granted to the European Institutions through successive community treaties has had a significant influence on the nation's internal political structure and the responsibilities allocated to the autonomous communities under the 1978 Constitution. This impact is evident in the exclusive community competencies and shared competencies, which encompass areas such as competition policy, agriculture, fishing, environment, cohesion policy, social policy, consumer protection, transport, and energy.

The conference on matters related to the European Union (CARUE) is the primary mechanism for the autonomous communities to participate in the EU, as outlined in their statutes. Over time, CARUE expanded to a strong presence in the European Council. The representation is divided among various Council of Ministers formations, covering areas such as Employment, Social Policy, Health, Consumer Protection, Agriculture and Fisheries, Environment, Education, Youth and Culture, Competitiveness, Gambling, and betting. It is important to note that their participation is defined by their statutes and within the framework of state legislation. Additionally, these statutes grant the autonomous communities the ability to share feedback and suggestions to the central state concerning initiatives, proposals, regulatory projects, and decisions within the European Union. They also have the right to access information on these matters and are authorized to implement and enforce European Union law within their respective areas of expertise. Likewise, the autonomous communities participate in the committees of the European Commission, progressively increasing their engagement. They are now actively involved in over one hundred European Commission committees. This heightened participation underscores their growing role and influence in European decision-making processes.

On the other hand, the autonomous communities and the local entities participate in the Committee of the Regions. The country is represented by 21 members, 17 designated to represent the autonomous communities and the remaining 4 representing the local entities. The selection process is collaborative; the autonomous communities propose individuals for the

autonomous delegation, and the federation of Spanish municipalities and provinces (FEMP) designates the representatives for the local entities. Recent studies have underscored how the balance of power between the political forces governing the nation-state and the regions significantly influences their positioning within the European arena (Thatam, 2010). The relationship between the equilibrium of political forces between the central State and the autonomous communities and the ability of the regions to engage with the EU is closely intertwined. Autonomous participation in the European process is governed by cooperation agreements (González, 2013).

Nonetheless, the position of autonomous communities in the European Union heavily depends on the central state's willingness to facilitate their participation. Since stable and adequate means of participation are not constitutionally guaranteed, this involvement remains subject to the dynamic interplay of relations among various political parties. Consequently, the degree of engagement and influence of autonomous communities in the EU is intricately tied to the evolving political landscape and inter-party dynamics.

## RECENT TRENDS AND DEVELOPMENTS

Recent events, such as the severe economic recession in 2008 and the unprecedented COVID-19 crisis, have led to disruptions that primarily impact economic aspects, which, in turn, have implications for Intergovernmental Relations (IGRs). These circumstances emerged due to the necessity for national initiatives, driven by the European Union's demands for robust control over public accounts and the implementation of fiscal consolidation policies. The principle of budgetary stability has entailed stringent control over the spending, deficit, and debt of subnational governments, consequently bolstering the central government's position over the autonomous regions.

In the political sphere, these events have triggered a reconfiguration of the party system. The rise of populism and the proliferation of parliamentary groups have led to increased fragmentation within the national parliament (Ramos & Alda, 2020).

Moreover, during this period, an intergovernmental conflict unfolded between the Generalitat of Catalonia and the central State. The established model of the State's territorial organization faced challenges from the autonomous community's self-governing institutions. This marked

the first instance where the mechanism of intervention by the central government is outlined in Article 155 of the Spanish Constitution.

Simultaneously, the outbreak of the health crisis triggered by COVID-19 had an impact on the relationship between the central government and the autonomous regions, particularly regarding the coordination of actions in the healthcare sector. The complexities and dynamics of these relations prompted the need for ongoing examination of the role of the central government that sparked conflicts between the autonomous regions concerning their position in management, as well as disagreements and tension in the national political arena. According to Colino et al. (2012), these are the tendencies in intergovernmental collaborations in Spain:

- The evolution of the autonomous State, defined by new relationship mechanisms, has proven successful, both in the case of cooperation in sectors with concurrent competencies and participation in joint or state decisions by the Autonomous regions.
- Trends towards sectionalization of collaboration.
- Multilateral collaborative decisions and bilateral agreements between the State and the autonomous regions as well as the creation of participatory bodies in sectors such as the Dependency System or Agriculture.
- Movements towards increasing horizontal collaboration and coordination between the autonomous regions through new instruments, such as periodic meetings between autonomous regions reforming their statutes, sectoral working groups, and conferences of autonomous region presidents. After the COVID-19 health crisis, the current focus is on increasing mechanisms to deepen and coordinate relations within the health sector.

### CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNT

Spain's system is shaped by its unique historical and political context. The political transition from a centralized regime under General Franco to a decentralized democracy in the late twentieth century resulted in a cooperative framework primarily built around vertical relations between the central government and the autonomous communities.

The country's accession to the European Union on January 1, 1986, introduced an additional supranational layer, which gave rise to an administrative structure made up of four levels: central, regional, local, and European. This framework aims to ensure that the central government and the autonomous regions cooperate both horizontally and vertically in governing the country. While there are elements of horizontal collaboration, the predominant mode of intergovernmental relations and collaboration occurs vertically. This involves interactions between the central government and the autonomous regions, as well as multilateral arrangements encompassing multiple stakeholders.

Local authorities also play a role in this framework by engaging in direct interactions with both the central government and the autonomous regions. It is important to note that the direct relationship between local authorities and the central government primarily focuses on financial matters, regarding current or direct transfers from the central government to municipalities and provinces.

Horizontal intergovernmental relations are typically limited and somewhat delicate. Cooperation at this level is often informal and primarily political. However, since the reform of the statutes of some autonomous regions in 2008, efforts have been made to introduce new mechanisms and areas of political collaboration to promote and strengthen horizontal relations.

In the context of decentralization and the distribution of competencies, constitutional case law and revisions to the statutes of autonomy have played a pivotal role in defining the scope of competencies and responsibilities of both the State and the autonomous communities as well as their relations with the EU. The autonomous cooperation system allows autonomous communities to participate in decision-making bodies where EU Community acts are formulated and adopted. In this context, the Conference on affairs related to the European Union (CARUE), established in the late 1980s, plays a crucial role.

Significant events in recent years, such as the severe economic recession in 2008 and the unprecedented health crisis brought about by COVID-19, have sparked increased involvement with Intergovernmental Relations (IGRs), both horizontally and vertically, which required new and more collaborative tools for collective decisions through multilateral or bilateral methods. This adaptation is crucial for tackling modern challenges and ensures efficient governance and coordination.

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## CHAPTER 17

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# Türkiye: The Strong Role of Municipalities in Fostering Horizontal Coordination

*Sühal Şemşit* , *Sedef Eylemeyer* , and *Zahide Erdoğan* 

## INTRODUCTION

The strategic location of Türkiye, straddling the continents of Europe and Asia at the crossroad of the Balkans, the Caucasus, the Eastern Mediterranean, and the Middle East, has provided the country with significant power in the region and control over access to the Black Sea. It is a transit and destination country in terms of energy and migration due to its geographic location at the intersection of air, land, and sea routes

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between Asia and Europe. Greece, Bulgaria, Armenia, Azerbaijan, Georgia, Iraq, Iran, and Syria are the countries that Türkiye shares borders with. The proximity of Türkiye to the region that contains approximately 60% of the world's gas and oil reserves has increased the significance of Türkiye in terms of energy security and its role as an energy corridor for the consistent supply of Europe's energy requirements, which is especially important in light of the crisis in Ukraine (Türkiye's International Energy Strategy, *n.d.*).

Since its establishment in 1923, the Republic of Türkiye has been governed by democracy. After the adoption of the new constitution in 1924, the legislature's primacy was acknowledged, and it appeared that a "Westminster-style of democracy with a unicameral legislature, the separation of powers, and majoritarian elections" would result (Kalaycıoğlu, 2023, p. 1). In addition to embracing representative democracy, the 1961 Constitution was influenced by the European constitutionalism movement and established the Constitutional Court, Court of Cassation (*Yargıtay*), the Council of State (*Danıştay*), and the Turkish Court of Accounts (*Sayıstay*) to oversee the proper distribution of power (Kalaycıoğlu, 2023).

According to the Constitution of 1982, the governance model that forms the basis of the political system of the Türkiye is a parliamentary system. After the constitutional change in Türkiye with the referendum in 2017, the governmental system was changed to the Presidential Government System with the general elections held in 2018. Türkiye is a constitutional republic with a system of executive presidency and a 600-seat unicameral parliament (the Turkish Grand National Assembly—TGNA). TGNA has legislative authority on behalf of the Turkish people, the President has executive authority, and independent and impartial courts have jurisdiction (Türkiye Cumhuriyeti Anayasası, 1982). The Presidential Government System is a governance system based on the structure of a unitary state in which the President is elected by the people and is based on the Party Presidency. The President, who is the head of the executive and the presidential organization consists of 17 ministries and a vice presidency (Cumhurbaşkanlığı Kabinesi, *n.d.*). The adoption of the presidential system has led to a transformation in the governance structure, which in turn requires a reconfiguration of the coordination mechanisms. For instance, the Disaster and Emergency Management Presidency (AFAD) is the exclusive governing body in Türkiye responsible for managing and addressing disasters and emergencies (AFAD, 2023). AFAD,

which was affiliated with the Prime Ministry before 2018, is now affiliated with the Ministry of Internal Affairs.

Shortly after the European Economic Community (EEC) was founded in 1958, Türkiye applied for membership on July 31, 1959. The Agreement, known as Ankara Agreement, was signed on September 12, 1963, and came into force on December 1, 1964. At the Helsinki meeting of the European Council in December 1999, Türkiye was granted candidate status for the full membership to the EU. At its meeting on December 16–17, 2004, the European Council decided that Türkiye fulfilled the necessary criteria to start accession negotiations. Thus, the negotiations for Türkiye's accession to the EU commenced on October 3, 2005. Following the 2004 local government reforms, provisions involving the principle of subsidiarity were inserted in compliance with EU legislation, and the Municipality Law No. 5393, the Special Provincial Administration Law No. 5302, and the Metropolitan Municipality Law No. 5216 were approved. The implementation of NUTS (*The Nomenclature of Territorial Units for Statistics*) began as part of the Accession Partnership, which was approved in 2001.

Due to its geographical and strategic location, Türkiye is recurrently confronted with migrant and refugee influx. People with Turkish origin escaping from Bulgaria in 1989 due to the assimilationist policies of the communist government and Iraqi refugees fleeing conflict during the Gulf War sought asylum in Türkiye. A substantial number of Syrians have sought refuge mostly in Türkiye, Lebanon, and Jordan since 2011. The refugee crisis was precipitated by the unexpected increase in the number of Syrian refugees<sup>1</sup> in 2015, and the Readmission Agreement between the EU and Türkiye went into effect in 2016. Based on the data provided by the Presidency of Migration Management (PMM), the number of Syrians under temporary protection in Türkiye is 3,288,755 as of 14.09.2023 (Republic of Türkiye Ministry of Interior Presidency of Migration Management, 2023). In addition to people fleeing the civil war in Syria, there are people in Türkiye who have fled their homes in countries such as Afghanistan, Iraq, Iran, and Somalia. The influx of refugees fleeing Syria has placed not only a significant strain on Türkiye but also led to an increasing migration pressure on the EU countries. As a result, the “Facility for Refugees in Turkey” was established to provide financial

<sup>1</sup> Syrians are under temporary protection in Türkiye. In this chapter, the word “refugee” is used outside the meaning of “legal status”.

assistance for Syrian refugees in Türkiye in 2015 in conjunction with the “EU-Turkey Agreement dated 18 March 2016” known as EU-Türkiye migration deal (European Commission, 2023). Thus, the management of migration poses a dual challenge for Türkiye, necessitating intensive cooperation at both the central and local levels. Coordination of services such as education and health to be provided to Syrians under temporary protection requires coordination both at the level of ministries and provincial administrations in the central government and with local governments. However, the responsibilities of local governments regarding services for immigrants lack clarity, resulting in an ambiguous coordinating structure.

As another major current challenge, the rising expense of providing Syrians with temporary protection and the unorthodox monetary policies of Türkiye have contributed to rising inflation and currency depreciation. Furthermore, the economic issues have gotten worse due to the significant loss brought on by the earthquake. Drabek (1985, p. 85) states that disasters pose complex organizational challenges, and the duties required of responding organizations evolve accordingly. Hence, notwithstanding the variations in requirements, a comprehensive approach is necessary in times of emergencies. The significance of horizontal coordination and intergovernmental cooperation was demonstrated by two earthquakes with magnitudes of 7.8 and 7.5 that occurred on February 6, 2023, in the south-eastern part of Türkiye. 13.3 million people live in the area affected by the earthquake, which constitutes 15.7% of the total population of Türkiye and the entire cost of the earthquake is estimated to be \$104 billion (Bloomberg, 17 March 2023). AFAD operates under a coordination paradigm that involves numerous stakeholders at various levels. The AFAD coordination system spans the coordination among the central government, provincial institutions of the central government, local governments, and civil society. In this process, horizontal coordination among local governments is enabled under the coordination of the Union of Municipalities of Türkiye and other local government association at the regional level.

## INTERGOVERNMENTAL RELATIONS: THE POLITY

Türkiye is a unitary state, and the Constitution of 1982 serves as the foundation for the country’s administrative structure (Türkiye Cumhuriyeti Anayasası, 1982). The Turkish public administration is split into two tiers of administration: the central level and the local level. While local government is made up of municipalities, neighbourhoods (villages), and special

provincial administrations, central government include presidential offices, policy councils and ministries, which have provincial branches that are appointed centrally. Thus, the administration at the provincial level operates with a two-fold organization. Each province has provincial branches of the central government, and every province possesses its own local government structure.

Article 127 of the Constitution defines three categories of local government units (Türkiye Cumhuriyeti Anayasası, 1982): province, municipality, and village. Provinces are governed by the special provincial administration. The Constitution specifies the characteristics of local administrations as follows: (a) Local governments are public legal entities; (b) Local governments have autonomy; (c) The organs of local governments come to power through elections; (d) Local governments are allocated income in proportion to their functions; (e) Local governments may establish unions among themselves to carry out certain services; (f) The central administration has administrative tutelage authority over local administrations, as outlined in the law. This power is exercised to ensure that services are provided in accordance with the principle of administrative integrity, to maintain the unity of public functions, to protect the public interest and, where appropriate, to meet local needs. In the 2000s, the local government system was modernized in accordance with the Copenhagen criteria, and the Metropolitan Municipality Law No. 5216 and the Municipality Law No. 5393 were adopted in 2005. At the local government level, there are 81 provinces, 922 districts, 32,232 neighbourhoods, 18,278 villages, 30 metropolitan municipalities, 51 provincial municipalities, 519 metropolitan district municipalities, and 403 district municipalities (E-İçişleri Projesi, n.d.).

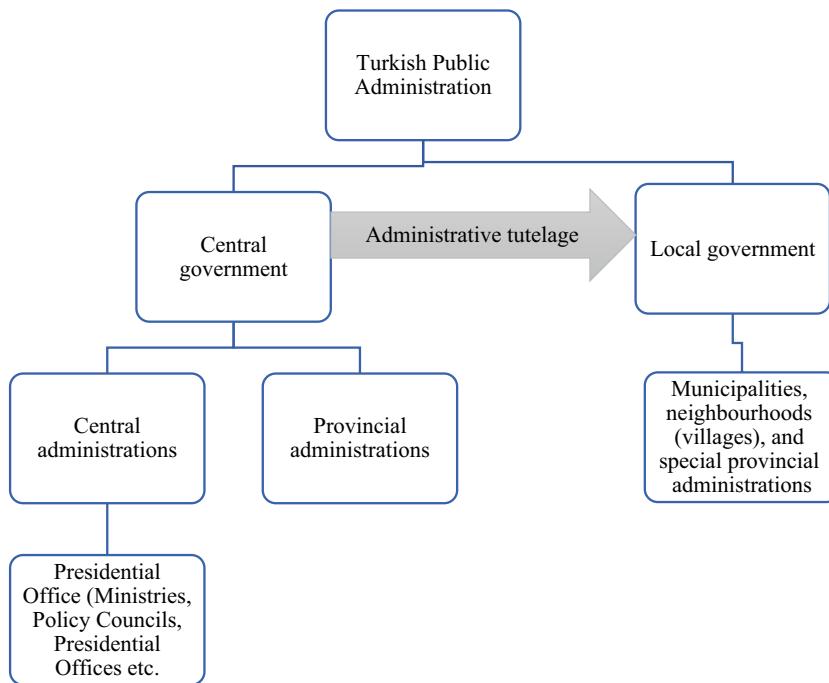
Centralization is the dominant feature of Türkiye's administrative system, and Article 127 of the 1982 Constitution indicates this fact. According to the local autonomy index for local authorities in the EU, Council of Europe and OECD countries, Türkiye has a medium-low degree of autonomy and the local governments' influence on making decisions with regard to their responsibilities of service provision is limited. The index indicates that, political discretion, legal autonomy, policy scope, and financial autonomy levels are low, while organizational autonomy and non-interference levels are relatively higher (Ladner et al., 2021, pp. 31, 71, 72). For instance, regarding financial autonomy, as almost half of the local governments' financial resources originate from general budget of

the central administration, this financial power is often used to influence the local governments (Eryılmaz, 2017, p. 218).

As a result of the reform that took place in 2017, the country now operates under a presidential system of government, and both the Prime Ministry and the Council of Ministers were abolished. The core organization of the Presidency serves as the basis for the central administration (Turhan, 2018). The central administration is comprised of the Presidential Government System, which includes the President, Presidential administrative units, the Presidential Cabinet, the Presidential Policy Boards, the Presidential Offices, and other affiliated institutions. The need for a “strong executive” was the driving force behind the shift from the parliamentary system to the presidential system (Çakır, 2018, as cited in, Erol, 2020). In the presidential system, the executive power is vested in the President, and the President possesses the power to issue Presidential Decrees on issues that are associated with the executive power. The Presidential Decree No. 1 regulated how the executive branch of government should be structured.

In the Presidential Government structure, as a new actor in the policy-making process, there are nine policy councils and four offices, one of which are Local Administration Policies Council. These councils are in charge of creating recommendations, putting up reports, and creating policy about the issues they are in charge of. To ensure the coordination of the responsibilities and actions of the policy councils in the common areas, it has been regulated that coordination meetings can be held with the necessary ministers, top managers of institutions, and organizations. Additionally, the aforementioned councils have the authority to establish working groups and seek a variety of information and documents from public institutions (Cumhurbşakanlığı Teşkilatı Hakkında Cumhurbşakanlığı Kararnamesi, 2018).

The duty of creating and organizing the initiatives that will serve as the foundation for policy development is carried out by Presidential Offices. The Digital Transformation Office is in charge of organizing the e-government transition, and the Finance Office is in charge of monitoring the project for the Istanbul Finance Centre. Projects to improve merit and competence in public employment, talent identification, and talent management are all under the purview of the Human Resources Office. On the other side, the Investment Office is in charge of luring capital into Türkiye and coordinating efforts by both the private and public sectors in the area of investment (Cumhurbşakanlığı Teşkilatı Hakkında



**Fig. 17.1** Turkish Public Administration System

Cumhurbaşkanlığı Kararnamesi, 2018). Consequently, this system has altered the process for policymaking, with policies now being developed collaboratively by these councils and offices (Fig. 17.1).

There are now seventeen ministries under the presidential form of government. The Presidential Decree No. 1 regulates the organizational structures of the ministries. Two of the most important institutions in terms of coordination with provincial administrations and local governments (especially municipalities) are the Presidency of Migration Management (PMM) and the Presidency of Disaster and Emergency Management (AFAD), both of which are linked with the Ministry of the Interior. In Türkiye, migration and disaster and emergency management are two policy areas where the central government initiates vertical and horizontal coordination with a multi-actor system.

The responsibilities of AFAD are outlined in Articles 30–56 of Presidential Decree No. 1. AFAD is responsible for coordinating the efforts of various institutions and organizations involved in tasks related to disasters, both before, during, and after the disasters. They also take necessary actions to ensure the efficient implementation of disaster and emergency services, as well as civil defence services, at the national level. The AFAD's responsibilities also include leading and organizing humanitarian relief activities both domestically and internationally. As a result, preparing for emergencies and disasters, providing coordination, and creating and enforcing regulations on these concerns can be summed up as the institution's responsibilities. Within this context, AFAD has been given the authority to collaborate and coordinate with other public institutions and organizations, universities, local administrations, and other non-governmental organizations associated with the topic, as well as private sector businesses and international organizations (AFAD, 2023).

AFAD, which is a part of the central administration, operates on two tiers: the central office and Disaster and Emergency Board are located at the centre, while the provincial organizations and provincial coordination board are situated in the provinces. AFAD currently operates central office and 81 provincial branches around Türkiye, alongside 11 search and rescue teams. Despite being the sole agency to handle disasters and crises, AFAD collaborates with many government institutions and non-governmental organizations, depending on the specific circumstances and seriousness of each occurrence. The AFAD's Disaster and Emergency Board is in charge of advising the institutions, deciding on policy and priority initiatives, and making recommendations for protective and preventative actions for disasters and emergencies. The Minister of Internal Affairs is the chairman of this Board, and representatives of relevant ministries and the Turkish Red Crescent Association, Boğaziçi University, Kandilli Observatory, and Earthquake Research Institute are members of this board. When necessary, representatives of other ministries, public institutions and organizations, universities and non-governmental organizations, and relevant experts may be invited to the Board meetings (Bazi Cumhurbaşkanlığı Kararnamelerinde Değişiklik Yapılması Hakkında Cumhurbaşkanlığı Kararnamesi, 2020). On the other hand, the Disaster and Emergency Board is subordinate to the Ministry of Interior, unlike the 9 Presidential Councils within the Presidential Government. Therefore, this Board is evaluated separately in the coordination task of the Boards affiliated to the Presidency. Within the framework of AFAD's Türkiye

Disaster Risk Reduction Plan (TARAP) and Türkiye Disaster Response Plan (TAMP), provincial AFAD branches prepare provincial disaster risk reduction and response plans with the governor's approval. In this setting, the functions and obligations of the central government's provincial administrations and municipalities are well defined. There is a Provincial Disaster and Emergency Coordination Board in the provinces, and local governments' representatives are members of this board (AFAD, 2022).

Under the Ministry of Interior, the Directorate of Migration Management was founded in 2013. Its name was changed to the "Presidency of Migration Management (PMM)" following the shift to the presidential government system in 2018. Monitoring and coordinating the execution of migration-related policies and initiatives in Türkiye is the responsibility of the PMM. Additionally, it is responsible for tasks including maintaining inter-institutional cooperation for human trafficking, the harmonization process, providing temporary protection, preventing irregular movement, taking action, and supporting the planning of public institutions' actions related to migration (Cumhurbaşkanlığı Teşkilatı Hakkında Cumhurbaşkanlığı Kararnamesi, 2018). Formulating Türkiye's immigration policies, as well as overseeing coordination and implementation, are the responsibilities of the Migration Board<sup>2</sup> within the PMM. The Board meets under the chairmanship of the Interior Minister, and members include representatives of the Ministries, institutions, and organizations chosen by the Interior Ministry. Local governments directly deal with asylum seekers and immigrants and have an important role in their integration. However, local governments do not have a clear authority and responsibility within the scope of the Law on Foreigners and International Protection No. 6458. In Law No. 6458, duties and authorities regarding migration are kept within the central government and local governments are included among the institutions to be cooperated on the integration of immigrants. The lack of clear provisions regarding immigrants in municipalities' legislation, the allocation of a substantial portion of their resources from tax revenues, the challenge of delivering services to non-Turkish residents, and the lack of a dedicated fund for asylum seekers-refugees pose

<sup>2</sup> "The Migration Policies Board", which had been abolished by Decree No. 703, has been reorganized as the "Migration Board" by Presidential Decree No. 17, published in the Official Gazette on September 13, 2018, in conjunction with the transition to the Presidential Government System.

difficulties for municipalities in providing services related to immigration (Adıgüzel & Tekgöz, 2019).

At the local level, municipalities serve as the outstanding public administrations in the local government system of Türkiye with their budgets and competences. In this regard, unions of municipalities can be shown as one of the significant dimensions of horizontal governance in Türkiye. The Union of Municipalities of Türkiye (UMT) was established in 1945 as an association and was subsequently granted the status of a union of local administrations in 2002. Its primary objective is to safeguard the rights and interests of municipalities and to operate in the field of municipalism. In 2005, UMT was granted authority to act as the representative of municipalities at both national and international levels, with all municipalities automatically becoming members (Union of the Municipalities of Türkiye, n.d.-b). Besides this umbrella union, regional local government unions such as Marmara Municipalities Union, Aegean Municipalities Union, Mediterranean Municipalities Union, Central Anatolian Municipalities Union, East Anatolian Municipalities Union, Southeast Anatolian Municipalities Union, and Eastern Black Sea Municipalities Union have been operating in different geographic regions of the country. These Unions support service provision and capacity building of municipalities, undertake interest representation and lobbying activities for its members towards the central government, promote collaboration among municipalities particularly in the areas of sustainable development, environmental policies, and disaster management, being dependent on vertical policies in these areas.

## HORIZONTAL INTERGOVERNMENTAL COORDINATION: POLICY AND POLITICS

The main typical instance of horizontal coordination at the local and regional level in Türkiye is the horizontal relations between municipalities. Municipality unions in different regions serve as platforms to establish collaboration among mayors and council members elected from different political parties. Overall, the unions of municipalities in Türkiye carry on activities in various areas such as migration and social cohesion, environment, urbanization, and local economic development. Moreover, training, consulting, institutional capacity building, supporting scientific research, advocating local democracy, and gathering relevant stakeholders are

declared as the main activity areas of these unions. Above all these regional municipality unions, The Union of Municipalities of Türkiye (UMT) is serving as an umbrella organization. UMT mainly aims to defend the common interests of the municipalities and to improve municipalism and also to represent the municipalities at the national and international level. When the strategic plan of UMT (2020–2024) is examined, it is seen that main policy issues tackled by the union include alignment with the European Charter of Local Self-Government, investing in the information technologies, supporting municipalities in developing smart city systems, aligning with the UN sustainable development goals in environmental and urban planning, encouraging solidarity between municipalities affected by natural disasters collaborating with AFAD and Red Crescent, and supporting local democracy (The Union of Municipalities of Türkiye, [n.d.-a](#)). Moreover, the UMT carries out activities on social municipalism, cities without obstacles, and zero waste policies. In fact, UMT supports vertical policies of the central government in its horizontal activities particularly through instruments such as training, consulting, corporate capacity building, and raising awareness activities and projects.

UMT coordinates its activities through the three main bodies: The President of the Union, Union Council, and Municipal Committee. Unions' organization consists of secretary general, deputies, and department directors under the presidency of the Union. Union Council consists of the mayors of metropolitan and provincial municipalities and municipalities with population of 100,000 and over as natural members. Besides, the mayors and the municipality councils of each city elect representatives depending on the number of Parliamentarians from that city. Municipal committee consists of 15 members and are elected by the Union council among the mayors for one year. The President of the Union is elected from the mayors in the Union Council for two years. The duties and competences of UMT include defending the interests of the municipalities, filing lawsuits on behalf of all municipalities when necessary, expressing opinions and making suggestions on the legislative preparations concerning the municipalities, and taking initiatives and developing legislative proposals for the solution of problems reported by municipalities or identified by the Union (The Union of Municipalities of Türkiye, Activity Report, [2022](#)). Thus, the main power of the UMT is its competence for lobbying to influence the central-level decision making on issues related to the municipalities and filing lawsuits on behalf of municipalities. The other tasks are limited to technical support to local governments.

Among the regional municipality unions, the first, largest, and the most active one is Marmara Municipalities Union (MMU). The fields of activity of the Union include environmental issues, migration and social cohesion, local diplomacy, resilience, economic development, and urban innovation. Regarding these issues, the Union's activities include training, corporate capacity building, consulting, awareness raising, promoting local democracy, supporting scientific research, and organization of events bringing together related stakeholders. Under the MMU, the centres on issues such as sustainability and climate change, urban policy, migration policy, data and technology support its activities (Marmara Municipalities Union, [n.d.](#)).

When looked at the specific strengths and problems of the horizontal coordination among municipalities, the main strengths of UMT are its public entity status and administrative and financial autonomy, and its experience since 1945 being the only union representing all municipalities. The main problems in horizontal coordination are the conflicting interests and capacities between different ranges of municipalities, insufficient consultation and consensus culture in decision-making processes with regard to local governments, dominance of centralization in various issues, insufficient comprehension of the significance of municipalities unions, and challenge of collaboration between municipalities composed of members of different political parties (The Union of Municipalities of Türkiye, Activity Report, [2022](#)).

Cross-border horizontal coordination in Türkiye has been strengthened through EU funds under Instrument for Pre-accession Assistance as Türkiye is a candidate country for EU membership since 1999. Türkiye has been involved in one cross-border and two transnational cooperation programmes in the 2021–2027 period. These programmes are the Interreg IPA Bulgaria-Türkiye Cross-border Cooperation Programme, the Interreg NEXT Black Sea Basin Cross-border Cooperation Programme, and the Interreg NEXT MED Cross-border Cooperation Programme. The National Authority in these programmes is the Directorate General for EU Affairs under the Ministry of Foreign Affairs (Republic of Türkiye Ministry of Foreign Affairs Directorate General for EU Affairs, [2023a](#)).

Interreg IPA Bulgaria-Turkey Cross-border Cooperation (CBC) Programme is one of these cross-border cooperation programmes. Ministry of Regional Development and Public Works of the Republic of Bulgaria serves as the Managing Authority while Republic of Türkiye Ministry of Foreign Affairs Directorate for EU Affairs is the National Authority. The cooperation area includes the Bourgas, Yambol, and

Haskovo in Bulgaria and Edirne and Kırklareli in Türkiye. Joint Technical Secretariat is based in Haskovo and the support office of the Secretariat is based in Edirne (Republic of Türkiye Ministry of Foreign Affairs Directorate General for EU Affairs, 2023b).

The CBC programme has been successful in its contribution to the development of cross-border regions on social, cultural, environmental, and business issues. The funded projects include preservation of the cultural heritage, clean energy, disaster management, cultural tourism, women entrepreneurship, and sustainable agriculture. In the 2014–2020 period, the impact on sustainable regional development reached a significant level. The resources concentrated mainly on the areas of tourism and environment due to the needs of the region. Whereas the impact of the projects conducted by NGOs remained relatively low, the projects conducted by larger organizations such as municipalities resulted in higher impact on the regions with their higher budgets for infrastructure and investment (Afrit Ltd, 2023).

During the 2021–2027 budget period, the priority objectives of the cross-border Programme are identified as “a greener and low-carbon Europe, a Europe closer to citizens, a safer and more secure Europe”. Under the objective of greener and low-carbon Europe, the Programme targets the rise of energy efficiency and reduction of greenhouse gas emissions and to facilitate the transition to a circular and resource efficient economy. Under the objective of a Europe closer to citizens, it is aimed to “strengthen the integrated and inclusive social, economic and environmental local development, culture, natural heritage, sustainable tourism and security”. For a safer and more secure Europe, the Programme aims to improve migration management. The budget of the Programme is 34.4 million Euro, of which 29.2 million Euro is from the EU funds and 5.2 million Euro is from the national funds of Bulgaria and Türkiye (Republic of Türkiye Ministry of Foreign Affairs Directorate General for EU Affairs, 2023b).

Black Sea Basin Cross-border Cooperation Programme is another cross-border cooperation programme. This multilateral programme which covers Armenia, Bulgaria, Georgia, Greece, Moldova, Romania, Türkiye, and Ukraine is financially supported by both the European Neighbourhood Policy Instrument and IPA funds. The Joint Managing Authority was founded in Romania by the Ministry for Development, Public Administration. Directorate General for EU Affairs under the Ministry of Foreign Affairs is the National Authority in Türkiye. The total budget of

the programme together with national co-financing is 67.8 million Euro. Priorities and topics for the 2021–2027 period includes a smarter Europe and its neighbourhood through improving research and innovation and the adoption of new technologies. The second objective is a greener, low-carbon Europe and its neighbourhood under which there are the aims of increasing adaptation to climate change, and disaster resilience, and protecting and preserving nature, biodiversity, and green infrastructure and decreasing pollution (Republic of Türkiye Ministry of Foreign Affairs Directorate General for EU Affairs, [2023c](#)).

Black Sea CBC Programme has funded projects promoting tourism, cross-border tourism, and cultural events as well as agricultural and agro-industrial business events, small-scale investments in cultural and historical sites, waste management tools, cooperation for disaster prevention and environmental monitoring, women entrepreneurship, Black Sea marine ecosystem, cultural collaboration among Black Sea harbours, energy efficiency, entrepreneurship, and sustainable agricultural trade (ENI CBC Black Sea Basin Programme, [2023](#)).

Mediterranean Sea Basin Programme is another cross-border cooperation area. The Managing Authority of the Programme is located in Sardinia. The Programme covers Algeria, Cyprus, Egypt, France, Greece, Israel, Italy, Jordan, Lebanon, Malta, Palestine, Portugal, Spain, Tunisia, and Türkiye. The budget of the programme which is among the EU's high budget cross-border Programmes is 281.4 million Euros. Policy objectives of the Programme include a “more competitive and smarter Europe, a greener, low-carbon Europe, a more social and inclusive Europe adopting the European Pillar of Social Rights, and Interreg-specific objective of a better cooperation governance” (Republic of Türkiye Ministry of Foreign Affairs Directorate General for EU Affairs, [2023d](#)). Since Türkiye has been included in the 2021–2027 period, the Programme has not led to concrete outputs yet.

## EU-INDUCED CHANGES IN HORIZONTAL COORDINATION

As Türkiye has been a candidate country to the EU since 1999 and in accession negotiations since 2005, it has been benefiting from Instrument for Pre-accession Partnership and Interreg Programme for horizontal coordination. UMT as one of the main actors in local and regional horizontal coordination prioritizes establishing horizontal networks with European partners and represents local governments in European

networks. One the priorities of the strategic plan of UMT is to support the participation of municipalities in international policies and agreements in the related areas, to get funding from international organizations including the EU, to exchange good practices and to promote good governance among municipalities, to support and guide the municipalities in their alignment process with the EU acquis related to local government, to support municipalities in their town twinning initiatives at the national and international level. As of 2023, the number of international town twinning agreements of local governments in Türkiye is 1848 (The Union of Municipalities of Türkiye, [n.d.-a](#)). These agreements are subject to the approval of the Ministry of Environment, Urbanisation and Climate change according to the Law no 5393, Article 74 (Yurtoğlu Pek, [2022](#), p. 64).

Regarding international relations, UMT represents the municipalities of Türkiye abroad and in the related international organizations, influencing the international agenda with respect to local governments, exchanging information and experience on international good practices to support the solution of common problems, helping the municipalities affected by natural disasters, and encouraging solidarity and friendly relations. UMT also represents Turkish local government in the United Nations and the European Union and attempts to share international good practices and standards with Turkish municipalities. UMT participates in the following international organizations either as a member or as part of their secretariat: Council of European Municipalities and Regions, Council of Europe Congress of Local and Regional Authorities, Turkey Working Group of the European Union Committee of the Regions, United Cities and Local Governments, United Cities and Local Governments Middle East and West Asia Regional Organization, World Water Council. It also serves as a partner of the European Mobility Week mobilizing the activities of various municipalities in Türkiye in this regard. In addition, UMT implements international projects with local governments and municipal associations in other countries. UMT also guides the municipalities in Türkiye in their efforts to align with and implement the EU Acquis on local governments and supports the effective use of EU funds (Republic of Türkiye Ministry of Foreign Affairs Directorate General for EU Affairs, [2019](#), pp. 18–19).

Since the start of the candidacy process to the EU, most of the local governments established departments of EU and international relations and they preferred to engage in town twinning initiatives mostly with

European counterparts. Besides, local governments have been benefiting from Horizon 2020 and Horizon Europe Programmes in the areas such as smart, green, and integrated transportation and smart urbanization. Thus, good relations between Türkiye and the EU created positive reflections in the local dimension and horizontal coordination with the other countries (Yurtoglu Pek, 2022). On the other hand, deterioration of the relations with the EU and the recentralization through the Presidential System reversed the decentralization trends.

### RECENT REFORMS/TRENDS/DEVELOPMENTS

Trends and developments in Europe and the world closely affected the local governments and horizontal coordination in Türkiye. Digitalization and COVID-19 pandemic both contribute to the acceleration of the e-governance trends in Türkiye. E-governance which supports participation, accountability, and interaction in the administrative issues also increases the satisfaction of all stakeholders and facilitates easy access to the services. UMT particularly gives priority to e-governance and information technologies and most of the municipalities are implementing e-municipalism and e-communication and video-conferencing through information technologies. Besides, local governments are using social media instruments which could support the promotion of their activities as well as their horizontal interactions with their national and international counterparts (Bayrak & Karakılıç, 2022).

The second trend in horizontal coordination in Türkiye is developing smart city implementations in parallel with EU policies. For instance, UMT is a vital partner in the application of National Strategy and Action Plan on Smart cities adopted for the 2020–2023 period by Ministry of Environment, Urbanisation and Climate change (Ministry of Environment, Urbanisation and Climate Change, 2019). In this regard, UMT has been carrying out training activities and workshops, supporting municipalities to develop smart transportation system strategic plans and to receive national and international funding, and creating collaboration through town twinning under EU funding to exchange ideas on best practices (Arslan, 2024).

Migration management has also been one of the priority areas of horizontal coordination in Türkiye since the Syrian migration crisis. International migration movements not only affect international politics but also local governance due to the necessity of integration of migrants.

Municipalities are the main actors to meet the needs of migrants for accommodation, education, health, social, and cultural integration and to solve the problems in these areas. As of September 2023, there are approximately 4.8 million regular migrants in Türkiye (Republic of Türkiye Ministry of Interior Presidency of Migration Management, [n.d.](#)) which strongly necessitates horizontal coordination and collaboration in this area. UMT established Migration and Cohesion Center as part of its support to the municipalities in their efforts to solve their financial problems and facilitate their access to projects and funds with regard to issues in local migration management. Among various projects in horizontal coordination, the Resilience in Local Governance (RESLOG) project has been implemented in cooperation with the Swedish Association of Local Authorities and Regions, UMT, Marmara Municipalities Union, Çukurova Municipalities Union to increase the resilience of Syrians and local communities strengthening local governance, peaceful cohabitation, equal access to services, and improving living standards. In this context, the Migration Platform of Mayors was established and workshop series between Swedish and Turkish municipalities was organized in order to exchange views and share good practices in these issues (The Union of Municipalities of Türkiye, [2021](#); RESLOG Project, [n.d.](#)).

Other recent issues in horizontal governance are climate change and disaster risk management. Regarding climate change, in 2019, 24 municipalities including 6 metropolitan municipalities gathered and announced a declaration on climate change and their commitment to make efforts for achieving the goals of Paris Climate Agreement (Yurtoğlu Pek, [2022](#), p. 63). Besides, local governments participated in a panel in 2022 in Türkiye's first Climate Council and exchanged views on climate change and their ways of tackling the climate crisis (UNDP Türkiye, [2022](#)). Regarding disaster risk management, municipalities in Türkiye have also responsibilities in the prevention, preparedness, and response to the disasters. UMT organizes events on disaster resilience and management to exchange views among municipalities with the participation of international counterparts experienced in these issues (Yurtoğlu Pek, [2022](#), p. 66). As an example of horizontal coordination in this area, in the first day of the February 2023 earthquakes, UMT established a crisis management desk and sent equipment and humanitarian aid from municipalities to the earthquake area in coordination with AFAD. Moreover, UMT also played a role in the coordination of humanitarian aid from foreign local governments and local government associations.

## CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNT

Horizontal coordination in local and regional dimensions in Türkiye is mainly implemented among municipalities and unions of municipalities. Although there are regional unions of municipalities in different regions of Türkiye, not all of them are active and efficient at the same level. Among them, Marmara Municipalities Union is the largest, most active and efficient one, having international horizontal collaborations. When looked at the distribution of international municipal collaborations in Türkiye, it is seen that there are important differences among the regions. While Marmara region has a share of 40% in international town twinning, the share of the Eastern Anatolian region is only 2%. Although international tourism activities are crucial for Aegean and Mediterranean regions, they are not engaged in horizontal collaborations with international partners at the same level (The Union of Municipalities of Türkiye, 2023).

The main challenges ahead for Türkiye are climate change, migration management, and disaster risk management not only at the national level but also at the local level. Hence, these areas require a significant degree of horizontal intergovernmental coordination at the local, regional, national, and international level. The climate change leading to floods, wildfires, and droughts is increasing the exposure and vulnerability of Türkiye to various types of disasters. In this respect, climate migration is expected to arise in addition to the current migration flows due to the instability and geopolitical tensions around Türkiye. Although the large influx of migration has been managed rather successfully and significant steps were taken for horizontal coordination under UMT, there is a need for improvement in developing common standards at the local level.

Disaster management which is also closely related with climate change is also expected to be one of the challenging policy areas in Türkiye. Moreover, as most regions of Türkiye are on earthquake zones, this issue will be particularly on the top of the agenda of central and local governments in the coming years. Although there has been increasing awareness and horizontal coordination after the 1999 earthquake disaster in the Marmara region of Türkiye, the devastating earthquakes in the southeastern part of the country in 2023 have shown that there is much work to be done in improving disaster-resilience in cities. In this regard, horizontal intergovernmental collaboration both among ministries and among

local governments is of critical importance for preventing further damage from the disasters. Enhancing horizontal collaboration with the experienced countries and local governments in disaster resilience is also a vital aspect of these policies. However, recentralization tendencies of the Presidential System and its restrictive impact on local democracy as well as political polarization and insufficient consultation and consensus culture created significant challenges for an efficient horizontal coordination among local governments. Moreover, lessons learnt from migration and disaster management are that the inadequate competence of local governments in vertical coordination and the limitations in the administrative capacity and financial resources of local governments also restrict the efficiency of horizontal coordination.

Horizontal intergovernmental coordination at the international level is also closely affected by the trends and developments in the foreign policy (Yurtoğlu Pek, 2022, p. 72). For instance, the candidacy status of Türkiye for full membership to the EU and accession negotiations enhanced cross-border cooperation and horizontal coordination among local governments with the European partners. International relations and collaborations of municipalities in the local and regional level will continue to be shaped by the geopolitical and foreign policy developments.

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## CHAPTER 18

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# United Kingdom: Challenges of Horizontal Coordination Within the Context of Asymmetric Devolution

Bettina Petersohn 

## INTRODUCTION

The UK serves as an interesting case for the study of intergovernmental relations, as it is, on the one hand, one of the oldest democracies in Europe with a long-standing tradition of centralisation of power combined with a recognition of distinct nations forming a union-state rather than a unitary state (Bulpitt, 1983). On the other hand, the devolution agreements of 1998 created separate governments and parliaments for Scotland, Wales, and Northern Ireland and started a process of asymmetric increase of decision-making powers in the devolved nations. In comparison to classic federal states, though, devolution in the UK followed a gradual rather than planned process in response to demands and pressures in particular from nationalist parties in Scotland and Wales, and unresolved and violent

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community conflicts in Northern Ireland (Jeffery, 2009). As a result, the UK is characterised by a unique institutional architecture, combining a strong centre with high levels of regional authority for some parts, but not the majority of the territory. The experimental nature of reforming the distribution of power and resources can be witnessed again after Brexit with regard to the negotiations on how to reallocate powers previously exercised by EU institutions with devolved governments demanding the transfer of some of those powers directly into their areas of jurisdiction. The border between Northern Ireland and the Republic of Ireland (ca. 500 km) is the only land border of the UK. Agreements between the UK and Ireland have made that border more porous to facilitate trade and personal mobility. With the UK leaving the European Union, the 'border issue' has become a renewed object of tensions between the UK Government, the devolved government in Northern Ireland, and the Republic of Ireland.

Several aspects of the institutional architecture of the UK are relevant for understanding the type of intergovernmental relations that have emerged, as well as the challenges associated with the creation of alternative, more institutionalised forums of coordination. First, special emphasis is placed in the UK on the notion of parliamentary sovereignty—by the political elites and academic scholars alike (Dicey, 1996). The Houses of Parliament are considered to be the central arena of decision-making, and by constitutional convention, only Parliament can overrule its own decisions. The principle of parliamentary sovereignty has been challenged by devolution and the creation of the Scottish Parliament, the Welsh Parliament, and the Northern Ireland Assembly, legislating in devolved areas of jurisdiction for the people residing in the devolved territories (see Little, 2004). During the passage of the Scotland Bill 1997–98 in the House of Lords, Lord Sewel outlined the policy that the UK Parliament continues to have the legal right to legislate in areas of devolved competences but would not normally do so without the consent of the devolved parliaments. The so-called *Sewel Convention* was included in the Memorandum of Understanding between the executives of the UK, Scotland, Wales, and Northern Ireland providing a guideline for the relations between the governments and parliaments after devolution. However, it placed the responsibilities on the devolved administrations for seeking an agreement on planned legislation by the UK Parliament in devolved areas (MoU, 2013). It was later reiterated in the *Scotland Act*

2016 that also included a permanence clause, protecting the existence of the Scottish Parliament from unilateral decisions by Westminster Parliament.

Second, the size of devolved nations, their number of seats in the House of Commons, and the use of a single-member district plurality system (also called 'First-past-the-post') as an electoral system impact the party system at Westminster but also shapes the dynamics of party competition in each nation. Due to the majoritarian electoral system, the two main parties—the Conservative Party and the Labour Party—have a realistic chance of winning a general election, but a breakdown of winners in each nation reveals distinct patterns of political competition. In the 2015 general election, for example, the Scottish National Party (SNP) gained 56 of the then 59 Scottish seats, the Conservative Party won 319 out of 533 constituencies in England, the Labour Party won in Wales, gaining 25 of the then 40 Welsh seats, and the Democratic Unionist Party won 8 of the 18 seats in Northern Ireland. The picture was repeated at the following elections in 2017 and 2019 with slightly different numbers of seats. A boundary review process between 2021 and 2023 resulted in changes in the number of constituencies within each nation, and hence changed the number of representatives each nation will send to the House of Commons. The number of constituencies in England increases to 543 out of 650 seats in the House of Commons; 57 MPs are elected in Scotland, 32 in Wales, and 18 in constituencies in Northern Ireland. As a consequence of the differences in size of the four countries within the UK, Westminster elections are dominated by the competition over voters in England. The sheer difference in size and political power in Parliament, combined with the absence of devolution for England, form a challenge for devolved governments to establish horizontal coordination bodies at the regional level.

Third and linked to the previous point, territorial politics is mainly driven by two objectives championed by different actors: on the one hand, the demand of devolved governments and parties with a strong electorate in the devolved territories for further devolution of power. In the case of the Scottish National Party, the Scottish Greens, and Plaid Cymru—the Party for Wales, these demands are fuelled by the idea of gaining full independence from the UK at some point in the future. In the case of the Welsh Labour Party, the Scottish Labour Party, or parties in Northern Ireland, demands for reform are raised on the basis of inadequate devolution arrangements, lack of autonomous sources of revenue, and a desire to make devolution work more effectively and efficiently for the people living

in the respective territory. On the other hand, governments in Westminster have made attempts to decentralise decision-making in England, largely driven by functional and economic considerations to stimulate economic growth in the metropolitan areas beyond London, and to manage the consequences of over-centralisation on the housing market and living costs, particularly in London and the South of England. Even though the most recent City Deal initiative—started in 2010—has been welcomed by local councils and mayors in the metropolitan areas, the central government retains control over the design and framework of those deals as well as the funding allocated to them (HM Gov, 2011). Occasionally dubbed ‘devolution for England’ by leading politicians, those city deals have little in common with the level of authority or democratically elected institutions created for the devolved governments in 1999.

Current major challenges for UK politics and policymakers include the persistent regional economic inequalities and performance with the Greater London area having a GDP per capita twice as high as that of the Midlands, the Northeast or Wales, and are linked with high levels of centralisation of decision-making at Westminster Government. The ‘levelling up agenda’ by the Westminster Government under Boris Johnson and Rishi Sunak (2019–2022 and 2022–2024) was directed at the North of England in particular and included improving infrastructure (e.g. high-speed rail, regional public transport, highway links) and increasing economic growth in underperforming regions of the UK. A second challenge arises from the consequences of UK’s exit from the European Union for stimulating growth, for internal trade, as well as for the relations between the nations. The vote in favour of Remain in Scotland in the 2016 referendum has fuelled demands for Scottish independence to re-join the EU. More acutely, Brexit has changed the land border between Ireland and the UK into an external border of the EU, making checks at the border necessary. However, the governments of Ireland, Northern Ireland, and the UK aimed at maintaining an open border, mobility, and peaceful community relations at the same time. As a compromise, a ‘border’ was established in the Irish Sea to implement the difference in the membership. The shift in that demarcation line, however, is regarded as consequential for the future of Northern Ireland and the potential for reunion with the Republic of Ireland. Finally, and similar to other countries, the climate emergency is posing a challenge for the central and devolved governments trying to balance questions of energy security, transition to renewable energy resources, and sustainable economic development. In

addition, and more specific to the UK and England, the privatisation of areas of formerly state-provided public goods in the 1980s, such as water supply or public transport, has resulted in underinvestment in key infrastructures. While shareholders of water companies, for example, received high annual profits, investment in the waterways was lacking. The continued release of raw sewage into rivers and the sea had led to an increased level of river pollution and a surge in public protest. In 2023, several water companies, including Thames Water, were at risk of bankruptcy, calling upon the UK Government for support, as well as announcing an increase in costs for customers to raise money for the required infrastructure improvements.

### INTERGOVERNMENTAL RELATIONS—THE POLITY

Intergovernmental relations in the UK are shaped by the way in which the devolved entities were created following the rising demand for greater decentralisation since the 1970s. When political decentralisation finally happened in 1998, negotiations followed a process of separate, bilateral agreements for Scotland, Wales, and Northern Ireland. Each agreement included the creation of a devolved legislature and government with distinct sets of powers and areas of jurisdiction. While Scotland was given primary legislative power from the beginning, Wales first operated under a conferred powers model under which legislation required the consent of Westminster to be passed in Wales. Only with the *Wales Act 2017* was the model changed to the reserved power and primary legislative powers for Wales. The specific context of community divisions in Northern Ireland shaped their devolution agreement, introducing a consociational power-sharing model for the government in Northern Ireland, while defence and security, the Crown, and Parliament remained matters in the jurisdiction of Westminster. The degree of asymmetry is further enhanced by the fact that devolution is entirely absent in England, meaning that the largest part of the population and territory does not benefit from a devolved government (for more detail, see, e.g. Jeffery, 2009; Mitchell, 2013).

The different tiers of government include the central government situated at Westminster in London, devolved governments for Northern Ireland in Belfast, for Scotland in Edinburgh, and for Wales in Cardiff, as well as local governments in all four parts of the UK. In terms of regional authority, devolved governments enjoy a high level of self-rule while shared rule is less developed for all three governments according to the

regional authority index (RAI).<sup>1</sup> The RAI measures the extent to which regional actors can take policy decisions for the regions independently from the centre as well as to which extent their interests are represented in decisions taken at the centre for the country as a whole. Indicators of shared rule cover the extent to which regional representatives co-determine legislation for the entire country, the distribution of tax revenues, borrowing rules, or tax reforms, as well as constitutional change (Hooghe et al., 2016).

At the start of the devolution process, the focus was first on the transfer of legislative authority, and responsibilities over health care, culture, language, transport, and tourism were devolved in a first step, followed by parts of energy policy, environmental policies, as well as electoral rules used for devolved parliaments in later rounds of devolution. In contrast, tax-raising and borrowing powers were largely absent from the early devolution agreements (Scotland Act, 1998; Government of Wales Act, 1998). As a result, devolved governments remained dependent on transfers from Westminster Government enshrined in the so-called Barnett formula and connected to spending decisions of the government at Westminster. However, with the election of the SNP into government in Scotland in 2007, constitutional debates about reforming the original agreements started and resulted in the *Scotland Act 2012* which significantly increased the financial accountability and revenue-raising powers of the Scottish Parliament. With the *Scotland Act 2016*, income tax rates and tax bands were transferred to Scotland, followed by an increase in fiscal authority for Wales with the *Wales Act 2017*.

The high degree of self-rule stands in contrast to the weakness of formal shared rule and opportunities for representation of devolved governments in central decision-making. The constitutional reform debates form an exception to the otherwise limited occasions in which representatives of the two levels of governments would discuss or coordinate their policy initiatives. As a result, IGR in the UK is less institutionalised and follows a pattern of informal relations and ad-hoc meetings, providing the central government with more influence over the frequency and the agenda of those meetings (Swenden & McEwen, 2014; McEwen & Petersohn, 2015). The Memorandum of Understanding of 2001 underlines the need

<sup>1</sup> In 2018, Scotland scores 14 out of 18 on self-rule, Wales reaches 13 and Northern Ireland a score of 12 on self-rule. All three regions have a score of 6.5 on the shared rule dimension (Shair-Rosenfield et al., 2020).

for cooperation, stating: “All four administrations are committed to the principle of good communication with each other, and especially where one administration’s work may have some bearing upon the responsibilities of another administration” (MoU, 2001—cited from updated version MoU, 2013, p. 5). The MoU provided for the creation of the Joint Ministerial Committee (JMC), bringing the devolved governments and the Westminster Government together either in its ‘domestic’ variant for discussions of UK policy or in its ‘Europe’ variant, following the agenda of the European Council meetings, designed during the time when the UK was a member of the EU. Despite their official status, JMCs did not gain the same relevance as intergovernmental conferences have in several federal countries. In classical federal states, the distribution of powers often includes more shared responsibilities, which necessitate greater formalisation and regularity of intergovernmental coordination. With the bilateral nature of devolution agreements, and the absence of a devolved parliament and government for England, the need for intergovernmental coordination is felt stronger within the devolved nations (Gallagher, 2012), but they are limited in their opportunities to create those forums.

The asymmetry in the polity continues at the local level, including variations in size of local authorities, or their responsibilities and resources. While processes of unitarisation were initiated in the 1990s before devolution, the central government started and completed that process only in Wales and Scotland, where existing two-tier local authorities were abolished and replaced with unitary authorities. The jurisdiction over local government is now a devolved power, and decisions over reforms, mergers, or responsibilities are initiated and approved by different governments for the different parts of the UK.

Wales is currently divided into 22 local authorities with a unitary political organisation (single tier), directly elected councils, and variation in size between just under 60,000 residents and 350,000 residents in the capital of Cardiff. The 32 local authorities in Scotland have a unitary organisation and directly elected councils, but a larger variation in their population size due to the sparsely inhabited northern islands. While the Shetland Islands Council and the Orkney Islands Council are each responsible for a population of around 22,000, the Glasgow City Council covers over 630,000 residents. The size of the 11 local authorities in Northern Ireland ranges from around 116,000 to 219,000 people in local authorities outside Belfast, and ca. 345,000 people within the area of the Belfast City Council. In contrast, unitarisation processes remained incomplete in England, and

local authorities there (317 overall) still vary in their organisational type: the majority of rural areas having a two-tier organisation of district and county councils (overall 164 district and 21 county councils), while a single-tier organisation is used in urban areas (e.g. unitary authorities, metropolitan districts, and the London boroughs). Substantial variations in size exist between as well as within the types of local authorities: district councils have on average a population of ca. 116,000 with one third of them having less than 100,000 residents and the largest reaching a population size of ca. 246,000. Unitary authorities are larger on average (ca. 264,000 residents) as are metropolitan districts (ca. 334,000 average population size), but the span between the smallest and largest authority is again quite wide (NRS, 2024; ONS, 2022).

In terms of jurisdiction, local authorities are responsible for a number of mandatory functions, for example for primary and secondary education and adult social care, refuse and recycling, and have permissive or discretionary functions in areas such as economic development, recreation services, or public libraries, allowing them more autonomy to decide how those functions are delivered (Ladner et al., 2020). Local authorities in England have experienced a reduction of their policy scope over time with decisions over housing and transport being centralised in the 1990s and 2000s (Leach et al., 2018) as well as of their funding as part of the central government's austerity policy starting in 2010.

Local authorities in England are dependent on central grants, while local authorities in Wales and Scotland receive the majority of their funding (ca. 80%) from the Welsh and Scottish Governments, respectively. The budget of local authorities in England consists of a mix of central grants (e.g. Revenue Support Grant), and locally raised revenues, such as the local council tax, the business rate retention (since 2013), and fees and charges (e.g. for library services, parking, parking fines, and planning permissions). The business rate retention scheme allows the local authority to retain at least 50% of local business rate revenues. The business rate revenue is generally used by the central government to fund the Revenue Support Grant and is reallocated to local authorities via that grant. Local authorities that are successful in retaining more of their business rates, however, face a reduction in the funding they receive from the Revenue Support Grant. The central government also legislated that local authorities in England have to hold a referendum on local council taxes should they wish to increase that tax by more than 2%. In the period between

2017 and 2022, around 50% of the income of local authorities in England came from central government grants (HM Gov—DLUHC, 2023).

Despite the already quite large size of UK local authorities in comparison to the median and average population size across OECD countries (OECD, 2019, p. 43), current debates about local government continue to focus on size and unitarisation. In addition, the level of decentralisation and local autonomy is at the heart of reform debates. In comparison to OECD countries, the UK is lagging in terms of decentralisation with only 20% of overall government spending taking place at the local level in 2022—a number that has been declining from around 28% in 2000—and limited revenue-raising opportunities for local authorities (OECD, 2022; Ladner et al., 2020, 2021). Recent initiatives by the Westminster Government are therefore directed at increasing the level of local responsibilities and accountability of local leaders to citizens by means of decentralising revenue raising opportunities and further spending decisions. At the same time, continued arguments about cost savings and efficiency of public service delivery by higher-level governments dominate the debate about the adequate size of local authorities. The Welsh Government's attempt to restructure the number and territorial boundaries of local authorities in Wales was successfully resisted by local councils, and voluntary mergers are now the chosen option. Further unitarisation of local authorities in England can be initiated upon invitation by the Secretary of State and requires the approval of both Houses of Parliament (Gov UK, 2007), but in practice, the central government takes a more bottom-up approach and reviews proposals submitted by the local authorities willing to change their two-tier structure into a unitary one.

## HORIZONTAL INTERGOVERNMENTAL COORDINATION— POLICY AND POLITICS

The asymmetric nature of the devolution agreements and the geographic location of the devolved territories structure the opportunities for and challenges of horizontal intergovernmental relations. Coordination between devolved governments is often vertical in its direction of interest representation and is aimed at discussing the impact and conflicts of central government policies within devolved territories. Political competition between governments and the variation in electoral support of parties across the different parts of the UK pose a challenge for the regularity and

functioning of intergovernmental exchanges. Local government coordination in comparison is more varied and takes place within umbrella organisations of all local authorities within each of the four parts of the UK, is focused on issue specific coordination for the delivery of public services (e.g. transport boards), or the stimulation of economic growth in urban centres (e.g. city deals) extending the asymmetric distribution of responsibilities and power to the local level.

### *Coordination Between Devolved Governments*

The devolved territories share a border either with England or with Ireland, but not with each other. Horizontal intergovernmental coordination between the devolved governments is therefore almost always connected to vertical relations or to deal with cross-border issues in relation to England—which can be managed between local authorities on each side of the border but can also involve the central government when dealing with policy divergence resulting from the absence of devolution for England. Intergovernmental relations at the devolved level are furthermore a matter of cross-border relations between the governments on the isle of Ireland. The North-South Ministerial Council (NSMC) was established in 1998 as part of the Belfast/Good Friday Agreement to provide a forum for consultation and cooperation for the Irish Executive and the Northern Ireland Executive. Policy areas such as transport, agriculture, tourism, health, education, and environment were identified as relevant for cooperation and potential agreements over policy initiatives without any government losing power to the NSMC (for more detail, see Coakley, 2002).

Due to the distinct geography of devolved administrations and the asymmetry of devolution of powers, the main focus of building intergovernmental relations is on vertical relations with the central government at Westminster. Horizontal intergovernmental relations between the Scottish, Welsh, and Northern Irish Executives take place on an ad-hoc and informal level and often focus on the exchange of information and positions in relation to the Westminster Government. Key vehicle for intergovernmental relations after devolution is the JMCs provided for by the Memorandum of Understanding (originally passed in 2001, updated version MoU, 2013). JMCs come in different formats: the plenary JMC chaired by the Prime Minister, or a representative, was intended to meet annually, involving the Deputy Prime Minister, Secretaries of State in the

territorial offices, and First Ministers of the devolved territories. More policy-specific, functional JMCs were envisioned to evolve gradually over time. The opportunity to coordinate within JMCs, however, was largely not taken up by the governments, and JMCs remained insignificant in the years after devolution. The exception was the JMC Europe, created for coordinating the UK's position in relation to EU issues, which had become necessary as several competences transferred to the EU were also part of the devolution agreements (e.g. agriculture, fisheries, or elements of environmental protection and waste management). Its meetings were aligned with the timing and agenda of EU Council meetings and took place four times a year (Gallagher, 2012, p. 201; Swenden & McEwen, 2014, p. 495).

During the time of government congruence between Westminster, Scotland, and Wales, relations between governments were managed informally, within the Labour Party and reliant on personal networks. The electoral victory of the Scottish National Party in 2007, and the change to a Conservative-Liberal Democrat coalition in Westminster in 2010, changed the context, made internal party channels obsolete as mechanism for inter-governmental coordination, and brought more formal JMCs back. However, the hierarchical nature of intergovernmental relations continued to shape the use of JMCs, and meetings remained ad hoc, dominated by the central government's agenda without an interest in establishing a coherent machinery of intergovernmental meetings, as found in federal states (Swenden & McEwen, 2014; Anderson, 2022).

### *Coordination for Service Delivery and Interest Representation*

Horizontal coordination is more varied and practiced among local governments, local councils, and in partnership with private- and third-sector organisations. Task-specific governance boards exist in each part of the country and connect local authorities in joint boards, for example, transport boards or health boards. In Wales, fire and rescue authorities covering multiple local authorities are still in place, which are joined up in public service boards together with local authorities to improve service delivery and wellbeing across the different functions and areas. Coordination for access to services also takes place between local health boards, for example, for access to specialist treatment in hospitals across the border of devolved territories and England.

In line with the focus on self-rule in the devolved territories, and the absence of shared rule linkages between devolved governments and Westminster, local government associations are also organised separately in the four parts of the UK: all Welsh local authorities are members of the Welsh Local Government Association (WLGA), the equivalent in Scotland is the Convention of Scottish Local Authorities (COSLA), with the Northern Ireland Local Government Association (NILGA) and the Local Government Association (LGA) representing local authorities in Northern Ireland and England, respectively. The functions of these associations are directed upwards to represent the interests of local governments in relation to the upper-level government (devolved governments or the central government) as well as downwards to strengthen local democracy, improve public service delivery and the lives of people in local communities. Since the responsibility for local government and local funding is devolved, four associations operate within their territorial remit without an umbrella organisation.

### *Regional Development and Metropolitan Areas: City Deals and City Region Deals*

A different form of horizontal coordination exists at the local level between authorities situated within the same county or as part of central government's regional strategies. Over time, these forms of coordination have been subject to reorganisation and experimentation by different central governments, often occurring after economic downturns and general elections to address the 'regional problem', the gap between the local and the national level of government that is regarded to be a barrier to economic recovery or growth. Regional policies of Labour governments often aimed at strengthening the upper-tier level of England's two-tier structure of local government, creating regional institutions with planning powers (Regional Economic Planning Councils, Regional Development Agencies, RDAs) with the goal to introduce elected Regional Assemblies under the Premiership of Tony Blair (1997–2007). In contrast, strategies of Conservative-led governments favoured local approaches and the strengthening of local democracy and abolished regional planning councils (Pugalis & Townsend, 2013, 2000). More recent initiatives have introduced the city region in 2010 as the latest spatial scale, after the 'new regionalism' and 'new localism' agenda (Deas & Ward, 2000; Bentley et al., 2010).

The general aim of the Coalition Government (2010–2015) between the Conservative Party and the Liberal Democratic Party was to use decentralisation measures to reverse the over-centralisation in England, to rebalance economic growth between the North and South and to support the economic recovery of different regions within England after the financial crisis of 2007–2008. The *Localism Act 2011* assigned the general power of competence to local authorities, gave them more control over business rates to attract firms and investments, and introduced the option to establish directly elected mayors after holding a local referendum. The creation of Local Enterprise Partnerships (LEPs) formed a first step towards a stronger ‘place-based’ approach (Hildreth & Bailey, 2013) after the abolition of the nine Regional Development Agencies (RDAs) in 2010. The formation of LEPs was voluntary by design but required a public-private partnership with local industries and businesses as well as a governance structure based on private sector-led management boards. In response to the initiative, 39 LEPs were formed in 2011 to cover the entire territory of England, largely respecting the boundaries of the previous RDAs. LEPs were also key vehicles for the administration and processing of EU funds, developing and implementing projects within their area in partnership with local businesses and organisations.

Secondly, cities were identified as engines of growth important for economic recovery of the UK, and the central government acknowledged that cities in England were lagging regarding their levels of GDP per capita in comparison to other European cities (HM Gov, 2011; Parkinson et al., 2004). The city deals were advertised as opportunity to shape decentralisation according to local preferences and strategic decisions based on policy priorities at the local level (HM Gov, 2011). The Coalition Government laid out an ‘illustrative menu of options’ in 2010 for the kind of powers it was willing to devolve, including investment decisions, planning powers over housing development, local and regional bus and rail services, infrastructure projects, and investment in skills and skill development according to private sector needs (HM Gov, 2011). Additional financial resources under the existing Growth Funds and new funding schemes administered by the Treasury were made available to combined local authorities, that is, local authorities that agreed to establish a joined-up governance architecture and a directly elected mayor for the area. Nevertheless, the process included a bottom-up element, as local councils would draft a proposal together with their respective LEPs and negotiate the details of each agreement with central government, including funding

levels, implementation plans for delivery, and performance targets. Dubbed as ‘devolution for England’, Sandford (2017) argues that these deals take more the character of public sector contracts rather than resembling the decentralisation of decision-making powers. City Deals and City Region Deals follow the example of bilaterally negotiated agreements, in this case between the UK Government, local government, and local business leaders but aim more narrowly at increasing economic performance and efficiency of public services delivery.

In the first round of negotiations between 2010 and 2012, the group of core cities<sup>2</sup> outside London was prioritised by Westminster and six city region deals, and two city deals were negotiated with Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham, and Sheffield (HM Gov, 2012). For the second round, the UK Government invited local authorities in England to submit a proposal, but the process was opened to all who were interested in entering an agreement. Until 2015, 18 city deals were agreed upon in that bottom-up process and cities such as Ipswich, Southampton, or Peterborough with a population below 300,000 people joined into the scheme. A third round of negotiations started after the general elections in 2015, in which the UK Government opened the process to cities outside England, moving the initiative beyond the original aim of reducing the over-centralisation in England. What started as an initiative focused on the large cities outside London now includes a range of mid-sized cities and their surrounding local authorities as well as cities and city regions in Scotland (e.g. Glasgow City Region, Aberdeen City Region, Inverness and Highlands City Region, Edinburgh and Southeast City Region, Stirling and Clackmannanshire City Region), Wales (e.g. Swansea Bay City Region and Cardiff Bay City Region), and Northern Ireland (e.g. Belfast Region city deal). In 2023, negotiations for further such deals were ongoing with local authorities in England as well as in the devolved territories.

In terms of participating local authorities, policy focus, transferred powers, and the political composition of coordination bodies, city deals vary from one another to a certain extent. While cities such as Nottingham, Newcastle, Southend-on-Sea, or Stoke-on-Trent formed city deals as individual local authorities, most of the city deals involve between four and ten local authorities. In terms of content, each city deal reflects the central government’s agenda for private sector-driven growth and economic

<sup>2</sup> Cities of a size between 300,000 and 750,000 inhabitants are in the Core Cities Group.

development and includes plans to attract private sector investment, to create jobs, and to balance the economy away from the public towards the private sector. On the other hand, the content of the deals reveals a certain degree of local priorities and policy problems, and a more place-based approach for the suggested plans to deal with those problems (see also Morphet, 2022 for an overview). The Black Country City Deal, for example, focuses on high-level manufacturing and includes the creation of apprenticeships in high-level manufacturing based on the industrial legacy of the region (Gov UK, 2013). The Bristol city deal, in contrast, highlights problems with infrastructure, transport, and housing in the region resulting from higher growth rates, inward migration of high-skilled people, and low levels of unemployment. The building of the Greater Bristol Metro, hence, lies at the centre of the investment strategy within the city region deal (Gov UK, 2012). In contrast, the Aberdeen city deal focuses on the oil and gas industry and the recovery of the remaining oil and gas reserves from the UK's continental shelf, and to anchor the supply chain for the oil and gas industry in the UK (Gov UK, 2016), while the Swansea City Region Deal promotes the city as 'Internet Coast', covering four themes specifically: the internet of economic acceleration, the internet of energy, the internet of life science and wellbeing, and smart manufacturing (Gov UK, 2021). To a certain degree, local priorities could be enshrined in the city deals, but, at the same time, the overall objective of private sector-driven growth and investments for growth had to be adhered to.

In terms of political composition, only seven of the city deals formed in wave 1 and wave 2 were made up of the same political majorities at the time of negotiating the deals. The other 19 deals included a mix of Labour-led, Conservative-led, and Liberal Democrat-led local councils, not all of which were controlling a majority in the council. The mayors and leaders of the city regions and combined authorities have formed the Core Cities UK Group as a way to work together horizontally, despite being from different parties and being situated in England or the devolved territories. Their shared interest and expertise in the development of metropolitan areas bring them together to influence legislation on further devolution to cities, to share information with each other, and to generate ideas for achieving growth in the city region. The incentives to attract funding to the local area and stimulate growth by coordinating for a proposal for the entire area are superseding political competition or ideological differences between parties. Local authorities who wished to negotiate a city deal or city region deal had to agree to establish a joint decision-making body

involving representatives (often the leaders) of the local councils participating in the deal as well as members of the LEPs. Joint management boards and Regional Boards (e.g. for Swansea Bay Region) have been formed with private sector involvement to take decisions for the area together.

### *Critical Assessment of Deal-Based Decentralisation and Coordination*

Parliamentary inquiries into the workings of the city deal five years after their introduction highlighted the problem of a lack of transparency about responsibilities as well as information about how private businesses or organisations can get involved with the city deal (HoC Committee of Public Accounts, 2015; Senedd Economy, Infrastructure and Skills Committee, 2017; see also Jones et al., 2017). A second problem identified in different parliamentary inquiries and by the National Audit Office lies in the lack of clarity over criteria for success, benchmarks, and monitoring the delivery of the objectives outlined in the city deals (NAO, 2015). Gross value added has been enshrined in each deal as measure of economic development. However, local authorities have no option to include additional measures or to focus on inclusive growth instead of GVA, or to go further in terms of sustainable growth (Jones et al., 2017; Etherington & Jones, 2016). In the Welsh context, the Commissioner for Future Generations also highlighted that the city deals in Wales need to speak to the Wellbeing of Future Generations Act that requires Welsh legislation to address questions of sustainability and wellbeing beyond the measures for the current parliamentary period (Senedd Economy, Infrastructure and Skills Committee, 2017).

Third, the dependency on central funding and budget decisions made by the Westminster Government puts the longevity of the city deal on the line. Introduced by the Coalition Government in 2010, the offered additional grants were nowhere near enough to cover the losses that local authorities in England were facing due to the cuts and austerity policies passed simultaneously. City Deals span across a longer time period of up to 30 years, but within England, funding is only guaranteed for the first five years and afterwards subject to review of achievements and delivery on set objectives. For city deals and city region deals within the devolved nations, the Scottish, Welsh, and Northern Ireland governments committed funding for 10 or even 15 years, thereby binding resources towards an

agenda driven by the central government instead of their own priorities (see Morphet, 2022 for this argument). Finally, with each city region deal, the boundaries of governance structures are changed, and neighbouring local authorities have limited opportunities to engage with the projects and objectives covered in the city region deal. The evaluation of the first wave of city deals in England already pointed out the risk of inequality of the generated economic benefits between local councils participating in a deal (HoC Committee of Public Accounts, 2015). With the focus on private sector growth, neighbouring local authorities with higher levels of deprivation might be further disadvantaged in catching up when the closest city with greater growth potential signs a city region deal that does not cover their area—a point highlighted in the Senedd inquiry by councils in the Welsh Valleys to the northwest of Cardiff (Senedd Economy, Infrastructure and Skills Committee, 2017).

### LEGACY OF EU MEMBERSHIP FOR INTERGOVERNMENTAL COORDINATION

The UK's Membership to the European Union impacted vertical and horizontal coordination in the form of the JMC Europe as well as of funding that LEPs and local authorities received from European Structural and Investment Funds. The legacy of the membership was felt beyond the referendum to leave the EU in June 2016 and the actual exit in 2020. All devolved governments had established offices in Brussels as part of their international presence to raise their profile internationally, to support businesses and trade with major economies, to facilitate education, research collaborations, and student exchange, and to represent their interests within EU institutions. The majority of those aims are still relevant after the UK has left the EU, and the Brussels offices remain part of the international relations that devolved governments maintain in addition to the diplomatic relations of the UK Government.

In order to deal with the implications of Brexit, the Joint Ministerial Committee—Europe experienced a revival for discussions on ‘repatriation’ of responsibilities, the loss and replacement of EU funding streams, or questions of whether some of the Europeanised policy areas, for example, agriculture, should be transferred to the devolved governments directly, as parts of those policy areas were already devolved. A sub-committee, JMC EU Negotiations, was formed to facilitate those

conversations, and members of devolved governments would meet in a preparatory horizontal setting to discuss their positions vis-à-vis the Westminster Government. Despite its more numerous meetings between 2016 and 2020, the effectiveness of the JMC meetings in allowing for meaningful discussions or addressing conflicting positions in a constructive way has been questioned again (McEwen et al., 2020, p. 634).

Another concern in the aftermath of the referendum was the question about how EU funding would be replaced once the UK had left the EU. The UK Government had pledged that it would provide for a similar level of funding via the 'Shared Prosperity Fund' (SPF), matching previously received amounts under the European Regional and Development Fund (ERDF) and the European Social Fund (ESF). In 2022, the SPF was finally put in place; funding was designed to be allocated to local authorities upon application but based on needs rather than competitive bidding, and in line with the previously existing European funding formulas. Despite wide support from local authority associations and voluntary organisations, some areas of concern and criticism remained, for example, a gap in the end of previous EU funding and the start of funding from the SPF, a shorter time period (three years) of guaranteed funding, and central control over the design and allocation of funding that reduces the influence that the Welsh Government and Scottish Government previously had on funding decisions (Brien, 2022).

## RECENT DEVELOPMENTS

Trends in territorial governance in the UK are characterised by numerous attempts to counter the over-centralisation in England and accommodate demands for more powers raised by devolved governments. The style of bilateral agreements dominates negotiations for further devolution as well as decentralisation towards local authorities within England. As a consequence, no coherent plan is guiding the distribution of power or the management of the resulting interdependency between governments of the same level or across different levels.

Intergovernmental relations have been shaped by hierarchy and centralised control, ad-hoc meetings with a centrally decided agenda, and competition between the levels of government over voters and visibility as representatives of the respective territories. The general election of 2024 brought the competitive attitude over policies to light again with the debate about a 20 m/h speed limit in residential areas that was introduced

by the Welsh Labour Government for Wales but refuted as not in the UK Government's plans for England should it win the election—much to the irritation of local governments in England in which jurisdiction such a decision would fall after all.

With the Labour Party's electoral victory in July 2024, the vertical relations may again be set on a path of more cooperative style but with the potential to rely again on internal party channels and personal relations between heads of governments as experienced during the early years after devolution. The immediate visits by Prime Minister Keir Starmer to all three nations and meetings with all directly elected metro-mayors have been welcomed by devolved and local leaders. The King's Speech included a commitment to an English Devolution Bill, transferring further powers to combined authorities and metro-mayors, as well as further decentralisation over bus services. Together with the announcements made by the Deputy Prime Minister in support of meaningful decentralisation to local authorities and cities in England, the new government signals plans to continue with existing city regions (Stacey, 2024).

The question of funding and independent resources, however, will remain an issue in those future decentralisation deals and potential area for conflict between governments and regions. The announcements by the new Chancellor of the Exchequer after the election point towards cuts in public spending which could jeopardise the formation of continuous mechanisms of coordination underpinning the relations between core cities, metro-mayors, or devolved governments.

### CONCLUDING REFLECTIONS: CHALLENGES AHEAD AND LESSONS LEARNED

The asymmetry in the distribution of power between the four nations within the UK, the focus on self-rule and autonomous decision-making in the devolution settlements, and the remaining high degree of centralisation in England provide an institutional framework for more bilateral and vertical intergovernmental relations in which the central government maintains a dominant role. The high level of self-rule enshrined in the devolution agreements directs each government to focus on policymaking within their territory and in response to their respective voters. Due to the variation in public attitudes and voting behaviour in each of the four nations, statewide parties in Westminster are not equally challenged to

take the perspectives of devolved governments into account when drafting policies for the entire country, with an increasing proportion of central government legislation applying mostly to England or England and Wales. The institutional and political context, therefore, encourages competition more than cooperation and sets incentives to focus on voters' preferences within each nation instead of the country as a whole. The uptake and functioning of forums of (vertical) intergovernmental coordination has been connected to electoral outcomes, congruence or incongruence of government constellations and has not yet been transformed into a more permanent and institutionalised mechanism for managing complex policy problems.

Horizontal coordination often takes place between neighbouring governments to facilitate mobility, economic development, or the delivery of public services. Borders matter for the establishment and frequency of horizontal coordination mechanisms. As devolved governments do not share a border with each other, horizontal coordination is practiced more widely and frequently between local governments in the UK. The comparatively low level of own sources of revenue and the dependency on funding from the central government or devolved governments, however, challenge the formation of long-term, self-sufficient coordination mechanisms between local governments. Recent trends have included more deal-based agreements between local authorities around major cities and the central government providing guaranteed funding for the first five years of the decentralisation agreement. Those deals also reflect central government priorities in stimulating economic growth in cities, and they can be subject to changes if general elections result in a change in priorities of the central government as the deals are subject to review every five years.

Intergovernmental coordination mechanisms are set up using a bilateral mode of agreements between individual local or devolved governments and the central government. The notion of competition between regions is intentional with the aim to stimulate innovation and growth (see Morgan, 2006) and has been enshrined in the later formed city deals and city region deals as well. Questions of territorial justice, regional inequalities, and redistribution between the North and South of England as well as between the four nations remain open and provide the ground for continued intergovernmental conflict. Despite the central government's claim of incentivising a locally driven agenda for coordination to achieve local aims, the recent deals (formed prior to the general election 2024) still

include a strong flavour of the priorities of the Conservative Government of private sector growth and investment.

Finally, the high degree of self-rule for devolved governments allows for policy experiments and innovation to deal with current policy problems, such as climate change or the environment. While interministerial meetings on net zero, energy, and climate change that took place under the Conservative Government remained driven by the central government's agenda, devolved governments make use of their powers to promote the transition to renewable energy, air pollution (e.g. speed limits), reduction of plastic waste (e.g. ban on single-use plastics) and often spearhead change in policies that are then adopted by other governments. Even if the scale of the problem would benefit from coordination, political competition dominates the formulation of policy responses but nevertheless occasionally results in innovative solutions rolled out across the country by means of voluntary adoption.

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PART III

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## Case Studies



## CHAPTER 19

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# Task Forces for Complex Policy Problems: Lessons from Estonia

*Külli Sarapuu and Mariliis Trei*

## INTRODUCTION

The politico-administrative structure of the Estonian Republic has undergone considerable changes during the past 30 years. After regaining independence from the Soviet Union in 1991, the whole system of governance was de-institutionalised and needed major reforms. The desire to overthrow the Soviet legacy and the urgency of the changes led to the introduction of a decentralised problem-solving approach (Sarapuu, 2012). Local government as an autonomous level of governance was restored. At the level of central government, responsibility for public policies and programmes was incrementally accumulated by individual ministries overseeing policymaking in their respective fields. Although such a system promoted clear accountability and the accumulation of professional knowledge within individual institutions, difficulties emerged in solving problems that affected several areas of government. The accession to the

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European Union (EU) in 2004 further prompted the need to address the problems of a fragmented public administration.

In 2011, the OECD published its Public Governance Review of Estonia, which concluded that 'Estonian public administration needs to learn to work as a single government to design, implement and sustain the government's policy priorities and to help meet new challenges on the horizon' (OECD, 2011, p. 5). Among several other suggestions, the use of temporary task forces was proposed to address 'complex or urgent developments in policy or service delivery that cut across many parts of government' (OECD, 2011, p. 31). In the eight years from 2012 to 2019, the Estonian government established nine temporary task forces for addressing complex policy problems with financial support from the European Social Fund (ESF). The task forces had a wide range of aims from preparing a sectoral development plan for e-health and formulating a unified concept for civil protection to developing solutions for reducing the burden of care. The ambition was to create a new policy coordination instrument encouraging public, private, and not-for-profit stakeholders to collaborate in complex policy areas, coordinate their activities, and agree on concrete plans for further activities.

The novel format created high expectations for improved coordination and renewed strategic vision for the addressed policy fields. The implementation of task forces led to several lessons that are discussed below. The analysis is based on a comprehensive survey carried out among the task forces' members in 2019. Despite the Estonian government task forces being established at the central government level, the study provides insight into using this kind of coordination instrument in general, and the lessons are also applicable in horizontal intergovernmental coordination.

## KEY CHARACTERISTICS OF ESTONIAN GOVERNMENT TASK FORCES

Although the task forces tackled very different topics (see Table 19.1 for an overview), their shared core aim was to direct a concerted effort towards finding solutions for complex societal issues that spanned across ministries, government levels, and societal sectors (Ministry of Finance, 2014, p. 168). By bringing together relevant central government institutions, local authorities, experts, non-governmental, and private sector

**Table 19.1** Estonian government task forces 2012–2019

Year	<i>Task force established and its duration</i>
2012	Task force on skills development (22 months)
2013	Task force on injuries and premature deaths (15 months)
2014	Task force on e-health (17 months)
2015	Task force on reducing the burden of care (23 months)
2016	Task force on civil protection (25 months)
2016	Task force on public sector and social innovation (21 months)
2016	Task force on reducing bureaucracy and administrative burden (23 months)
2016	Task force on funding higher education and research (30 months)
2019	Task force on accessibility (22 months)

organisations, the task forces aimed to solve horizontal policy problems ‘without getting tangled in established, rigid areas of responsibility and funding arrangements’ (Government Office, 2017b, p. 6). The first two task forces were financed by the ESF within the framework of the Operational Programme for Human Resource Development 2007–2013 as pilots. As these experiences were encouraging, the 2014–2020 Operational Programme for Cohesion Policy Funds already contained a separate task force activity under the Priority Axis ‘Administrative capacity’ (Ministry of Finance, 2014; see Sarapuu & Trei, 2019, for more information). Task forces were assigned a separate budget, and the funding instrument was designed to give individual task forces a high level of flexibility regarding the organisation of their work.

Compared to the conventional instruments of coordination thus far used by the ministries (e.g. consultations on draft regulations, ministerial-level committees), the task forces were characterised by a combination of five traits that were novel for the Estonian governance system:

1. The aim to bring together all relevant stakeholders to secure a comprehensive view of the issue. Altogether, more than 300 people from public, private, and non-profit sectors were involved in the task forces.
2. A fixed deadline for concluding the work. Task forces were designed to be strictly temporary with a maximum duration limited to 36 months.
3. A separate budget to fulfil the tasks. The assigned budget covered financing the task force management (the leaders could be compen-

sated financially), the commissioning of relevant analyses, impact assessments, international comparisons, the creation of new methodologies, surveys, and other relevant information, organisation of study trips, seminars, and consulting with international experts.

4. A capable leader whose commitment was ensured by financial compensation. The aim was to ensure that the leaders devoted themselves to the management of the task forces and to avoid a superficial performance of the function as one of many side activities.
5. A political mandate of the Government. Task forces were established by the decision of the Government, coordinated by the Government Office, and had a duty to present the final results of their work to the Government for approval.

Essentially, the task forces represented mandated networks where the Government enforced collaboration to deal with multifaceted policy problems. As such, the task forces offered a way to reduce complexity stemming from the nature of stakeholder relations surrounding complex policy problems. Klijn and Koppenjan (2016) have outlined three types of complexity that need to be addressed in networks. First, dealing with *substantive complexity* demands managing varying knowledge and perceptions by making the parties aware of various problem definitions and enhancing cross-frame learning in order to build joint ‘images’ and develop ‘common grounds’. Second, *strategic complexity* requires managing interaction processes by connecting or disconnecting actors and (re)designing the rules of interaction in order to bring parties together for common interests and mutual agreements. Third, *institutional complexity* demands managing network structuring by changing the institutional rules of the network, influencing patterns of perceptions, and building trust between stakeholders. Effective management of the complexities leads to learning and opportunities for substantial change.

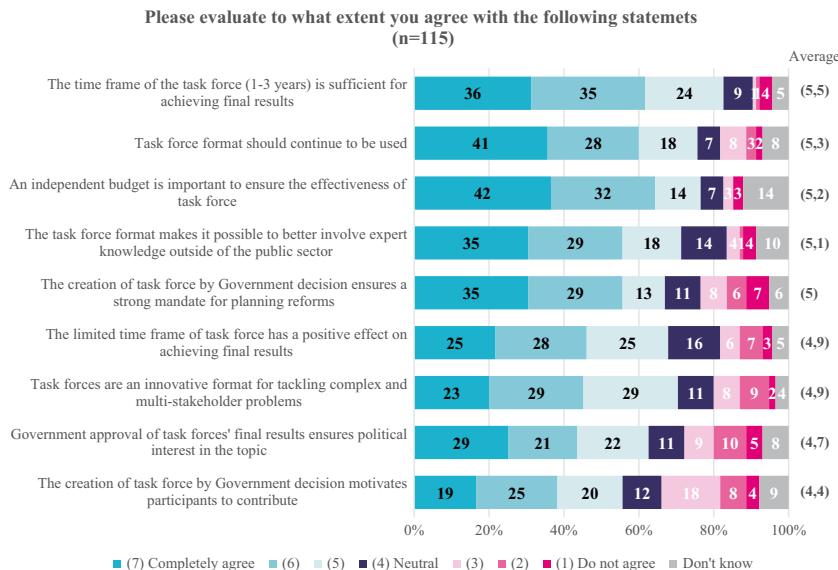
## THE EXPERIENCE IN PRACTICE

In 2019, the authors of the chapter conducted a comprehensive survey among the participants of the eight task forces established in 2012–2018. The survey provided an in-depth look into the experiences and views of the individuals who represented their institutions in the task forces or participated as experts. The perception of stakeholder groups has been argued

to be an important measure of network outcomes, as the effectiveness of networks depends on the relationships they create between the members (see, e.g. Mandell & Keast, 2008). The survey gathered the respondents' perceptions of the operation, management, results, and outcomes of the task forces.

The survey was conducted online and comprised of 7-point Likert-scale questions, single or multiple selection questions, and open-ended questions after each main topic, offering a chance to comment or explain responses. In total, 115 responses were received (response rate 41%), and all eight task forces were covered. The respondents were mainly from different public sector organisations (68%) and fewer from non-profit (17%) and private sector organisations (15%).

In general, the respondents thought that the task forces were indeed a novel coordination instrument, allowing to engage a wide range of stakeholders and expert knowledge in the policymaking process (see Fig. 19.1). The majority agreed that the task forces had included all the stakeholders relevant to the addressed topic and were characterised by a good balance



**Fig. 19.1** Participants' assessments regarding the format of task forces (average score on a 7-point scale from 1 = strongly disagree to 7 = strongly agree)

of interests (average score 5.3 on a 7-point scale). The assessments of the contribution of the members to the task forces' work and of the existence of a shared understanding of the problem to be solved were a bit lower, but still positive (4.2 for both issues). It was pointed out several times in the open answers that the task forces provided an opportunity for an extended group of stakeholders to gather, who might not usually find the time or opportunity to meet and share their views. For example, one respondent stated: '*Usually interest groups meet bilaterally, which means that it is harder for others to understand what different groups intend to achieve*'. Another wrote that '*instead of heads of organisations, task forces convened specialists*', which arguably improved the quality of the discussions.

The characteristics of the task force format that were assessed most positively by the participants were the existence of an independent budget (5.2), the improved opportunity to include expertise from outside the public sector (5.1), and the suitability of the time frame (5.5). The respondents were in favour of setting a specific deadline for work and found that the limited time frame helped to achieve results. For instance, when answering the question about what made the task forces different from the more common coordination instruments, a respondent argued: '*The time focus and financial leverage to deal with the given topic. We probably wouldn't have reached the same result in other formats. Or it would have been achieved in a much longer time and in a more hectic manner*'.

From among the five novel characteristics of the Estonian task forces, the political mandate of the Government was perceived to be slightly less relevant for success. Nevertheless, the respondents' answers to open questions revealed that the creation of task forces beyond line ministries and their affiliation to the Government Office contributed towards more impartiality and flexibility than the usual *modus operandi*. For example, one respondent stated that '*The ministry was only one member as opposed to being the leader like usual. This allowed a more impartial and less rigid approach compared to the ministry*'. According to the respondents, the establishment of task forces by the decision of the Government of the Republic gave the task forces a strong mandate to plan reforms (5.0) but did not necessarily ensure continued political interest in the topic (4.7) or the motivation of the participants to contribute (4.4).

The existence of the separate budget allocated from the ESF, however, was deemed to be vital by the participants, as it contributed to the flexibility and effectiveness of the task force format. Regarding the different

**Please evaluate how important financing of the following activities are for ensuring the effectiveness of the task force? (n=115)**



**Fig. 19.2** Participants' assessments regarding the budget of task forces (average score on a 7-point scale from 1 = strongly disagree to 7 = strongly agree)

activities financed, the commissioning of research, analyses, and educational materials was evaluated most highly by the respondents (6.0). Similarly, engaging national experts (5.9), international experts (5.7), and remuneration of the task force leaders' work (5.4) were deemed very important for achieving results (see Fig. 19.2). One respondent aptly noted that in order to avoid '*the same persons meeting behind a different desk*', the ability to assemble new knowledge was necessary to unveil new approaches to problem-solving.

Based on the survey, the decisive success factor in the operation of the task forces was also the task force leadership. As many as 96% of the task force participants considered the role of the manager to be very important or important in achieving the results, even though the profile of the task force leaders varied significantly from external project-manager-type leaders to secondments from within the civil service. The respondents were also asked to select the most important characteristics of an ideal leader from among various leadership qualities. Overwhelmingly, the

respondents picked the ability to see a wider and cross-disciplinary picture, good knowledge of the policy field, goal orientation, and openness to different viewpoints as the most important qualities of a task force leader. It was mentioned in the open answers that '*the task force leader needs to ensure that knowledge is consolidated, and no one outshines the others*'.

## A HIGHLY APPRECIATED FORMAT, BUT CONTROVERSIAL RESULTS

Once the task forces finished their work, it was anticipated that their recommendations would be integrated into the daily work of relevant public institutions and, where necessary, would lead to changes in legislation, strategic development plans, and procedures. As the study indicated, this emerged as the main challenge related to the task forces. Although the mandate of the Government was essential in giving weight to the tasks, it was not sufficient to ensure the implementation of the results of task forces in practice.

The study showed that the highest ratings were given to the knowledge base of the results (5.3), becoming more aware of each other's interests (5.2), and creating a unified understanding (4.7). However, the respondents were much more critical about the 'hard results' of the task forces. Respondents did not perceive any significant legislative or institutional changes to be happening (average scores 3.2 and 3.1, respectively), thought that the responsibility for implementing the task forces' results was unclear (3.4), and did not find that the required tasks had been executed (2.8). The task force on reducing the burden of care was an example of this tendency towards achieving mostly 'soft results'. The topic of how to tackle the increased demand for long-term care and the burden of the people taking care of their family members had already been acute for some time before the creation of the task force. The format allowed to procure a World Bank report on the topic, which helped to offer short- and long-term solutions and aided in creating a mutual understanding of the issue and a way forward among the stakeholders. At the same time, the final report of the task force remained in general terms, and the process of preparing the reform of the policy was left to the Ministry of Social Affairs. Much of the detailed implementation plan had to be created from scratch. However, as brought out by the task force participants, the general agreements made and the process of engaging stakeholders in formulating them

proved invaluable in the preparation of substantive reforms. This supports the notion that the ‘soft side’ is very important in achieving coordination, and the experience of working together should not be underestimated.

This example also highlights an important factor revealed in the survey that is necessary for the task forces to have concrete results—the importance of assuring ownership of the results of such horizontal coordination instruments. It means that the establishment of task forces should be driven by tangible policy problems and by the ownership of politico-administrative leaders. As put by a respondent, *‘if there is no political will to really tackle an issue, there is no point in establishing a task force’*. Another one argued that *‘task forces can be effective only in topics where there is actual potential to change something, and ministries will not block cooperation’*. Concrete agreements on the responsibilities and further division of labour in the policy field must be reached before the conclusion of the task forces’ work. Furthermore, it is necessary to maintain contact with the political level in the preparation of the task force, during its work process, and afterwards. There is a need for politico-administrative decision-makers who would take the problem and results of the task force and make an effort to implement the results in a situation where many issues are competing for their attention and money.

## LESSONS

The study and the feedback of the task force members demonstrate that it was the combination of the characteristics of the task forces that was crucial, not one or other aspect in isolation. One of the main advantages of the format was its ability to gather the best available knowledge to deal with strategically important policy topics. The advantage stemmed from both the comprehensive membership of the task forces as well as the funding arrangement. With the help of funding, the creation of new knowledge was closely related to the collaboration process and reduced the risk of so-called ‘report wars’ where stakeholders submit competing analyses furthering their own cause. Having an assigned budget was also important for communication and informing the public, which helped to raise awareness of the problem, increase the legitimacy of the output, and ensure political willingness to implement the results.

Among other things, the funding allowed to hire task force leaders who steered the task forces’ activities and took charge of achieving the expected outputs. The remuneration ensured that the leaders had time to focus on

the role and increased their sense of responsibility. Having a dedicated leader was an important factor in ensuring that the work process was effective and that potential frictions between the competing interests of the stakeholders were duly addressed. A leader of such a horizontal format must understand the big picture and, based on this, must help to connect the views of the stakeholders, reframe problems, and look for common ground. This requires substantive competence.

Altogether, the experience illustrates how smartly targeted funding can be used to create opportunities for change and innovation through mandating networks of actors to collaborate in complex policy fields (see Sarapuu & Trei, 2023). The format was very successful in reducing the substantial complexity of the problems (Klijn & Koppenjan, 2016) by supporting the exchange of views and engaging scientific knowledge. The format also created an arena where the stakeholders could meet and agree on the rules for dealing with the problems, thereby reducing strategic complexity. The participants were more sceptical about the achievements with respect to reducing institutional complexity. However, in this regard, more time may also be needed for providing a definitive evaluation.

The introduction of the Estonian task forces was primarily possible because of the ESF funding, and after the funding instrument ended, new task forces have not been created to the same extent, even though the undertaking can be considered a success in several respects. Experimenting with new collaboration formats that offer flexibility and new ways of working together should be encouraged. For that, several insights can be drawn regarding the experience with the task force format.

The lessons are summarised under six keywords:

- Financing—targeted funding can be used strategically for enforcing horizontal coordination and finding innovative solutions to complex policy problems.
- Stakeholders—addressing complex policy issues requires engagement of various stakeholders, who may have differing interests.
- Leadership—collaboration between the stakeholders does not happen by itself. It needs to be led and facilitated by a capable and committed leader with good knowledge of the policy field in focus.
- Time—a limited time frame helps counterparts to focus on the goal and to pool effort.

- Ownership—responsibility for the policy problem must be explicitly discussed before, during, and after the work of a task force and its implementation mechanisms designed.
- Politicians—in complex policy fields, reforms are always compromises legitimised by political decisions and require keeping the politicians ‘on board’ throughout the journey.

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## CHAPTER 20

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# Lessons Learnt from Horizontal Coordination of Data Ecosystems in the Swedish Public Transport Sector

*Johan Linåker, Daniel Rudmark, and Alina Östling*

## SCOPE

Open and shared government data and services provide a pivotal enabler for innovation, interoperability, and transparency and are, to an increasing degree, pushed top-down through legislation. Yet, such openness is typically challenged and slowed down by, for example, a lack of technical competency, dedicated resources, and presence of a risk-aversive and closed culture among public sector organisations. Actors can tackle such challenges by forming open government data ecosystems, that is, coming together towards a common vision and collaborating on the sharing and processing of data (Iansiti & Levien, 2004). These efforts are generally

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underpinned by a joint data-sharing platform (Jansen et al., 2009), where data is published, enriched, and used (Oliveira et al., 2019).

In this case study, we exemplify that technical platforms and governance structures are critical for the sustainability of the collaboration and horizontal coordination between stakeholders. Specifically, we investigate the case of Trafiklab.se,<sup>1</sup> an open government data ecosystem initiated in 2011 that brings actors within the Swedish public transport sector together to collaborate on a platform with open traffic data, connected APIs, and complementary open-source software projects. The ecosystem's vision is to facilitate the creation of new services that make it easier and more attractive to travel with public transport. The ecosystem and its platform are developed and orchestrated by Samtrafiken, a corporate entity co-owned by all the regional public transport authorities and most of the commercial transport operators in Sweden.

We investigate specifically how Samtrafiken enables horizontal coordination between public and private actors by providing a neutral and trusted body for open collaboration. We delve into how this consortium-based governance structure emerged and has evolved over time, including its success factors and challenges.

## CONCEPTUAL CLARIFICATIONS

Open data ecosystems provide a networked community of actors (organisations and individuals), who base their relations to each other on a common interest, supported by an underpinning technological platform that enables actors to process data (e.g. find, archive, publish, consume, or reuse) as well as to foster innovation, create value, or support new businesses. Actors collaborate on the data and boundary resources (e.g. software and standards), through the exchange of information, resources, and artefacts.

In the Trafiklab.se ecosystem, members can generally be categorised within one of the areas: (1) regional public transport authorities, (2) private and publicly owned train operators, (3) national, regional, and local governments, (4) private bus operators, and (5) private product and service providers. Future plans include integration with related actors, such as taxi operators and rental-service providers of, for example, cars and bikes.

<sup>1</sup><https://trafiklab.se>

The ecosystem is governed and coordinated by Samtrafiken, a public-private co-owned entity which collects the relevant data from its owners and partners, transforms and processes to standardised formats, and distributes via its technical platform through open APIs. Samtrafiken provides a somewhat neutral body among the public and private actors, some of whom may be considered competitors. This consortium-based governance structure (Dal Bianco et al., 2014) enables a horizontal coordination that creates *trust* in the platform provider's commitment and guarantees long-term stability and collaboration within the ecosystem (Susha et al., 2023). Actors can collaborate and invest resources together in a way that benefits them all, with clear charters stating how the project will be technically governed.

The actors leverage the APIs of Trafiklab.se platform to provide input to existing and new products and services. Several cases are highlighted through the platform,<sup>2</sup> including Skjutsgruppen.se, Sweden's only service combining public transport with carpooling in rental cars and private vehicles, which is today a non-profit carpooling movement engaging over 70,000 participants. Other examples include startups focused on live network mapping within public transportation, and on improving operational efficiency and service reliability in the public transport industry.

## PRACTICE

While travellers may perceive public transport as a cohesive system, in reality, it represents a complex organisational structure. In Sweden, public transport is primarily managed by regions/counties (self-governing local authorities that operate between the state and municipal levels), which procure services from private operators, such as Keolis and Nobina. Additionally, all inter-regional trains are privately operated, and legally, any private entity is permitted to establish public transport services on any route. Public transport thus requires horizontal coordination between regions, as well as between regions and private actors (that may operate across regions). Consequently, providing travellers with relevant, up-to-date information and seamless ticketing across transport modes and legal jurisdictions requires substantial coordination within the sector, particularly in terms of data collection and sharing.

<sup>2</sup><https://www.trafiklab.se/cases/>

A key infrastructure for such coordination is Trafiklab.se, which was established in 2011. At that point, the recent rise of smartphones necessitated quick adaptation by public transport organisations, as several external travel-planning apps, created by external app developers on platforms like iOS and Android, became vital. Initially, with no official data available, developers scraped information from websites. Using this unsanctioned data, developers created several popular apps in Sweden. The Swedish public transport entities, initially reluctant to create their own apps (because of limited resources), thus began to recognise the value of external developers in disseminating travel services. Consequently, the entire Swedish public transport sector, through Samtrafiken, established Trafiklab.se to provide external actors with access to data and services needed for application development. The platform continued to provide data to both these external apps and also data for apps that public transport organisations eventually provided themselves.

The following sections present three key episodes that illustrate further efforts to coordinate and streamline the traveller experience, using Trafiklab.se.

### *Case 1: GTFS Data for Google Maps*

In 2012, Google approached Swedish public transport actors, seeking to incorporate Swedish public transport data into Google Maps, which already featured walking, driving, and cycling directions. Samtrafiken, offering nationwide travel planning via an open API, became a natural speaking partner, given its previous work with Trafiklab.se and data covering all of Sweden's public transport. However, the current travel-planning services offered through Trafiklab.se would not suffice. Instead, Samtrafiken had to release data (rather than a service) following Google's Global Transit Feed Specification (GTFS) format, a standard for public transport data in compressed CSV files.

A major concern for public transport (PT) agencies was relinquishing control over the travel-planning algorithm and, consequently, the suggested routes for travellers. To address these concerns, Samtrafiken allowed agencies to opt out of exporting data to Google. However, given that most agencies believed the benefits outweighed the risks, the few that were still reluctant to be absent from Google Maps eventually decided to join (Koutsikouri et al., 2018).

The integration with Google Maps increased the visibility and accessibility of Swedish public transport, making it popular for travel planning. The open release of GTFS data has fostered competition by attracting international apps, where apps like Trafi and Moovit are currently available for the Swedish market. Additionally, adhering to Google's standards improved data quality, benefitting Samtrafiken and external GTFS re-users.

### *Case 2: Swedish Mobility Platform for MaaS Services*

Samtrafiken also initiated the Swedish Mobility Program in early 2016 to explore the creation of a national MaaS (Mobility as a Service) integration platform, define the role of a technical coordinator, and forge a collective business agreement that could be reused across Samtrafiken's members. In this context, the MaaS programme would integrate various transport modes, like public transit, ridesharing, and bikesharing, into one digital platform. The platform would offer route planning, booking, ticketing, and payment, as a way to replace private vehicle use with a more efficient, user-centred approach to travel. The programme's objective was to devise a strategy for Samtrafiken to serve as an Intermediary MaaS Integrator (IMI) in Sweden. Following extensive discussions with Transport Service Providers (TSPs), potential MaaS Operators, and technical platform suppliers, Samtrafiken, in September of the same year, proposed a plan to its board. This plan included the formation of a new division within Samtrafiken, named 'Mobilitetstorget'.

However, the board of directors rejected the proposal to establish Mobilitetstorget. They deemed the benefits insufficient against the necessary investments in developing a technical platform affording complex functionality, like payment and ticketing across operators. Key concerns included limited support from TSPs and doubts about MaaS Operators' interest in Mobilitetstorget's services (Smith et al., 2020). Consequently, Samtrafiken suspended the project, and to date, no national MaaS platform has been developed.

### *Case 3: The Open Data Project to Facilitate Combined Mobility and Compliance with EU Regulation*

The Swedish Government (via the 'Forum for Transport Innovation') initiated a Samtrafiken-led project to revamp Sweden's open public transport data. The goal was to push the public transport industry to harmonise and

improve data quality for prospective new mobility services. This need for high-quality, real-time data spurred a substantial pre-study that presented five strategic objectives, including a new system architecture for open data management. The Open Data project partially overlapped with the Swedish Mobility Program, gaining more traction when the latter was discontinued in spring 2017.

Concurrently, EU Delegated Regulation 2017/1926 required multi-modal travel information services within the EU, compelling Swedish public transport entities to expand their data publishing capabilities beyond the current offerings by Samtrafiken and Trafiklab. Despite the relatively high costs, the Samtrafiken's board of directors approved this new architecture, driven by the potential for innovative services, particularly in metropolitan areas, and the need to comply with EU mandates, a priority for rural transport actors.<sup>3</sup>

Samtrafiken's Open Data project (*Öppna data projekt*) aimed to develop a digital infrastructure for collecting, aggregating, converting, and making public transport data accessible, aligning with standards like GTFS<sup>4</sup> and NOPTIS,<sup>5</sup> and adhering to EU regulations such as NeTEx<sup>6</sup> for Europe-wide standardisation. As of August 2023, all public transport agencies published data through this new infrastructure, and were thus both compliant with EU regulations and offered external developers access to new data like real-time updates, and detailed bus stop and station data.

## EVALUATION

As the technology and legal requirements progressed, public transport actors in Sweden were able to enable innovation,<sup>7</sup> contribute to policy developments, and fulfil new regulations through their horizontally

<sup>3</sup>The financing model of Samtrafiken is based on the size of the public transport network and routes. In practice, this means that the larger regions in Sweden carry the most cost for financing Samtrafiken data management.

<sup>4</sup>GTFS: General Transit Feed Specification, a widely-used global standard for public transit schedules and geographic information.

<sup>5</sup>NOPTIS: Nordic Public Transport Interface Standard for data exchange between public transport systems in Nordic countries.

<sup>6</sup>NeTEx: Network Timetable Exchange, a European CEN standard for exchanging comprehensive public transport information including schedules, fares, and network topology.

<sup>7</sup>See, for example, examples developed by third-party actors: <https://www.trafiklab.se/cases>

coordinated collaboration in Samtrafiken. The co-owned entity enabled the actors to pool resources and develop a common platform that aggregates, transforms, and disseminates their data, and allows for third-party developers to create products and services that contribute to improving the end-user experience. The horizontal coordination, hence, extends beyond the public transport actors, shaping an open data ecosystem where other (private) actors can engage and draw benefit from the shared resources but also contribute with data, knowledge, and new services.

Our three cases show different outcomes of the coordination efforts. Two of the cases—GTFS data for Google Maps and the Open Data project—could be defined as successful, while the case of the Swedish Mobility Platform (SMP) proved challenging. One of the reasons could be that the two successful cases were addressing existing and pressing needs, in contrast to a future, anticipated need that the SMP was focusing on. Moreover, the successful cases dealt with less sensitive data (e.g. information about travelling), while the SMP intended to share more sensitive data (i.e. information on financial transactions). Last but not least, the two successful cases were more about problem solving than impairing on autonomy of the stakeholders involved (as could be argued the last case did, to a certain extent).

## LESSONS LEARNT

Actors have much to benefit from collaboration and data sharing. The formation of open data ecosystems, as that of Trafiklab, provides an organised approach where a common platform and governance processes support such collaboration and sharing. An orchestrating body, such as Samtrafiken, helps in bringing the actors together, and facilitates the horizontal collaboration among them. The Samtrafiken cases examined point to some lessons learnt that could help to carry out effective horizontal coordination, namely, the need to:

- Enable existing and new actors (public and private) within the ecosystem to innovate and develop new products and services based on shared data and related resources.
- Adopt common standards for the data to enable integration into overarching data ecosystems, and portability to different services. This will further enable innovation and the integration of common solutions.

- Develop collective platforms that can aggregate, transform, and publish required data in formats to enable the ecosystem to expand and innovate on the shared data.
- Focus collaboration and joint investments on common and tangible needs of a majority of the actors in the ecosystem.

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## CHAPTER 21

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# Leadership of Peak Intergovernmental Councils. A Case Study on the Management of the COVID-19 Pandemic in Germany and Switzerland

*Yvonne Hegele and Johanna Schnabel*

## INTRODUCTION

Intergovernmental councils are an important feature in federal systems. Those regular meetings between the federal government and the constituent units or among the constituent units structure, organise, and formalise intergovernmental coordination (Behnke & Mueller, 2017; Schnabel, 2020). In addition to a range of sectoral councils, whose members are line ministers, each federation has a generalist forum comprising the heads of governments or entire governments (Bolleyer, 2009, p. 17). When the

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peak council is horizontal in scope, that is, when the federal government is not a formal member, a major part of its purpose is the formation of a joint position of the constituent unit governments who seek to influence the federal government or protect constituent unit autonomy (Behnke & Mueller, 2017). Peak intergovernmental councils tend to focus on cross-sectoral coordination of highly salient policy matters, that is, those requiring high-level coordination among heads of government (Wanna et al., 2009; Poirier & Saunders, 2015, pp. 459–462; Schnabel & Mueller, 2017).

Such coordination is particularly important in times of crisis, where highly consequential decisions are made that, besides cutting across the jurisdictions of two (or three) orders of government, usually concern several policy areas (Boin et al., 2016; Schnabel & Hegele, 2021). Peak councils can thus be expected to take the lead in coordinating crisis management. Using the COVID-19 pandemic for illustration, this chapter examines how the operation of the peak councils, which we argue is determined by the type of executives in a country, shapes their roles during a crisis.

## PEAK INTERGOVERNMENTAL COUNCILS IN GERMANY AND SWITZERLAND

This case study focuses on the peak councils in Germany (Conference of Minister-Presidents [*Ministerpräsidentenkonferenz*, MPK]) and Switzerland (Conference of Cantonal Governments [*Konferenz der Kantonsregierungen*, KdK]). Drawing on established concepts of intergovernmental relations (Bolleyer, 2009; Behnke & Mueller, 2017; Schnabel, 2020), we can identify a number of similarities and differences between these two peak councils relating to their membership, scope, level of institutionalisation, and purpose (see Table 21.1).

The most important difference between the two peak councils concerns their membership. MPK consists of the heads of government, the minister-presidents, of the *Länder*. Minister-presidents are usually the heads of coalitions in which there is a hierarchical relationship between the minister-president and the cabinet ministers due to the former's power to determine policy guidelines of the government (*Richtlinienkompetenz*). Therefore, the relationship between MPK and the sectoral councils is also hierarchical. KdK, by contrast, consists of entire governments with each of them deciding which member should attend plenary assemblies, which may vary from meeting to meeting (Schnabel & Mueller, 2017). KdK members represent governments that are oversized coalitions and collegial

**Table 21.1** Structure of peak councils

	Germany	Switzerland
Members	Heads of government	Entire government (represented by one cabinet member)
Scope	Horizontal (4× per year), vertical (2× per year)	Horizontal
Institutionalisation	Statute, regular meetings, rotating secretariat, one permanent committee	Statute, regular meetings, permanent secretariat, several permanent committees
Purpose	Vertical influence, horizontal information exchange and coordination	(Horizontal coordination aimed at) vertical influence

executives, meaning the head of government is *primus inter pares*, and there is no hierarchical relationship. Another difference concerns the scope of the two councils. While the two councils are horizontal forums whose formal membership does not include the federal government, in Germany, two out of four annual meetings are followed by a meeting with the federal government, which convenes it (Lhotta & von Blumenthal, 2015).

Both peak councils are highly institutionalised. They follow formalised rules of procedure, meet frequently and regularly, and are supported by a secretariat and several committees. Their main purpose is to influence the federal government to ensure that constituent units' perspectives and interests are considered in federal decision-making. Therefore, both peak councils engage in horizontal coordination for the purpose of establishing a joint position before engaging in vertical coordination. By speaking with one voice, constituent units seek to gain leverage *vis-à-vis* the federal government (Hegele & Behnke, 2017; Schnabel & Mueller, 2017). In contrast to KdK, MPK also exchanges information and coordinates matters under constituent unit authority, thus aiming at horizontal harmonisation in addition to vertical influence.

Given their predominant position as the body formed by the heads of government or entire governments and because of their focus on cross-sectoral and highly politicised matters, it may seem obvious that in times of crisis, peak councils take leadership by assuming a more elevated role among intergovernmental councils. However, MPK and KdK differ in their structure regarding membership, scope and, partly, purpose. Those differences shape their ability to lead crisis management.

## PEAK INTERGOVERNMENTAL COUNCILS AND THE COVID-19 PANDEMIC

A way to establish whether the peak council takes a leading role in times of crisis is to compare its level of activity (number of outputs, proportion of crisis-related outputs), publicity (number of press releases), direction of action (vertical, horizontal, general public), and the bindingness of its outputs with the sectoral councils (Schnabel et al., 2022). To examine the role of MPK and KdK during the COVID-19 pandemic, we created a dataset consisting of the outputs of relevant intergovernmental councils during the pandemic (Schnabel et al., 2022). The data show that during the COVID-19 pandemic, MPK played a leading role, while KdK did not (see Table 21.2).

MPK was the main forum through which the federal government and the *Länder* coordinated Germany's crisis response. At their meetings, the chancellor and the minister-presidents agreed on restrictions and discussed the easing of restrictions. Those resolutions were subsequently implemented in the *Länder*. MPK also delegated tasks to the sectoral conferences (see Fig. 21.1). While the number of MPK outputs was not higher than that of the sectoral councils, the share of COVID-19-related outputs indicates that MPK assumed a leading role, as almost half of the peak council's outputs dealt with the pandemic, a much higher share than the sectoral councils' share. MPK showed much more efforts at publicity than most councils, except for the Conference of Ministers of Education (*Kultusministerkonferenz*, KMK), as a larger number of press conferences and press releases shows. Most of its outputs during the pandemic were highly binding, and much more binding than those of most sectoral councils, which further highlights its leading role. MPK strengthened its vertical character while also continuing to function as a horizontal forum and

**Table 21.2** Role of peak councils during the COVID-19 pandemic compared to sectoral councils

	<i>Germany</i>	<i>Switzerland</i>
Activity (general)	Similar	Lower
Activity (COVID-related)	Higher	Lower
Publicity	Higher	Lower
Direction	Same	Narrower
Bindingness	Higher	Similar

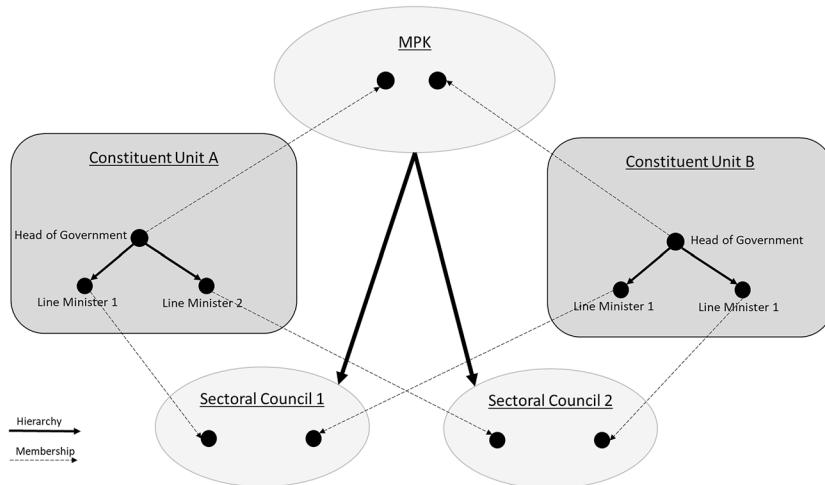


Fig. 21.1 Germany

addressing the general public, thus covering all three directions of coordination; however, so were the sectoral councils.

KdK, by contrast, was sidelined by the Conference of Cantonal Directors of Health (*Gesundheitsdirektorenkonferenz*, GDK). In Switzerland's more centralised crisis structure under the *Epidemics Act*, GDK became the main partner of the federal government. KdK voluntarily played a minor role, letting the more cohesive sectoral councils take the lead. This is reflected in a particularly low number of outputs by KdK during the pandemic, and the absence of additional efforts at publicity. Regarding the direction of action, KdK was also sidelined by GDK, which facilitated vertical and horizontal coordination while also addressing the general public. The political bindingness of outputs of all Swiss councils increased; again, KdK did not stand out.

## DISCUSSION

As this chapter shows, MPK assumed a leading role in crisis management during the COVID-19 pandemic. The council operated mostly as a vertical body (i.e., included the federal government) and coordinated the most important decisions regarding pandemic management—among the

constituent units, between the two orders of government, and across policy sectors. The Infection Protection Act (*Infektionsschutzgesetz*) assigns the federal government a coordinating role, and MPK was the obvious format for such *vertical coordination*, given that it meets regularly with the federal government under non-crisis conditions.

MPK was in a good position to facilitate *coordination across policy sectors* and across orders of government (*vertical coordination*). Consequently, the council was able to ensure that joint resolutions concerning one policy sector did not interfere with or contradict measures in another sector. Moreover, its set-up allowed it to balance various normative goals, such as individual liberty, health, and macroeconomic stabilisation. MPK also facilitated *horizontal coordination*, which is a secondary purpose of the council. While the design and timing of policy measures eventually converged slightly across the *Länder*, mostly due to party politics (Person et al., 2022, 2023), crisis management overall was rather consistent.

KdK, in contrast, did not play a leading role during the pandemic. As a forum with fluid and heterogeneous individual membership that does not engage in vertical or horizontal coordination other than for the purpose of influencing the federal government, it could not rely on well-established mechanisms of horizontal or vertical coordination. An informal agreement between KdK and the Conference of Cantonal Directors of Health (*Gesundheitsdirektorenkonferenz*, GDK) additionally led to the latter being the primary partner of the federal government, which further contributed to the marginalisation of KdK. Consequently, vertical and horizontal coordination of crisis management in Switzerland occurred mainly along policy sectors and lacked cross-sectoral steering. In areas of their purview, cantons adopted their own decisions regarding pandemic management and pursued their own balance between the normative goals. Wherever cantonal pandemic management or coordination in the sectoral councils reached their limits, it was the federal government rather than KdK that stepped in and took nationwide decisions under the Epidemics Act (*Epidemiengesetz*). Thus, in the absence of a hierarchical relationship between KdK and the sectoral conferences, it was the federal government that intervened using hierarchical modes of coordination. In those situations, cross-sectoral coordination was ensured within the federal executive, also a collegial body, while vertical coordination was—at most—informal, and horizontal coordination remained limited (Fig. 21.2).

The main reason behind those differences in the peak councils' ability to assume leadership in crisis management seems to lie in their

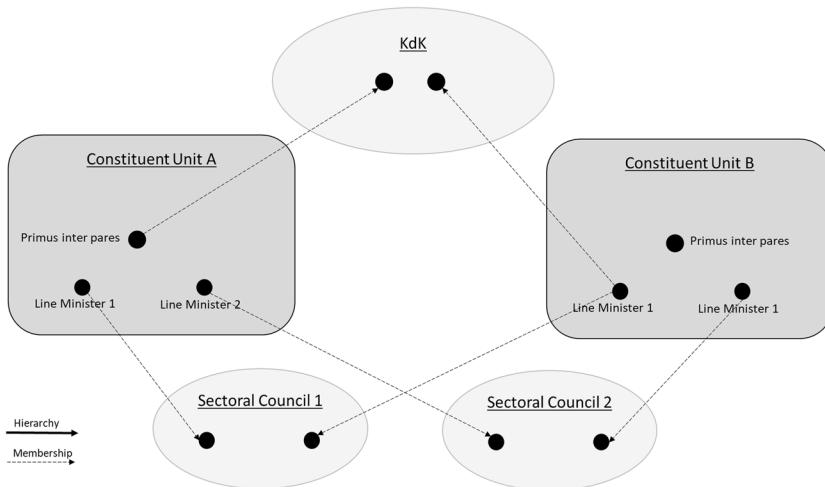


Fig. 21.2 Switzerland

membership structure, which is determined by the different forms of cabinets and political systems. In Germany and other parliamentary federations, where there is a clear hierarchy between the head of government and the other cabinet members (i.e., the departmental ministers), the peak council can facilitate compromise across jurisdictions and policy sectors at the same time and instruct sectoral councils and the line ministers to implement its resolutions. Consequently, MPK ensured strong leadership across a range of issues, signalling a joint effort by the federal government and the *Länder*, which facilitated consistency in crisis communication (Schnabel et al., 2023). If there is no hierarchical relationship between their members because the executive is a collegial body or members of government are directly elected, the peak council is unlikely to assume a leading role. In the absence of a hierarchical relationship, representatives at meetings of the peak council cannot commit to a resolution in policy sectors for which they are not responsible without prior consultation and agreement with fellow cabinet members—which is difficult, given the urgency of crisis management. Consequently, coordination is organised along sectoral lines, and each intergovernmental council decides on the matters within the purview of its members. This suggests that the peak council is likely to play a leading role in countries with hierarchical executives and less likely in countries with directly elected or collegial executives.

## LESSONS

Our observations on the role of peak councils during crises suggest that they can take a leading role in crisis management, but only under certain conditions. Firstly, it seems more likely that a peak council can take a leading role if established and regularly used mechanisms of meaningful horizontal and vertical coordination exist. If peak councils are solely a forum in which constituent units join forces to influence the federal government, without engaging in meaningful horizontal and vertical coordination, for instance, to harmonise policy or to pool resources, they are also unlikely to facilitate vertical and horizontal coordination during crises. Thus, if federations want to use peak councils, or establish similar forums to deal with crises, it seems important to practice meaningful horizontal and vertical coordination or to design mechanisms and a culture of cooperation that enable actors to meaningfully work together once an emergency occurs.

Second, the ability to integrate all three dimensions of coordination—horizontal, vertical, and cross-sectoral—seems to be an important feature that contributed to MPK taking a leading role during the COVID-19 pandemic. In those federations where relationships between heads of government and cabinet ministers are more hierarchical, cross-sectoral coordination in peak councils seems to be built into their design. In countries like Switzerland, where there is not a hierarchical relationship between the head of government and the sectoral ministers, cross-sectoral coordination seems to be more difficult to achieve within the system of intergovernmental councils.

This does not mean that cross-sectoral coordination is impossible in those federations. It occurred in Switzerland, where centralisation, that is, the federal government assuming the authority to decide on crisis measures, led to cross-sectoral coordination within the central government cabinet. Moreover, it is possible to establish mechanisms that enable peak councils to coordinate across policy sectors. This would, however, require changes within the executives of the constituent units. In the absence of a hierarchy between the head of government and the ministers, interdepartmental coordination mechanism could allow for cross-sectoral coordination prior to vertical and horizontal coordination. In the literature, there exist several organisational and procedural possibilities on how to design such interdepartmental mechanisms (Bouckaert et al., 2010;

Peters, 2015). Considering crisis coordination, given the urgency to act, the most promising avenue seems to be to entrust the otherwise non-hierarchical head of government with a mandate to decide on crisis-related issues and, at the same time, establish direct channels of communication with the other members of government. While relying on the federal government seems organisationally, and maybe politically, easier, each federation must decide whether this (temporary) centralisation is acceptable.

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## CHAPTER 22

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# Coordinating Banking Regulations and Green Transition: The Turkish Experience

*M. Kerem Coban*

## INTRODUCTION

Green transition poses horizontal (e.g., among public and private actors) and vertical (e.g., local, national, regional, and global) coordination problems, and individual or unilateral policy actions do not address the problem. In this context, one significant related coordination challenge is financing and regulating the green transition.<sup>1</sup> Research suggests that \$4 trillion will be required annually by 2030 if we aim to achieve net zero by

<sup>1</sup> It is defined in this case study as structural economic change that shifts economy from carbon-intensive production and consumption patterns toward a low carbon and sustainable structure.

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2050 (IEA, 2021). Here, regulating the green transition demands *policy coordination within the state apparatus* (e.g., coordination within bureaucracy and with the government), and *coordination between the state actors and non-state actors*. Due to the trans-boundary character of the policy problem, policy coordination can address or help avoid “adverse consequences of any one decision [or action] for other decisions [or actions] ... are to a degree and in some frequency avoided, reduced, counterbalanced, or outweighed” (Lindblom, 1965, p. 154).<sup>2</sup> With such adjustments, actors can achieve “*voluntary or forced alignment of tasks and efforts ... [which] are used in order to create a greater coherence, and to reduce redundancy, lacunae and contradictions within and between policies, implementation or management*” (Bouckaert et al., 2010, p. 16, emphasis in original).

This case study examines an emerging policy coordination area and novel practices in regulating green transition with a focus on policy coordination in bank regulatory standards in Turkey. Given the emerging nature of this policy area, the banking sector, regulatory and monetary authorities, and ministries are developing organisational policies and seeking mechanisms for coordination. This case study discusses the factors that determine (and prevent) (effective) policy coordination in this nascent subsystem regarding coordination to link bank regulatory standards and financing the green transition for two interrelated reasons. First, as mentioned above, the green transition is costly and requires multiple trillion dollars, which resonates mostly in developing countries that have limited financial resources (Chapagain et al., 2020). Second, and relatedly, the regulatory standards determine the cost and the availability of financing for the green transition by classifying bank finance, climate-related risks, and exposures, thereby affecting the likelihood of (effective) coordination and financing of the transition (BIS, 2022; Braun & Gabor, 2023; FSB, 2022; Kedward et al., 2022; Miguel et al., 2024; NGFS 2019).

## ACTORS AND ORGANISATIONAL INITIATIVES

This case study focuses on the banking sector because banks dominate the Turkish financial system. Almost 90% of financial assets are held in the banking sector (IMF, 2017). In this financial structure, the regulatory

<sup>2</sup>This chapter focuses on horizontal coordination (Peters, 2015). As such, it studies coordination among public organisations, coordination between the government and public organisations, and that of between state and non-state actors.

agencies and the central bank have taken several steps in the last decade to stimulate green finance with a particular focus on the banking sector and enactment of various banking regulations.<sup>3</sup> During this period, the 11th National Development Plan had envisaged improvements in the coordination among public organisations<sup>4</sup> (i.e., the Banking Regulation and Supervision Agency (hereafter BRSA), the Central Bank of Republic of Turkey (hereafter Central Bank) among other public organisations such as the Ministry of Trade, the Ministry of Environment and Urbanisation). In 2021, Turkey enacted the Paris Climate Agreement, which the country had signed onto in 2016. Additionally, the government stated its intention towards net-zero emissions by 2053.<sup>5</sup> At the same time, the Ministry of Environment and Urbanisation was restructured as the Ministry of Environment, Urbanisation and Climate Change in 2021 with the launch of a specialised directorate (Directorate of Climate Change) within this Ministry, which steers coordination of green transition policies in Turkey.

In 2022, the Directorate of Climate Change organised the Climate Change Summit, bringing together state and non-state stakeholders (e.g., peak business associations, the banking sector, ministries, the Central Bank, the BRSA, securities regulator, among others). The communiqué of the summit emphasised and mandated coordination among those stakeholders. As for green finance and regulatory standards, the summit mandated the following: a specialised working group to develop the national green finance strategy, a technical body to formulate the national green taxonomy (i.e., a benchmark framework that defines economic activities that are “green”), an infrastructure to identify, classify, and analyse climate-related financial risks, and a legal framework against greenwashing.<sup>6</sup>

At the same time, and more specifically, the main banking sector regulatory authorities, the BRSA and the Central Bank, have made crucial

<sup>3</sup>Green finance includes other sectors in the financial system such as capital markets. The Capital Markets Board has issued various guides and regulations to ensure that private firms can issue green bonds in 2021; see <https://spk.gov.tr/data/61e22aef1b41c612388360c3/912f055b0fd6731f15ccf0fbdcbb4b5b.pdf>

<sup>4</sup>See p. 169, [https://www.sbb.gov.tr/wp-content/uploads/2022/07/On\\_Birinci\\_Kalkinma\\_Planı-2019-2023.pdf](https://www.sbb.gov.tr/wp-content/uploads/2022/07/On_Birinci_Kalkinma_Planı-2019-2023.pdf)

<sup>5</sup>See p. 169, [https://www.sbb.gov.tr/wp-content/uploads/2022/07/On\\_Birinci\\_Kalkinma\\_Planı-2019-2023.pdf](https://www.sbb.gov.tr/wp-content/uploads/2022/07/On_Birinci_Kalkinma_Planı-2019-2023.pdf)

<sup>6</sup>See <https://iklimsurasi.gov.tr/public/images/sonucbildirgesi.pdf>. Additionally, greenwashing refers to wilful manipulation or deception to appear as if implementing environmentally friendly practices compared to legal practices (Lyon & Montgomery, 2015).

progress in their respective policy sectors (i.e., banking regulation and monetary policy). For example, the Central Bank established the Green Economy and Climate Change Division within the Investor Relations Directorate in 2021. Also, the Central Bank became a member of an international informal grouping of monetary and bank regulatory authorities, the Network for Greening Financial System (NGFS) in 2021 (CBRT, 2022).<sup>7</sup> Compared to the Central Bank, the bank regulator, BRSA, has been more active in terms of regulatory instrument development and regulatory frameworks. Most notably, the BRSA introduced the Sustainable Banking Strategic Plan (BRSA, 2021)<sup>8</sup> that envisages the development of data infrastructure to measure, analyse, and regulate climate-related risks, and to strengthen coordination among the stakeholders.

Meanwhile, the Turkish banking sector has been active in adapting to the changing regulatory environment. The international regulatory setting has been grappling with developing climate-related risks (BCBS, 2022), crafting disclosure regulations (TCFD, 2021) with implications for local banking sectors (see Kilic & Kuzey, 2019 for the Turkish context), among others. In response to the changing landscape, the Turkish banking sector published the Sustainability Guidelines in 2014.<sup>9</sup> In 2016, the Turkish banks issued the first green bonds (BRSA, 2021). Furthermore, despite limitations, many large banks have announced net-zero targets and/or goals to reduce emissions, divesting from carbon-intensive sectors.<sup>10</sup>

Finally, the Ministry of Trade has a mandate to coordinate efforts to develop capacity, especially in the private sector. The European Green Deal, which involves strict environmental and social regulations to which firms need to comply to continue having access to the European market,<sup>11</sup> forces Turkish firms to comply with the regulatory standards, given that the EU is the main export destination. This compliance pressure has

<sup>7</sup> See <https://www.ngfs.net/en/about-us/governance/origin-and-purpose>

<sup>8</sup> The BRSA has additionally worked on credit standards, climate-related risks; see <https://www.bddk.org.tr/KurumHakkinda/Detay/36>

<sup>9</sup> See <https://www.tbb.org.tr/sustainability/index.html>

<sup>10</sup> See <https://350turkiye.org/files/2022/11/turkiyedeki-bankalarin-iklim-degisikligi-ine-yaklasimi-rapor.pdf>

<sup>11</sup> See [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en)

increased with the EU's Carbon Adjustment Mechanism.<sup>12</sup> In other words, the external, regional regulatory requirements create a structural constraint regarding compliance with those regulatory measures, as non-compliance would mean restricted, if not fully denied, access to the European market. In this regard, these regulatory requirements stimulate adjustment to the regional, external setting through coordination within the country. Coordination in this setting means that the Turkish firms will have to report their carbon emissions and pay carbon tax, if necessary. Reporting emissions builds on awareness and capacity to collect data. To this end, the Ministry of Trade began organising briefing sessions and training firms about data collection and reporting. Additionally, the Ministry of Trade has orchestrated the formation of a technical body to develop financial resources for the transition and compliance costs. This body involves the BRSA, the Central Bank, the Ministry of Treasury and Finance, the private sector (peak trade associations), the banking sector, among others.<sup>13</sup>

### THE RECENT REGULATORY ATTEMPTS AND COORDINATION CHALLENGES

This section discusses the recent regulatory attempts and challenges to policy coordination. First, we focus on bureaucratic politics. While there have been various attempts in the past to mainstream climate change and green transition in Turkey, the most recent high-level policy document was the 11th Development Plan. The development plan emphasises the need for mandate clarification and greater coordination among public organisations.<sup>14</sup> Following this policy advice, the Climate Summit communiqué later mandated the public and private sector actors to coordinate efforts in their respective policy sectors. Interviewed public officials point to bureaucratic politics that inhibit effective coordination. They argue that each organisation specialises in their own mandated areas (e.g., monetary

<sup>12</sup> See [https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism\\_en](https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en). Mesutoglu (2022) studied the impact of the EU's carbon pricing regulation on the banking sector via the exporting sector. The impact analysis reveals a negligible cost and impact.

<sup>13</sup> See <https://ticaret.gov.tr/data/643ffd6a13b8767b208ca8e4/Ek-2%20%C4%B0%C3%87G%20K%C3%BCnyeleri.pdf>

<sup>14</sup> See p. 187; [https://www.sbb.gov.tr/wp-content/uploads/2022/07/Eleventh\\_Development\\_Plan\\_2019-2023.pdf](https://www.sbb.gov.tr/wp-content/uploads/2022/07/Eleventh_Development_Plan_2019-2023.pdf)

policy, bank regulation).<sup>15</sup> This creates a fruitful setting for specialisation; however, the setting also leads to the “silo” logic that prevents effective and established channels of communication. Indeed, besides that challenge, public organisations have overlapping conceptualisation of green transition as: “transition to low carbon technologies and production models”. While such convergence establishes a common ground for public organisations, which creates and facilitates an overlapping ideational basis for effective communication, thereby facilitating coordination, an official in the Ministry of Trade noted that “there is a significant communication gap among the public sector, the private sector, as well as the universities. This is an entrenched practice in the country and inflicts the green transition process, too”.<sup>16</sup> More specifically, a senior regulator mentioned that “the bank regulator created a working group with the banking sector on climate-related risks, worked on a survey to capture the capabilities and compliance level in the sector, and implements regulations to transform the sector in line with the international standards”.<sup>17</sup> However, the regulator also added that “the regulator cannot proceed with more influential regulations because the Ministry of Trade does not coordinate effectively with the regulator”.<sup>18</sup>

The reference to the lack of effective coordination between public organisations relates mainly to data sharing. The regulators and senior bankers note that “the Ministry of Trade gathers carbon emissions data at firm level, but the dataset is not available to other parties”.<sup>19</sup> Interviewed bankers state that individual banks can extract the data by requiring their clients to disclose such data. However, the existing data is not disseminated widely. This prevents other public organisations from developing know-how about emissions, which, in turn, compromises regulating the banking sector against climate-related risks.

Such gaps in data originate from insufficient and underdeveloped policy capacity<sup>20</sup> within and beyond the public sector and the political and

<sup>15</sup> Interview 1; Interview 2; Interview 3; Interview 4.

<sup>16</sup> Interview 3

<sup>17</sup> Interview 4

<sup>18</sup> Interview 4

<sup>19</sup> Interview 3; Interview 4; Interview 5; Interview 6

<sup>20</sup> Wu et al. (2015, p. 166) define policy capacity as “the set of skills and resources—or competences and capabilities—necessary to perform policy functions”. It has three dimensions: analytical (e.g., access to data and information, resources, infrastructure, and tools for policy analysis), operational (e.g., human resources, financial resources, coordination arrangements), and political (e.g., access to and support from key decision-makers, trust, legitimacy).

economic factors. As for policy capacity concerns, we have noted earlier that the BRSA has been proactively working on banking regulations in coordination with the banking sector. The organisation has been publishing reports, developing regulations, and conducting scenario-based impact analyses. Indeed, these efforts and capabilities are notable; however, the BRSA has operational capacity deficiencies. A senior regulator states that “the workload is intensifying regularly ... regulating the climate-related risks requires another department [and] we are only a few specialised regulators”.<sup>21</sup> Equally important is inadequate political capacity and the support from key organisational decision-makers. This relates to orienting the BRSA towards more robust, systematic regulatory standards:

We [the regulators] achieved mainstreaming, but the government is occupied with navigating a fragile macroeconomic conjuncture; and the top-level regulators in the BRSA are more concerned about the macroeconomic conditions, which prevents issue prioritisation.<sup>22</sup>

In the case of the Central Bank, the Green Economy and Climate Change Division was established within the Investor Relations Directorate in 2021. The existing literature refers to proactive central bankers driving green transition (Siderius, 2022). Similar to the BRSA, the Central Bank is occupied with managing the current fragile economic and monetary conjuncture (Coban, 2022, 2023; Unuvar & Yeldan, 2023; Yeldan, 2023). The interviewed central bankers and the annual reports only refer to attendance at NGFS meetings and their contribution to the working groups of the 12th Development Plan, where economic growth and development issues are addressed through adaptation and mitigation of climate change.

At the same time, the private sector is struggling with inadequate capacity to drive or play its contributory role in green transition. The existence of a data gap has already been mentioned above. Private consultants report that the “data gap is problematic because most of the firms cannot or do not track the emissions. Yet more important is that the reports are not always accurate, as we observe misreported data because of deliberate choices or ignorance”.<sup>23</sup> The former relates to deliberately “cooked books”

<sup>21</sup> Interview 4

<sup>22</sup> Interview 4; Interview 5

<sup>23</sup> Interview 8

to report lower levels of emissions to appear complying with the international and/or national regulations. The latter concerns what another consultant notes: “many firms do not have operational and analytical resources to make sense of emissions, even before establishing the infrastructure to measure them”.<sup>24</sup>

Finally, besides policy capacity deficiencies both within and beyond the public organisation, the political and economic factors can hardly be ignored. There are multiple fronts: the first is the relationship between the banking sector and firms. The two actors have a conflict-ridden relationship that builds on access to (relatively) cheaper credit to finance the private sector (Coban, 2023). However, Turkey’s adherence to the Paris Climate Agreement overlapped with limited capital inflows, thereby reducing the capabilities of the banking sector to coordinate financing for the green transition. The regulators and senior bankers have noted that with “high levels of risk premium charged in international financial markets on Turkish firms and the state, the core problem regarding financial coordination relates to expensive financing of [green transition]. This adds up to the existing clashes between credit demand and supply, and thereby preventing coordination between the banking sector and firms towards green transition”.<sup>25</sup> Consequently, costly finance does not only prevent further investments, but, most importantly, impedes coordination for green transition that could stimulate the private sector towards the transition.

An additional political and economic factor relates to energy firms that rely on coal. The Ministry of Energy privatised coal-based power plants with a revenue guarantee. These energy firms do not prefer giving up future profits and cash flow.<sup>26</sup> At the same time, as a net energy importer, coal-based power plants play a critical role in electricity generation in Turkey. In this context, implementing international banking regulatory standards faces a serious challenge when energy firms resist the standards.

<sup>24</sup> Interview 9

<sup>25</sup> Interview 3; Interview 4; Interview 5; Interview 6

<sup>26</sup> Interview 4; Interview 5; Interview 7

## CONCLUSION AND IMPLICATIONS

This case study has examined the current and existing policy coordination arrangements and challenges in the formulation and implementation of banking regulations that target climate change adaptation or mitigation. The study has two major points. First, while there have been critical attempts to establish and operationalise coordination within the state apparatus, the lack of coordination in data gathering and sharing, unilateral and individual organisational and yet limited efforts to mainstream climate-related risks in bank regulatory standards prevent an encompassing coordinative infrastructure and arrangements. Second, a combination of policy capacity deficiencies, political and economic factors, and bureaucratic politics appears to impede the establishment of new coordination arrangements or even the effective use of existing arrangements. Consequently, these challenges generate a non-optimal coordination structure wherein individual, haphazard, uncoordinated organisational regulatory attempts remain within their respective policy sectors (e.g., trade, banking) without being part of a systematically coordinated strategic policy action towards green transition.

In this light, the case study corroborates Trein et al.'s (2021, p. 1422) findings regarding the fact that policy coordination in environmental protection and green transition is the product of coincidental attempts. This is because of ambiguity and uncertainty surrounding this cross-boundary, wicked policy problem that requires various actors' coordinated action, while they are likely to cling onto distinct policy preferences and interests. Furthermore, the case study suggests that while overlapping policy preferences and interests are fundamental for constructing an effective coordination setting and arrangements for formulation and implementation of banking regulations that target climate-related risks, policy capacity both within and beyond the state apparatus, political and economic factors, and bureaucratic politics are significant in addressing coordination bottlenecks.

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## CHAPTER 23

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# Case Study: Incorporation of National Minorities into Governance Coordination

*Gabriela Neagu and Martin Klatt*

### PITCH OF ISSUE AND SCOPE

This case study covers two peculiar aspects of horizontal governance coordination: governance across nation-state borders as well as inclusion of national minorities residing in border regions, with ethnic, linguistic, and cultural connections to the neighbouring country—their kin-state. Governance coordination across state borders is usually challenged not only by a language barrier but also by cultural, juridical, and other systemic barriers. Here, we investigate two regions in Europe, which are very diverse in landscape, economic development, and governance structures, but similar in that they are a product of national conflict, resulting in ethno-national diversity organised in non-territorial autonomy for national minorities: Sønderjylland-Schleswig, crossing the Danish-German land

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border, as well as the Bihor-Hajdu-Bihar Euroregion crossing the Hungarian-Romanian border.

National minorities are an important factor in many European regions. This poses challenges to governance (and governance coordination), but also opportunities, especially in border regions and regional cross-border governance, as minorities can overcome otherwise existing language barriers (they are usually bilingual), as well as cultural barriers even in administration (as they are familiar with both their home state and their kin-state's culture).

Therefore, we argue that national minorities should be involved in horizontal governance coordination. This is not an automatism, unless there are arrangements for territorial autonomy (South Tyrol, Greenland, the Faroe and Åland Islands, Catalonia, the Basque Territory, and, to a certain extent, the devolved governments of Scotland and Wales) or consociationalism agreements (Bosnia-Herzegovina, Northern Ireland, Lebanon, Iraq).

In our cases, we will focus on how non-territorial arrangements of minority governance, meant to ensure minorities' self-administration of cultural affairs, could be included in more general purpose, horizontal (and also vertical) governance coordination, at the regional level, in a cross-border perspective. The unit of analysis will be Euroregions as the hitherto only existing instrument of regional, horizontal, all-purpose cross-border governance, specifically, expertise from the Euroregion Sønderjylland-Schleswig (DE-DK) and Euroregion Bihor-Hajdú-Bihar (RO-HU).

## CONCEPTUAL CLARIFICATIONS

National minorities are defined as organised autochthonous minorities, as understood by the European Framework Convention for the Protection of National Minorities and the European Charter for Minority and Regional Languages. Non-territorial autonomy means institutionalised arrangements of self-administration/self-governance for these minorities, usually focusing on cultural affairs and education. The study will examine opportunities to coordinate governance activities of these institutions with regional and national authorities' governance of regional development and other governance measures to enhance regional quality of life. For Schleswig as a Danish-German borderland, possible governance coordination is examined in a cross-border perspective, involving governance institutions on both sides of the border. The same cross-border approach is

applied to governance programmes targeting the Euroregion of Romania and Hungary (Bihor-Hajdú-Bihar).

Cross-border cooperation and governance coordination have been supported at the EU level through a series of regional policy instruments. In 2006, the EU introduced the European Groupings of Territorial Cooperation as a legal instrument to set up cross-border institutional structures and to operate cross-border infrastructure, such as a cross-border hospital. Furthermore, since 1991, the Interreg programme and its territorial cooperation strand have provided an instrument of financial support for cross-border, transnational, and interregional cooperation and the harmonious and balanced development of the entire common space (Reitel et al., 2018; Wassenberg et al., 2015). Public funds from local communities and private funds (foundations, NGOs, enterprises, etc.) may be additional funding sources to develop cross-border cooperation projects. These instruments have not yet addressed the inclusion of national minorities residing in border regions. Measures to involve national minorities more in decision-making processes and especially in horizontal cross-border governance coordination are an overlooked opportunity for cross-border regional development, beyond the basic aim to ensure political inclusion of minorities. Since borderland minorities share cross-border culture and have cross-border linguistic capabilities, they have the potential to ease the cross-border cooperation process (Malloy, 2010). Analyses carried out at the level of Europe (Bianco & Jackson, 2012) confirm the fact that the level of involvement of national minorities in the process of horizontal or vertical coordination depends on their perception and motivation: a negative perception of minorities (fear of losing control over national institutional actors, as mitigating regional differences in socio-economic development between countries and regions will be covered by the increase of taxes) will not increase minorities' involvement in cross-border cooperation.

## PRACTICE

See Table 23.1.

The cross-border cooperation between Romania and Hungary involves the following administrative-territorial units: Szabolcs-Szatmár-Bereg, Hajdú-Bihar, Békés, and Csongrád in Hungary, and respectively Satu Mare, Bihor, Arad and Timiș in Romania.

**Table 23.1** Types of cross-border cooperation

<i>Project/partnerships</i>	<i>Institutional actors involved</i>	<i>Type of cooperation</i>	<i>Action/collaboration field</i>	<i>Results</i>
The Bihor-Hajdú-Bihar Euroregion (RO-HU)	Local and county councils, other stakeholders such as universities, national minorities	Association	Economic, social, cultural	Cross-border information points, cross-border projects (education, economic)
Region Sønderjylland-Schleswig (DE-DK)	Municipalities, counties, a region, other stakeholders such as universities, national minorities	No legal structure, based on a non-binding agreement	Inclusive, but a strong focus on culture and information service	Political Forum, Cross-border information point, facilitator of cross-border projects

Source: Authors

The local administrations in the counties located on the border have decided that they have common objectives and problems that they can solve through cross-border cooperation mechanisms. In 2002, at the initiative of local representatives, the Bihor-Hajdú-Bihar Euroregion was established. The form of organisation is simple and very flexible: *association*. The main objective of this region is to better integrate not only the economic dimension but also the actions undertaken by public stakeholders in the fields of health, culture, and education (Decoville et al., 2015, p. 36). The cooperation between the two countries within the Euroregion led to the development of entrepreneurial capacity and investments in each of the two countries. Also, from an academic point of view, the two universities—the University of Oradea in Romania and the University of Debrecen in Hungary laid the foundations of an Institute of Euroregions studies through which they develop research programmes in different fields.

In the Danish-German land border region Sønderjylland-Schleswig, cross-border governance coordination was institutionalised in a Euroregion in 1997, with the bordering regional authorities as members. The Euroregion has a board, a regional office with the special task of service centre for cross-border activities, and had, until 2011, a regional assembly

of delegates from the constituent members' elected councils and a few other stakeholders in cross-border cooperation. When the Regional Assembly was shut down, the Euroregion's focus changed to be a facilitator and a service centre for cross-border projects and consultancy (commuters, etc.).

The two reciprocal national minorities in the Danish-German border region have established self-governance in educational and cultural affairs through associations funded by home state and kin-state. Politically, they are represented locally and regionally by their political parties. Since 2021, the Danish minority has also won representation in the Federal German Parliament in Berlin. The Danish minority has a liaison office at the Danish Parliament and Government.

## EVALUATION

### *The Bihor-Hajdú-Bihar Euroregion*

A cross-border cooperation programme to develop the Euroregions between Romania and Hungary (2014–2020) was developed with six priorities organised on the following dimensions (Government of Romania, 2015):

- (a) The socio-economic dimension aimed at the economy, social inclusion, and environmental protection: (1) Common protection and efficient use of common values and resources (Cooperation on natural and cultural resources); (2) Improving employment and promoting the cross-border labour market (Cooperation on business solutions); (3) Promoting social inclusion, combating poverty and any form of discrimination (Cooperation on social solutions);
- (b) The territorial dimension aimed at the mobility of people and goods: (4) Improving sustainable cross-border mobility and eliminating blockages (Cooperation on accessibility);
- (c) The sectoral dimension that focuses on promoting cooperation between the two countries: (5) Promoting cross-border cooperation between institutions and citizens (Cross-border Cooperation); (6) Improving risk prevention and management and disaster prevention (Cooperation on risk management).

Most cross-border cooperation is concentrated in the economic field, which is why the Euroregions can play an important role in overcoming economic difficulties, contributing to the mitigation of regional economic imbalances (Negut, 2003). A starting point in the development of these structures is the associations that already exist in different fields: associations between universities, associations between different medical service centres, or tourist services. The local authorities on one side and the other of the border have developed partnerships within European projects that aim to develop the regions (i.e. INTERREG) or local cooperation on specific policy issues (i.e. education in the mother tongue). The intensity and involvement of the different stakeholders depend on the local interests and the type of project/programme in which they collaborate (e.g. minority representatives are more present in local administrative structures in both countries compared to representation at the central level). Many forms of association between the two regions are the result of personal initiatives of leaders from different fields of activity (i.e. the creation of the Institute of Euroregions is an initiative of the local representatives and academic leaders). The challenge for most cross-border regions is the creation of open, sustainable forms of governance in which both public institutions and the business environment and civil society are represented.

### *Sønderjylland-Schleswig*

The Euroregion is based on an agreement between the partners, but no legal commitment as in an EGTC. Its budget is renegotiated among the partners annually. Since the abolishment of the Regional Assembly in 2011, no formal governance coordination takes place. Governance coordination is more ad-hoc, by pointing out issues that need coordination between the responsible government agencies on both sides of the border. Such issues can be addressing specific needs raised by cross-border commuters (i.e. a fast-track lane for commuters during the COVID-19 border crossing restrictions), or protests against plans to reduce cross-border transit services. Politicians on both sides of the border acknowledge these issues, but this acknowledgement does not necessarily translate into cross-border policies or cross-border political action. Could this be improved by a stronger role of the cross-border minorities? A study undertaken on behalf of the German state Schleswig-Holstein's parliament in 2007–2008 concluded that the two reciprocal minorities' special cultural competencies should be exploited to a much higher degree to fully tap the potential

of the cross-border region's development (Malloy et al., 2008). On the other hand, active participation of the two reciprocal national minorities in cross-border governance can be assessed for Sønderjylland-Schleswig (Klatt, 2017a). Nevertheless, especially the southern part of the cross-border region still lags behind other German and Danish regions in its socio-economic development (Schrader & Laaser, 2020). Apparently, it has not been able to tap the potentials fully. There is only documentation that the Danish minority in Germany's contribution to Denmark's development is measurable and definitely justifies the generous kin-state funding of minority institutions (Lange, 2017, no similar data is available for the German minority in Denmark).

Both minorities had an institutionalised representation in the Euroregional assembly and were active voices in its debates. At some assembly meetings the author (MK) observed during the 2000s, it appeared to be that the minority representatives were the only assembly members contributing with constructive and innovative ideas and motions. The lack of decision-making competencies of a Euroregion did not result in effective governance coordination, though. More recently, both minority parties (the SP for the German minority in Denmark and the SSW for the Danish minority in Germany) have aligned themselves on specific cross-border issues. Especially, they have criticised re-bordering policies (permanent customs control in 2011, "temporary" border controls since January 2016, the Wild Boar (restricting) border fence erected in 2019 to protect Danish pork producers from the African Swine Fever, and, of course, the border closure following the spread of the SARS-CoV-2 pandemic in March 2020 (Klatt & Kühl, 2023). In the latter, some success in easing cross-border traffic can be attributed to this coordination. Furthermore, both minorities have had leverage as secondary foreign policy agents in the Danish-German context, drawing attention to aspects beyond minority issues (Klatt, 2017b). A more thorough investigation of the minorities' impact on cross-border development is difficult to assess as relevant data is not available. Nevertheless, the possibility of close cooperation between political parties to advance cross-border governance coordination can be assessed for this case—albeit it does not cover the mainstream political spectrum.

## LESSONS

Involving borderland minorities in cross-border cooperation programmes adds an additional dimension to the design and strategies of these programmes. It might imply a risk to reduce cross-border cooperation to minority-kin-state cooperation, so measures need to be taken not to fund exclusively minority-kin-state cooperation (which is a policy of Region Sønderjylland-Schleswig and the Danish-German Interreg Operational Programme).

The objectives, the actions undertaken as well as the results obtained depend on many factors: the institutional dimension (associations or territorial cooperation), the distance between them (a greater distance imposes broader objectives, while proximity allows collaboration on everyday issues, for more cooperation initiatives and with immediate impact, for example, facilitating the mobility of the population or goods between Bihor-Hajdu-Bihar Euroregion).

Both for Germany and Denmark as well as for Romania and Hungary, ethnic minorities represent image vectors of the related country and vice versa, and through the support of European institutions, through Euroregions, inter-ethnic and international cooperation relations are consolidated and developed to a higher level.

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## CHAPTER 24

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# Horizontal Intergovernmental Coordination Across State Borders: The Euregio Tyrol-South Tyrol-Trentino

*Alessia Setti*

## INTRODUCTION

The Alps may be considered the dividing line between Central and Western Europe, on the one hand, and Southern Europe, on the other. Nevertheless, throughout the centuries, Europe's highest and most extensive mountain range—now marking the border between Italy and its neighbouring states, France, Switzerland, Austria, and Slovenia—has not always constituted a borderline. Particularly, there is a portion of this frontier, at the height of the Central Eastern Alps, where the borderline is not only relatively recent but also not perceived as such by most of its citizens. It is the border segment dividing the territories of the Austrian Land Tyrol from the Italian Autonomous Region Trentino-South Tyrol, which used to be one single territory until the end of World War I. Nowadays, Tyrol, South Tyrol, and Trentino embody a successful example of horizontal intergovernmental

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coordination not only at the sub-national level but also across state boundaries. What mountains and current national borders seem to divide, a shared history, a common language, as well as collective challenges, de facto unite through cross-border cooperation. Yet this would not be possible without the legal tool developed by the European Union (EU) to strengthen territorial cooperation—the European Grouping of Territorial Cooperation (EGTC), which ultimately allowed the institutionalisation of the cooperation in this cross-border area. This case study illustrates how these three sub-state entities, and notably their governors, managed to reach joint coordination in numerous sectors, for example, political and institutional cooperation, mobility, and tourism, despite the lack of support from their own central state authorities for many years.

### CONCEPTUAL CLARIFICATIONS

Cross-border cooperation, understood as the “more or less institutionalized collaboration between contiguous subnational authorities across national borders” (Perkmann, 2003, p. 156), is an expression of horizontal intergovernmental coordination. The latter, ranging from mere communication to joint decision-making between executives situated at the same level of government (Behnke & Müller, 2021), describes the type of cooperation occurring between Tyrol, South Tyrol, and Trentino. The perimeter of this cross-border region corresponds to the one of the County of Tyrol, a single territory from the fourteenth century until 1919, when South Tyrol and Trentino were annexed to Italy as foreseen by the 1919 Paris Peace Treaty (Alber & Zwilling, 2014).

Tyrol is the third largest Austrian federal state. Inhabited by slightly more than 770,000 people (*Land Tirol*, 2023), Tyrol has its own directly elected parliament with legislative competences that are constitutionally guaranteed, as well as its own government, chaired by a president. In the south, Tyrol borders Switzerland’s Graubünden, Italy’s Veneto, and above all, the Italian Autonomous Region Trentino-South Tyrol. Unlike the other Italian regions, the territory of this special statute region is further divided into two territorial entities detaining substantial legislative and administrative competences: the Autonomous Province of Trento, in the southern part of the region, and the Autonomous Province of Bolzano/South Tyrol, constituting the northernmost province of the Italian Republic and lying directly at the foot of the Alps, at the border with Austria. Trentino and South Tyrol have a population of nearly half a

million residents, respectively (*Provincia Autonoma di Trento*, 2023; *Autonome Provinz Bozen-Südtirol*, 2023). While Trentino is almost entirely Italian-speaking,<sup>1</sup> a good 69% of the population living in South Tyrol is German speaker, followed by 26% of Italian speakers and 5% of Ladin speakers (*Autonome Provinz Bozen-Südtirol*, 2015). The two Autonomous Provinces now co-exist peacefully under the same “roof”, namely the Autonomous Region. Nonetheless, the current autonomy arrangement is the output of a long and complex path (see, e.g. Alcock, 2001), which resulted in the adoption of the second Autonomy Statute in 1972. This statute foresaw the existence of the two Autonomous Provinces within the same region, and since then, the two Autonomous Provinces—and not the Region—have assumed the role of governing their respective territories. Indeed, the two Autonomous Provinces have their own parliament, government, and president. Today, the Region mainly plays a legislative steering role in some policy fields, and its legislative assembly, the Regional Council, is composed of the members elected at the two provincial parliaments.

In the context of the Euregio Tyrol-South Tyrol-Trentino, we thus have three sub-state territories belonging to two different states and forming one single cross-border region. The strong historical, cultural, economic, and social ties among these three sub-national entities have laid the foundations for cross-border cooperation, yet not without difficulties.

## PRACTICE

Today’s success of the relations between Tyrol, South Tyrol, and Trentino, the high degree of institutionalised cooperation and numerous cross-border initiatives are mainly due to the EGTC. This cooperation framework is now the platform in which cross-border activities take place, both in terms of intergovernmental coordination among the three executives and project development, more generally. The EGTC Euregio Tyrol-South Tyrol-Trentino has a broad spectrum of policy sectors in which these regions join forces—from research and innovation to sustainable mobility, energy, economy, and environment, among others. Yet, the path

<sup>1</sup>Three linguistic minority groups are present in Trentino: Ladini, Mocheni, and Cimbri. Special forms of protection are ensured to these groups, yet these measures mainly refer to the protection and promotion of these minority languages in the municipalities and valleys where they are spoken, without any major implication in the political sphere.

that eventually led to the adoption of this cooperation mechanism in 2011 has been rather tortuous.

The three territories expressed interest to collaborate especially since the late 1980s, when the idea of a Euroregion within the borders of the “historical Tyrol” began to emerge (Palermo, 2014). Cooperation in this territory has always been political in nature, precisely because of its shared past, and has run parallel to the quest of South Tyroleans for more autonomy within Italy’s asymmetric regionalised system (Palermo, 2014). In the beginning, the whole idea of creating a European Region was frowned upon by state authorities, since it started, at least partly, as an “irredentist and separatist” project (Palermo, 2014, p. 137). Therefore, the desire for cross-border cooperation has caused major suspicion within Italian central state authorities, which feared that strong relations at the cross-border regional level could trigger secessionist ambitions, above all, within the German- and Ladin-speaking populations of South Tyrol. Indeed, the central state authorities of Italy—and Austria to some extent—have hampered a more formal cooperation at first. Two main episodes can be recalled outlining their reluctance to support cross-border relations. First, Italy did not ratify the protocols of the European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities (Fink, 2014), the treaty adopted in 1980 by the Council of Europe, whereby “signatory states commit themselves to enabling their local and regional authorities to fully engage in cross-border cooperation” (Gänzle, 2016, p. 387). To be sure, Austria had serious reservations as well, concerning the creation of an institution of public law as foreseen by the treaty and its protocols (Fink, 2014). This prevented the three sub-state entities from having a legal tool to strengthen their cooperation. Second, the opening of a common regional representation to the EU of the European Region Tyrol-South Tyrol-Trentino in 1995 was initially not welcomed by the official representatives of the Italian State, who perceived it as a threat to Italy’s territorial integrity, leading the then government to initiate a claim before the Italian Constitutional Court (*Ufficio comune del GECT “Euregio Tirolo-Alto Adige-Trentino”*, 2014).

In those years marked by the conflict with the national governments, however, regional authorities managed to consolidate their exchanges through the establishment of the so-called *Dreier-Landtag*. This German term refers to the joint sessions of the legislative assemblies of Trento,

Bolzano, and Tyrol that have been taking place regularly since 1991.<sup>2</sup> Still today, this cooperation at the legislative level is crucial for the exchange on common challenges and the strengthening of personal relations among regional politicians. An example of a context in which the three regional parliaments used the *Dreier-Landtag* as an important platform for discussion and adoption of joint deliberations was the high migration flows through the cross-border region in 2015 and 2016. However, the deliberations adopted during the *Dreier-Landtag* sessions are recommendations and therefore not legally binding (*Land Tirol, 2021*), thus restricting the impact of such meetings in terms of intergovernmental coordination. Despite the unequivocal political endorsement at the regional level, cross-border cooperation could thus not undergo a process of institutionalisation, therefore taking place only in the form of informal meetings and exchanges on topics within the realm of each region's competences (Fink, 2014).

The adoption of the EGTC Regulation<sup>3</sup> in 2006 by the European Parliament and the Council constituted the turning point for cooperation in this cross-border area, marking the end of an era in which states were objecting to legal instruments for cross-border cooperation at the regional level. This European legislative act regulates the establishment and functioning of EGTCs, which are cross-border cooperation associations with their own legal personality based primarily on EU law, and whose membership is open to "member states, regional authorities, local authorities, bodies under public law and associations consisting of bodies belonging to one or more of these four categories" from at least two countries (Engl, 2014, p. 19). EGTCs can have different purposes, mostly managing and implementing projects of territorial cooperation that are funded by the EU or with own resources. The creation of an EGTC is purely optional and always subject to the approval of the state authorities in charge. When used by cross-border regions, this legal instrument fosters an institutionalised cross-border cooperation, mainly because of the requirements for a specific institutional structure composed of at least an assembly and a director (Engl, 2016).

<sup>2</sup>The Austrian Land Vorarlberg participated in the first two sessions of the Dreier-Landtag and remains now only an observer.

<sup>3</sup>Regulation (EC) no. 1082/2006 of the European Parliament and of the Council of 5 July 2006 on the EGTC, Official Journal L 210, 31 July 2006, later amended by the Regulation (EU) No 1302/2013 of the European Parliament and of the Council of 17 December 2013.

The EGTC was welcomed by Tyrol, South Tyrol, and Trentino, who saw it as the chance to institutionalise their cooperation. In October 2009, the three regional governments, first, and the three legislative assemblies reunited at the *Dreier-Landtag*, then officialised the political will to set up an EGTC. In April 2011, the Italian government authorised the participation of the Autonomous Provinces of Trento and Bolzano/South Tyrol in the EGTC with the Land Tyrol. This decision arrived after some disputes over the use of the term “Euroregion” in the official naming of the EGTC, which, once again, encountered the hesitation of the Italian central authorities. This term does not appear in the official Italian name of the EGTC, which is instead called “Euregio”, as confirmed by the new Statute and Convention adopted in 2021. Following the required authorisations, the EGTC Euregio Tyrol-South Tyrol-Trentino has been officially in place since September 2011 and has its headquarters in Bolzano (South Tyrol). The EGTC status grants these three territories’ executives the possibility to cooperate within a permanent and general-purpose coordination mechanism. Besides political coordination, the EGTC Euregio Tyrol-South Tyrol-Trentino delivers concrete cross-border cooperation projects. Among the most well-known initiatives, we find the “Euregio Family Pass”, a ticket for families residing in the territory, entitling them to discounts in sectors like culture and mobility across the entire Euregio, and the avalanche report, a daily forecast service of the avalanche danger in the entire cross-border space.

## EVALUATION

Horizontal coordination executed through the EGTC entails numerous benefits. Legally, by granting legal personality, this tool has a foremost advantage for cross-border regions, which can “acquire property, employ staff and appear in court” and are considered institutions of the state where their seat is located (Engl, 2014, p. 20). For the Euregio Tyrol-South Tyrol-Trentino, being acknowledged as a body with such status constitutes a major symbolic and practical achievement, given the complex path for their formal recognition as an Euregio rather than three separate entities. Operationally, EGTCs are effective coordination tools, since they enable their members—in this case, the three regions—to have a permanent structure to, *inter alia*, share expertise, exchange ideas to tackle common challenges, and implement joint projects. Moreover, the permanent character of this cooperation instrument avoids a restriction of

cross-border initiatives to project-fixed funding terms, as it may happen under Interreg programmes. Among other things, this confers more continuity to joint projects. Furthermore, the EGTC favours a strengthening of communication and personal contacts among regional politicians, which ultimately enables the expansion of cross-border projects. Finally, a dedicated and skilled staff and strong links with the three regional administration branches allow to coordinate and fund other projects, such as in collaboration with the Interreg A programme Italy-Austria. Politically, the establishment of an EGTC between these three regions has allowed them to continue their project, which is characterised by strong cross-border relations based on a common past. From being considered a threat of reunification of the “historical Tyrol”, cooperation in this cross-border territory is now precisely a counterargument to secession. Indeed, the EGTC confers the three sub-national entities a wide range of functions (Palermo, 2014) that they would not have under mere cooperation agreements, and which satisfies the three regions, while also excluding possible secessionist ambitions from South Tyrol. The political power of the EGTC (see Svensson, 2014) was also evident during the European refugee crisis in 2015, when the three territories located at the Brenner Pass, that is, one of the main corridors for the circulation of asylum seekers from Italy to Northern Europe, have acted as a single policy actor for the management of the intense migration flows in the area (Setti, 2020). Overall, the effectiveness of the coordination framework used by the three regions mainly lies in the features of the framework itself. The constantly growing number of EGTCs<sup>4</sup> set up across the whole EU further demonstrates the utility of this instrument.

Although the EGTC has brought numerous advantages and strengthened cross-border relations between Tyrol, South Tyrol, and Trentino, it is also no *panacea*. Traffic along the Brenner axis, that is, the main corridor used for the circulation of goods and people and crossing the whole cross-border region, for instance, represents a subject on which the three regions have been struggling to find a common solution for years. Confronted with issues related to heavy traffic and the shift of freight traffic flows from road to rail, the three territories have shown different approaches towards the topic both in the *Dreier-Landtag* and at the

<sup>4</sup> At the time of writing, there are 86 active EGTCs. This number mainly refers to EGTCs established in the context of cross-border cooperation, while only a minority are for inter-regional and transnational cooperation.

EGTC level. Nonetheless, the issue remains one of the priorities of the EGTC Euregio Tyrol-South Tyrol-Trentino, which probably awaits only a political compromise satisfying all three regions involved.

## LESSONS

The institutionalisation of cross-border cooperation in the cross-border space composed of the Austrian Land Tyrol and the two Italian Autonomous Provinces of Trento and Bolzano/South Tyrol points out two crucial elements for the success of intergovernmental coordination between entities at the same level of government: the political will at the regional level and the existence of a legal tool for cooperation provided by the EU. First, a strong political commitment at the regional level has been essential to both attain the highest possible level of horizontal intergovernmental coordination across state boundaries and maintain the desire for coordination despite a conflictual situation with national authorities. This aspect is associated with the strong political leadership demonstrated by the presidents of Tyrol, South Tyrol, and Trentino over the years who have always aimed at closer cross-border relations. Second, the role played by the EU in granting sub-state entities with the tools enhancing their cooperation is remarkable. Without such EU legal tool, an institutionalisation of cross-border cooperation in this territory would have been rather unlikely. In other words, the consensus at the EU level to develop the EGTC instrument has allowed to bypass the reservations of national authorities in this territory, who could not oppose to the use of this tool in this specific cross-border region. This further suggests that vertical relationships matter to the extent of success of horizontal coordination.

Despite using one of the most advanced instruments of cross-border governance in Europe, limitations to the cooperation are still present also in this cross-border region. The EGTC tool, in fact, is certainly a good tool to advance and deepen cross-border governance, but it is not fit to overcome the legal and administrative obstacles that prevent a full integration across the EU internal borders. This is mainly due to the fact that the EGTC does not confer new competences to the regions involved, which cooperate within the limits of the powers that they have based on their national legal orders. At the time of writing, a debate about a new cooperation mechanism to address these obstacles is taking place at the EU level, yet the hesitation of national authorities in the Council has so far hampered a step forward into fully cohesive and integrated cross-border regions.

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PART IV

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## Comparative Analysis



## CHAPTER 25

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# Conclusion: Patterns and Drivers of Horizontal Coordination—Insights from a Comparative Perspective

*Bettina Petersohn*  and *Nathalie Behnke* 

## INTRODUCTION

The literature on intergovernmental coordination is guided by the distinction between horizontal coordination, involving representatives from the same level of government, and vertical integration, connecting representatives from different levels of government. As outlined in the introduction, the focus of this volume is on horizontal coordination within multilevel contexts. One key insight across the chapters is that several horizontal coordination mechanisms have a vertical component and involve members

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of higher-level administrative or political units as part of the coordination effort. This insight might not come as a surprise, considering the complexity of the policy issues outlined at the start, but it has implications for the study of intergovernmental coordination as well as for recommendations about their design to achieve effective policy solutions.

The chapters in this book cover a variety of coordination mechanisms introduced to solve complex policy problems in a broad range of countries with varying political and socio-economic conditions. As such, the chapters showcase the experiences of actors involved in policymaking to solve those complex or wicked policy problems within their respective legal, political, and socio-economic contexts. Before we discuss the different coordination mechanisms and their workings in practice in greater detail, we will outline the current policy challenges that political leaders are facing across the countries represented in this book. Among those policy challenges are the well-known suspects of wicked problems, such as climate change, environmental standards, or pollution targets. In addition, we find migration, urbanisation, and regional inequalities to be relevant to current policy problems. Interestingly, horizontal coordination efforts are focused on issues beyond that list and often deal with economic development, investments, tourism, or the delivery of public services to local communities.

The examples covered in this volume also demonstrate that horizontal coordination at the local level often involves governments of different party affiliations. The institutional context matters for the substantive focus of coordination. Attempts to achieve more effective policy or service delivery in younger democracies or unitary states often coincide with attempts to create territorial units of an adequate and functioning size, respecting historical or community boundaries or matching the size of the policy problem, for example, in case of urban sprawl and metropolitan areas. In ethnically divided contexts, coordination efforts to address regional inequalities in public service provisions are, at times, overshadowed by party competition over power and resources, and parties' interests in maximising the benefits for the group they claim to represent.

## CURRENT CHALLENGES AND WICKED PROBLEMS

At the time of writing, the impact of COVID-19 was still felt across countries, for example, in the form of lower economic growth, slow economic recovery, or limited resources for public sector investments resulting from the increase in government spending during lockdowns and imposed mobility limitations. Public budgets were additionally stretched due to

international commitments in response to the war in Ukraine, including changes to defence spending as well as the acceptance and accommodation of Ukrainian refugees in numerous countries across Europe. Resulting higher debt burdens and spending commitments are limiting the opportunities to make necessary investments in welfare services, in physical and digital infrastructure, or in energy transition. The combined effect of those events is felt by several governments and communities (e.g., in Poland, Türkiye, Iceland, Germany, Georgia, or the UK), faced with higher levels of inflation, lower economic growth, and higher costs of living, exacerbating already existing regional socio-economic disparities.

Apart from unpredictable events, socio-demographic trends and internal migration have changed the population fabric of countries and, in some cases, contributed to a further increase in regional inequalities or urban-rural cleavages. Over time, these changes have accumulated to form more complex policy challenges and wicked problems that governments and policymakers can no longer ignore. Current challenges that are policymakers face across the countries included in this volume are an ageing population, urbanisation, ‘metropolitan sprawl’, migration, and immigration, as well as the consequences of climate change for nature and human life. The precise manifestation of these policy problems and challenges, however, varies between the countries and intersects in different ways. To give an example: while urbanisation and population concentration in metropolitan areas are widespread phenomena, they intersect with an inward migration of younger people into urban areas in Iceland in the context of economic growth but coincide with an overall population decline, outward migration of young people, and depopulation of certain areas in Poland or Serbia. Another set of connected policy areas comes into play in countries affected by a larger intake of refugees, either passing through the country towards a different destination or seeking asylum in the respective country. Different policy frames and priorities can be formulated as a response, for example, a focus on housing to deal with the pressures on property prices in Reykjavik; a focus on economic investments and opportunities to work and build a career outside capitals and major cities (e.g., in Poland, or the UK); or a focus on health and social care services for an increasingly diverse population in urban areas. Those focused interventions, however, are likely to remain incomplete and less successful in dealing with the underlying policy issue if they do not take its complexity and the concomitant involvement of multiple policy areas and departmental responsibilities into account during the design stage. The literature on complex and wicked problems has emphasised the need to broaden the

perspectives, to include different problem understandings, and to coordinate and collaborate in order to find solutions that work at least partially or temporarily (Head & Alford, 2015; Conklin, 2006). The need for intersectoral coordination across government departments has been recognised among policymakers and scholars alike, including suggestions on how to incentivise cross-departmental communication and to use existing institutions and personal networks to facilitate sector-spanning exchanges (Behnke & Hegele, 2024, pp. 167–168; Husted & Danken, 2017).

Several instances of horizontal coordination covered in this volume reflect the intersectoral nature of complex policy problems. Coordination mechanisms chosen to address those complexities include a network approach involving experts and non-governmental actors (e.g., in the case of task forces in Estonia), interdepartmental coordination within the central executive (e.g., in the form of the Presidential Office for Disaster and Emergency Management in Türkiye, or interagency councils in Georgia), or peak intergovernmental councils with the remit to formulate guidelines for other departments (e.g., used for the COVID-19 response in Germany). The majority of coordination mechanisms described in the chapters in this volume, however, deal with local or regional policy coordination in areas such as public transport, tourism, planning, and economic development. Coordination mechanisms are established to share information with neighbouring municipalities or regions within or across state borders, to facilitate mobility and business investments, or to acquire funding from higher levels of government or the EU. While we find similarities in the major challenges that governments are currently facing, the main policy areas in which governments regularly coordinate horizontally are more often directed at local issues, at regional economic development, or the improvement and efficiency of the delivery of public services that fall within the jurisdiction of local and regional governments.<sup>1</sup>

Policymakers in all countries covered in this volume recognise the benefits of coordinating their responses across sectors, levels of governments,

<sup>1</sup> We do not argue that no intergovernmental coordination exists to deal with issues, such as migration, climate change, or refugee integration in the countries covered in this volume. The responsibilities of local and regional governments tend to cover only aspects related to environment (such as waste collection, sewerage, nature conservation), or migration and refugees (such as access to housing or health services for refugees), but do not provide them with influence over visa regulations, refugee quotas, or climate change agreements. As a result, coordination mechanisms described in this volume cover those aspects that lie within the jurisdiction of local and regional governments while it is often central governments that lead on the development of migration policies or climate change policies often including coordination at supranational and international arenas.

and/or borders to neighbouring countries. The legal provisions for a variety of coordination mechanisms and purposes (e.g., joint delivery of services, contracting, or access to facilities) have been put in place in all cases under investigation. Nevertheless, we find variation across time and countries in terms of how often and for which policy problems governments and policymakers initiate or make use of those coordination mechanisms, and with whom coordination becomes more institutionalised.

### INTERGOVERNMENTAL COORDINATION WITHIN AND ACROSS COUNTRIES

Apart from the distinction between horizontal and vertical coordination, we can organise the range of coordination mechanisms according to their degree of institutionalisation or formalisation as a first dimension. For intermunicipal cooperation, the OECD suggested a spectrum of low formalised arrangements, such as informal handshake arrangements and contractual relations including private sector actors, to more formalised cooperation involving the local authority associations or the creation of legal or territorial entities with delegated authority (OECD, 2019, p. 74). Secondly, we rely on Feiock's dimension of scope to organise the empirical landscape of coordination mechanisms, distinguishing between single-issue-focused coordination from those covering multiple issues, often involving a larger number of political actors, and coordination mechanisms designed to be encompassing, complex, and collective (Feiock, 2013, pp. 401–404).<sup>2</sup>

Empirically, we find mechanisms of horizontal coordination with varying degrees of institutionalisation across the countries. However, most coordination efforts include the creation of a governance architecture, boards, or councils to allow for regular exchanges over time. Even if the original coordination initiative focused on a single issue, for example, public transport, we find that several initiatives end up being expanded over time to cover more policy issues that the involved actors have a shared interest in. Most coordination mechanisms are used to manage multiple issues that fall within the jurisdiction of local governments or affect the territory that local and regional actors have jurisdiction over, for example,

<sup>2</sup> Feiock's second dimension of the formal base of coordination to solve collective action problems (with categories of political authority, contracts, societal embeddedness) is unsuitable for our focus on governments and intergovernmental coordination. While societal and non-governmental actors are occasionally part of the discussed coordination mechanisms, they were not the focus of the chapters in this volume.

public transport, local tourism, and housing in metropolitan areas. The constellation of actors and the duration of the coordination process differ depending on the characteristics of the coordination mechanism. Coordination initiatives that focus on single issues are often time bound and restricted in funding, but offer an opportunity for societal actors, NGOs, or specialists interested in a specific policy problem to participate, share their knowledge, and potentially improve the resulting policy response. More institutionalised coordination mechanisms, in comparison, cover multiple policy issues or expand their scope over time and provide a regular forum for information exchange, aggregation of interests, and an opportunity for developing more coherent policy responses to policy challenges recognised by all involved actors.

The following sections provide an overview over the dominant coordination mechanisms described and analysed across the countries covered in this book. Not all instances of coordination will be showcased here, but the main policy issues for which coordination mechanisms are assembled along the criteria of their policy scope (encompassing, multiple, or single issue focused), their degree of institutionalisation in the sense of regularity of usage and permanence of coordination, and the number and type of actors that are involved in the processes of coordination (e.g., from two municipalities to multiple actors representing local governments or even involving representatives from regional or central governments).

### *Coordination Mechanisms with Encompassing Scope and Scale*

Horizontal coordination often comes in the form of voluntary coordination initiated by governments with a shared interest in solving a complex policy problem or in gaining more clout for the representation of regionally specific interests in relation to regional or central governments or for engagement with EU institutions and diverse funding streams. In all countries covered in this volume, local authorities have the legal right to engage in coordination, form joint boards or councils, delegate responsibilities to other local authorities or agencies, and to own for-profit companies connected to their responsibilities (e.g., waste recycling or energy provision). We find that local authorities do make use of those legal provisions and form associations to coordinate with each other to exchange information and protect their common interests in all policy areas that fall within their jurisdiction but also to manage and improve overall economic development. The respective names of local government associations

might differ in each country, but the range of purposes and tasks is comparable: to protect the autonomy and interests of local authorities from central government encroachment, to provide legal advice, and to share information about new legislation, as well as to aggregate, represent, and advocate shared local interests in relation to central governments. In that sense, this form of horizontal coordination has a vertical intergovernmental component built into its list of purposes while covering all policy areas that fall within the jurisdiction of local authorities within each country.

Membership in local government associations is voluntary, but we find that all local authorities have become members once associations are established, independently of the institutional context or age of democracy that the cases in this volume display. The success and influence of local government associations differ, and factors such as the degree of centralisation, a corporatist political culture, or the respect of local autonomy matter, as the comparison of cases such as Norway or Germany (high degree of local autonomy, corporatist culture, trust in local authorities) with Israel or Georgia (high degree of centralisation, central control of coordination mechanisms, distrust in local authorities) illustrates.

Regarding their purpose of aggregating and representing interests in relation to the central government, local government associations serve as a functional equivalent for local governments to the intergovernmental conferences or councils used to coordinate the interests of regional governments within federal states. In contrast to the broad range of policy areas covered by associations, intergovernmental councils are often more differentiated, distinguishing policy-specific councils from peak councils, with the former being composed of cabinet ministers responsible for the policy area and the latter uniting the heads of regional governments. Amongst the countries covered in this volume, Germany has the most elaborate set of intergovernmental councils and a tradition of using them with regularity to share best practices, coordinate positions, and defend regional areas of jurisdiction against encroachment from the federal government (see Chaps. 6 and 21 in this volume).

### *Coordination Mechanisms with Mid-Range Scope and Territorial Scale*

Local governments across the majority of cases use their legal right to form associations or councils for coordination with neighbouring municipalities for policy issues affecting a territory or citizens beyond municipal

borders but of smaller scale to be relevant for the entire country. The motivation to coordinate is often driven by considerations of effectiveness and efficiency in the provision of key public services as well as of economic development and the attraction of funding and investments. Common policy areas covered by those coordination mechanisms connecting a limited number of local actors are regional infrastructure, waterworks, water supply, sewerage, transport, tourism, active travel, or recreational activities. Intermunicipal councils in Norway focus in addition on welfare services; regional development councils in Lithuania focus on all areas related to economic growth and investment, while regional clusters in Israel take on a range of tasks from public transportation, tourism initiatives, economic development, employment opportunities to data management and cyber security (see Chaps. 9, 11, and 12 in this volume). They represent some of the coordination mechanisms that Hooghe and Marks subsume under type II multilevel governance (Hooghe & Marks, 2003), displaying characteristics such as overlapping memberships, a plethora of boards and committees involving private- and third-sector actors with the aim to increase efficiency in the delivery of public services. However, coordination mechanisms are less task specific than the public service boards (such as fire rescue service boards or health boards) that Hooghe and Marks are describing in their seminal paper.

In some countries, we find further variations of this type of coordination mechanism, capturing the same purpose of matching scales of policy problems with the territorial jurisdiction of actors but using a variation of coordination bodies. In Poland or Greece, local authorities can form municipal unions between a minimum of two municipalities that are more encompassing in policy scope but limited in territorial scale. Another more country-specific manifestation of this coordination mechanism is commune-county unions in Poland. In the absence of regions with legislative authority, communes (i.e., municipal governments) have the legal right to coordinate with counties (i.e., administrative units with indirectly elected members) in areas of their jurisdiction and can even form unions with them to facilitate coordination. These commune-county unions have become popular and have taken over areas such as public transport, tourist infrastructure, or environmental protection to match the larger scale of the policy problems (see Chap. 13 in this volume).

A special form of territorial re-scaling comes in the formation of metropolitan areas. In several cases, local and central governments are grappling with slow-moving processes of urbanisation, resulting in what has been

called 'urban sprawl', stretching the boundaries of capital cities or larger cities into the adjacent, suburban municipalities. Similar to the regional clusters or councils mentioned above, the creation of metropolitan areas aims to match the size of the territorial reach of administrative or political units to the size of newly emerging policy problems as a result of internal migration and immigration. Pressures to provide adequate public transport, sufficient and affordable housing, and also education and health care services are shared across the capital cities in different countries faced with the problem of urbanisation (see Chaps. 10, 11, and 18). The main city adopts a more prominent role within this coordination mechanism than the regional clusters or unions between municipalities mentioned above. While metropolitan areas serve to deal with the pressures on service delivery in urban areas, the same approach of re-scaling of territorial governance does not help to address the flipside of urbanisation, that is, problems associated with the depopulation of rural or peripheral parts of the country.

These examples of medium scope and scale coordination share several characteristics: (a) they are voluntary; (b) they are formed by agreement between a small number of neighbouring municipalities; and (c) they might be legal entities but are not designed as additional political actors. The resulting governance architecture is layered on top of local councils and executives, preserving, at least in legal terms, the autonomous decision-making authority of local governments. In that sense, metropolitan areas sit somewhat between type I and type II MLG, as they are neither encompassing jurisdictions, nor non-permanent, task-specific special districts (see, Hooghe & Marks, 2003, pp. 236–238).

Cross-border cooperation between municipalities of different countries can be considered a second special form of horizontal coordination with a mid-range scope and territorial scale. In terms of scope, we find cross-border cooperation projects to cover multiple issues, often related to cross-border mobility, tourism, transport, and economic development across the region. The European Grouping of Territorial Cooperation (EGTC) and Interreg Cross-border Cooperation programmes are relevant institutional and financial facilitators through which cross-border infrastructure and service delivery, such as cross-border hospital management, project funding for sustainable agriculture, or the preservation of cultural heritage, can be realised.

In contrast to the examples mentioned above, however, the involved actors operate within different legal contexts, face variations in their areas of jurisdiction and funding, as well as electoral cycles and party systems.

Despite these additional challenges, we find examples of local authorities and regional governments, successfully initiating and using cross-border cooperation for the benefit of all jurisdictions. Estonian and Latvian municipalities cooperate, for example, for the development of cyclist and pedestrian routes cutting across the border of the two states, while the twin towns Valga-Valka take their cross-border cooperation further to cover joint district heating, energy infrastructure, or the development of a joint tourism strategy. Facilitating tourism and economic development in the border region is also at the heart of several cross-border initiatives, for example, in the border region between Estonia and Russia (see Chap. 4 in this volume), or the EGTC in the Euregio Tyrol-South Tyrol-Trentino, with minority language education and intercultural dialogue being additional areas of cooperation between municipalities situated along the Danish-German border. The examples also demonstrate that cross-border relations are often established in regions with a shared history or with a history of border changes that saw parts of the territory belonging to a different state (see Chaps. 17, 23, and 24 in this volume). Apart from specific funding streams, the shared access to resources or waterways provides another driver to establish cross-border cooperation between actors from neighbouring countries with a similar interest to preserve, sustain, or develop the usage of those resources (see, e.g., the Black Sea Cross-border Cooperation Programme).

### *Mergers as Special Type of Re-Scaling at the Local Level*

The cases covered in this volume show that size of territories and scale of policy problems matter as reasons for actors to engage in coordination. A special type of this presents itself when territorial units are considered too small and a stronger, enduring coordination mechanism of merging authorities into larger units is chosen to adjust the size of decision-making bodies. Mergers at the local level are common across the countries included in this volume. They are also initiated to reduce the disparities in population size among existing municipalities. Small-sized municipalities face problems of capacity and a shortage in resources to deliver essential services to their residents. While voluntary mergers were the first choice in all cases, the success of central governments to achieve a homogenisation of the size of municipalities differed as local governments were resisting the process in several cases. Mergers took place in a more top-down orchestrated process in countries with high levels of centralisation, absence of

strong constitutional protection of local autonomy, and high dependence of local governments on funding from the central governments, resulting in a reduction of size disparities across municipalities and a more consistent reform across the entire country (see Chaps. 7, 4, 10, 11, and 18, in this volume). The experiences in Norway or Iceland, in contrast, show that municipalities successfully resisted central government pressures for mergers. Local referenda in Norway have resulted in a backlash against mergers, while in Iceland, municipalities with independent local revenue resources were successful in maintaining their constitutionally protected local autonomy. When local governments can rely on their own financial resources to buy the provision of essential services from their neighbours, the pressures, or ‘push-factors’ in favour of mergers do not apply in a similar way as they would for financially dependent municipalities (Strelbel, 2019, pp. 657–659). Cooperation and contracting with neighbouring municipalities remain an alternative to mergers, allowing local governments to preserve their autonomy while delivering essential services to their residents at the same time.

### *Single-Issue-Focused Coordination Mechanisms*

Coordination efforts that deal with very specific policy issues were part of the empirical picture in most of the countries, even if they were not described as the dominant horizontal coordination mechanism. Across the examples discussed in this volume, single-issue coordination does not follow a common pattern of the mechanism used but involves actors from different governments, can include societal actors, and is used more ad hoc in response to specific crisis situations or stimuli. The location of the crisis determines the constellation of actors, but the central government is often part of the coordination effort in particular when financial resources are required to mitigate the impact of the crisis. The central government in Türkiye responded with the introduction of central institutions to the experiences of dealing with the consequences of earthquakes and with the increase in refugees and migrants following the war in Syria—creating the Presidency of Disaster and Emergency Management and the Presidency of Migration Management. At the same time, the Union of Municipalities of Türkiye—a purely horizontal coordination body—established a Migration and Cohesion Centre to support municipalities to access funding and to manage the impact of the increase in the migrant community locally. In this example, both levels of governments recognise the need to coordinate

their activities, but different coordination mechanisms have been chosen without being fully connected with each other.

A more coordinated example comes from Iceland, where a volcanic eruption in November 2023 resulted in joined-up efforts by the central government and municipalities to manage a crisis affecting an entire town (Grindavík and its 3500 people), in an unprecedented and life-changing way. While the central government used its financial resources to buy up the real estate, neighbouring municipalities and the capital pooled their efforts to re-settle the entire town, provide schooling for the children, re-housing people, moving the municipal council into Reykjavík City Hall, and opening the entire range of local facilities to the people of Grindavík. The example demonstrates that, despite frictions between the central government and several municipalities about mergers, or housing shortages, or immigration and urbanisation, the emergency mobilises the solidarity between governments to provide support to local institutions and people (see Chap. 8 in this volume).

Another example of coordination between local and regional actors on a specific policy is the police coordination in Bosnia and Herzegovina between the Brčko District and four cantons along the western border of the country. The initiative started with a specific policy focus on police assistance and operational cooperation in border surveillance to increase the effectiveness of illegal migration prevention. Further coordination agreements were formed afterwards in areas of traffic and environmental protection managed by the Office of the Coordinator of the Brčko District established in 2005 (see Chap. 3 in this volume).

Finally, task forces were established in Estonia to deal with the complexity of specific policy issues (e.g., skills development, higher education funding, public sector innovation, or e-health) and to formulate policy recommendations based on expertise and without being influenced by day-to-day politics. Bringing together actors from central government institutions, local authorities, experts, non-governmental, and private sector organisations, task forces were funded by the European Social Fund (ESF), specifically directed at dealing with the complexity of single policy issues, and to deal with each issue separately. Once the funding ended, the task forces were discontinued as well (see Chap. 19 in this volume).

Despite their differences, what these single-issue-focused coordination examples have in common is a specific stimulus that drives the initiation of intergovernmental coordination, either in the form of an emergency or of funding criteria. The duration of the coordination effort is not

predetermined but often connected with the lifespan of the stimulus driving the initial adoption of coordinated action. Once the stimulus fades, the coordination body may be repurposed for a new policy, connected with other existing coordination mechanisms, or discontinued entirely, as the original issue is no longer requiring a coordinated response.

## FACTORS IMPACTING SUCCESS AND FAILURE OF HORIZONTAL COORDINATION

The range of coordination mechanisms discussed and evaluated in this volume offers an overview of how actors respond to complex problems and how different approaches to manage the problem (i.e., territorial re-scaling, voluntary networks, mergers, or delegation of tasks) work in different contexts. The chapters do not cover all existent coordination initiatives, nor do they provide a final statement of what works in practice. However, taken together, they do reveal factors that facilitate the establishment and functioning of coordination mechanisms that may also result in more effective policy solutions. The following sections focus on those factors that have been found to be beneficial or challenges to effective coordination across different political, socio-economic, or situational contexts.

### *Knowledge, Information Sharing, and Data Accuracy*

One important factor in driving effective coordination is the level of knowledge and shared understanding of the underlying policy problem, and connected to that, the accessibility and accuracy of data. As outlined in the introduction, wicked problems are complex and cut across disciplinary boundaries and departmental responsibilities. A coordination body with interdisciplinary or interdepartmental membership can help to bridge knowledge gaps and to reach a shared level of understanding of the nature and the complexity of the policy problem. The example of the task forces in Estonia also shows that bringing in external experts or asking externals for reports and assessments of situations contributes to the depoliticisation of the issue and a reduction of the relevance of political competition within the coordination forum (see Chap. 19).

Connected to the problem of shared levels of knowledge are questions about the availability and accuracy of data about the policy issues as well as about the plans of other governments for dealing with them. Transparency and the willingness to share information and data with other actors are

important factors for providing a foundation for more coherent policy-making in multilevel settings. The regularity and frequency of intergovernmental meetings matter and can be designed in a way to facilitate information sharing. The reports on Georgia and the UK demonstrate how infrequent and irregular meetings as well as a lack of transparency by central government actors hinder the efforts made by local or regional actors to present their positions and to work together towards more effective policy solutions. As the case studies on creating joint phone applications for public transport in Sweden (see Chap. 20) and on the regulations for financing climate change in Türkiye demonstrate, the quality of data and data sharing across relevant actors also form essential ingredients for innovation and improvement of public services. Gaps in the data are a challenge for the design of functioning climate change funding schemes, for example, when estimation of potential pollution reductions of industry innovations is inaccurate due to lack of precise data (see Chap. 22).

The level of success of the coordination mechanism in terms of an agreed policy that is effective in practice is not guaranteed. But gathering information and reaching a point of shared problem definition forms a first step towards that aim and can be facilitated by the design of the coordination mechanism, its membership, openness to external expertise, regularity of meetings, and a willingness to create and share information and data with relevant actors.

### *Political Will and Leadership*

Most of the horizontal coordination mechanisms are based on voluntary membership and initiated by actors in order to achieve joint benefits for their respective territories. Actors, however, may differ in what purpose the coordination mechanism should serve and be more cautious with the delegation of decision-making authority to coordination bodies. We can observe, on the one hand, how the political will of all involved actors to look beyond short-term gains or electoral cycles helped to establish a formalised cross-border cooperation body with decision-making authority and considered beneficial for all involved regions (see Chap. 24 on the Euregio Tyrol-South Tyrol-Trentino). On the other hand, a stronger focus on autonomy and the preservation of autonomy within each territory may leave actors reluctant to use coordination mechanisms for decision-making purposes rather than for information sharing and knowledge exchange. We find that in countries with strong national identities in regions, and more recent federalisation in Belgium or devolution

processes in the UK (see Chaps. 2 and 18), the willingness to coordinate conflicts with a simultaneous aim to preserve regional autonomy or intentions to increase the authority of the regional level of government. Similarly, a coordination mechanism can become less used or less effective over time when actors shift their orientation from cooperation on shared interests to an emphasis on differences, especially when election cycles vary. Selected actors may find themselves under pressure to demonstrate leadership—not leadership within the coordination mechanism to reach an agreement, but leadership in promoting territorial interests and in standing up for the citizens within their region (see Chaps. 2 and 6).

### *Degree of Autonomy and Clarity of Responsibilities*

The country reports and case studies demonstrated that local and regional governments need a certain level of decision-making autonomy in order to respond to current policy problems and engage in coordination with each other. The majority of local governments enjoy a constitutionally protected status and decision-making authority for matters in their jurisdiction. In addition, we find that local authorities with their own sources of revenue or tax-raising authority are in a better position to plan joint activities or coordination initiatives with neighbouring municipalities to pursue joint interests (see, e.g., Chap. 12 on Norway). In contrast, we find that in countries in which the central government routinely interferes in the jurisdiction of local governments, local actors face challenges to establish and make effective use of bottom-up initiated coordination mechanisms, such as regional councils, or to successfully represent local interests in those councils in contrast to central government interests as the reports on Serbia, Israel, or Georgia demonstrate (see Chaps. 15, 9, and 5).

Related to this point is the scope and legal status of the coordination body itself and the question of whether it is equipped with decision-making authority. The connection between the coordination forum and actors involved in policymaking (e.g., parliamentarians, civil servants, policy development units) matters for whether and how agreements or recommendations developed in the coordination body are translated into policies. A more institutionalised form of coordination, with clear competences and acceptance from all affected governments, facilitates this connection and the incorporation of recommendations into the actual policy formulation process. The case study of cross-border cooperation in the Euregio Tyrol-South Tyrol-Trentino provides an example of the benefits when high levels of autonomy of regions in all three countries are combined with a

highly institutionalised form of coordination with delegated decision-making authority accepted by all involved actors. The permanence and legal status of the European Grouping of Territorial Coordination creates a context in which regular exchanges between political actors of the three regions take place, including taking decisions jointly for the region. It also lays the foundation for increased personal contacts, for building stronger networks over time, and for expanding cross-border initiatives beyond the initial policy issues of safety to public transport, or access to recreational facilities on each side of the border (see Chap. 24). The continued willingness of actors to coordinate in different policy areas is still a necessary condition for success, but the high degree of autonomy of actors to take decisions within an institutionalised framework of regular meetings opens the opportunity for actors to find new areas of shared interests and to reap the benefits of coordinating their decisions in those areas.

### *Timing and Time Frames*

Time matters in multiple ways in relation to coordination mechanisms. We can distinguish between the temporary characteristics of the coordination mechanism itself (ad-hoc or permanently created), the time given to actors to produce an outcome from the coordination effort (e.g., a report or recommendations), as well as the timing of the coordination effort in relation to the decision-making process (e.g., prior to policy formulation, consultation during decision-making, or dissemination of decisions). The latter understanding of time is also related to questions of decision-making capacity of the coordination body or the existence of linkages between the coordination mechanism and decision-making bodies (e.g., legislative processes or executive decisions).

The majority of coordination mechanisms covered in this volume are created as forums for exchanging information about policy issues and policy preferences, for coordinating policy implementation, or for better representing shared interests, for example, via joint committees between local and regional executives, governance boards involving actors from the third and private sectors, associations, or intergovernmental conferences. By design, those coordination mechanisms have a longer time frame even if the involved actors or discussed policies are adapted over time. Short-term or ad-hoc coordination mostly starts with an external stimulus of specific, short-term funding or disaster (see, e.g., the task forces in Estonia in Chap. 19, or the examples of coordination in relation to natural disasters in Chaps. 8, 17, or 21 in relation to the Covid-19 pandemic).

A limited time frame for coordination increases the pressure on actors to come to an agreement in order to be able to present a result and claim success for their efforts. The examples presented in this book show that this kind of temporary coordination effort works for ‘softer outcomes’, such as information sharing and knowledge gathering at the preparatory stage for policy formulation, while the actual development of a policy proposal requires a longer time frame and more continuous coordination mechanism. The linkage between the coordination mechanism and the policymaking process matters for the question of whether recommendations or agreements resulting from the coordination activity may be reflected in the content of decisions or legislation and may better address the complexity of wicked or collective action problems. The timing of linkages matters as well: coordination efforts taking place before the drafting of new policies have an opportunity to shape the initial proposal and the framing of the problem, while coordination mechanisms that start only after policy drafts are written are more likely to serve an information-sharing purpose about the potential impacts of policy drafts, including their chosen frame and objectives. If in addition actors are provided with a limited time frame to formulate responses to those drafts, even the information-sharing purpose might be less effective as not enough time is available to gather evidence from all affected stakeholders.

### *Resources and Funding for Specific Coordination Mechanisms*

One factor comes out as recurrent and dominant ingredient for successfully establishing coordination mechanisms and for realising the benefits of coordination for all participating governments and ultimately for citizens. That factor is funding and resources for achieving specific goals linked to coordination initiatives (e.g., economic growth, harmonisation of standards, capacity building, or cross-border relationship building). The time frame and objectives of the funding matter for the scope and scale of the chosen coordination mechanism as well as for its duration.

EU funding streams play a central role as an incentive for governments to start coordinating with other political and civil society actors. The aim and prospect of accession to the European Union was a key driver for countries in Central, Eastern, and Southern Europe to create new or adjust existing territorial units (i.e., NUTS2 units) in order to build or improve the administrative capacity necessary to manage EU funds. Several countries created new units at the regional level (political or administrative) during the process of accession and were supported financially in

those efforts to build administrative capacity and soften the impact of newly created borders with neighbouring countries. Applying for EU funding streams and managing funding and funded projects requires municipalities within those regional units or across the border to work together, decide on priorities, and coordinate the delivery of joint projects. While the capacity-building objective is prevalent during accession to EU membership, it lays the foundation in terms of personal contacts, shared knowledge about funding, and expertise in managing funds and meeting the requirements of the funding stream, all of which are important for the continued acquisition of funding and successful coordination between governments and civil servants in the long run. Since EU funding is not limited to a specific policy area, we find coordination and projects within coordination initiatives to be covering a range of policies, such as tourism and economic growth, education of young people and adults, citizen involvement and e-participation, inclusivity and widening access to public services, and more and more related to climate change and sustainable energy. Similarly, instances of cross-border cooperation are directly linked to EU funding, in particular Interreg for cross-border projects, and the EGTC that provides for more institutionalised and permanent coordination with the establishment of a legal entity with delegated decision-making authority and an annual budget.

Funding and resources were also found to be relevant for local authorities to protect their autonomy and to engage in coordination mechanisms according to their local preferences. Local authorities with their own sources of revenues, tax-raising autonomy, or shared ownership of companies are in a better position to shape the scope and direction of coordination efforts. In comparison to funding provided by the central government or the EU, own resources allow local or regional governments to focus on their local or regional priorities and preserve their autonomy, despite engaging in coordination, instead of being bound by the aims and objectives presented by the funding scheme, often shaped along the priorities of higher-level governments.

## CHALLENGES OF HORIZONTAL COORDINATION AND HOW TO OVERCOME THEM

Despite the variation in duration of democratic regime, institutional architecture, or economic development, the country reports and case studies demonstrate that commonalities exist in the factors that stimulate the

creation of coordination opportunities or arenas, facilitate their effectiveness, or act as barriers to successfully achieve the envisioned aim of the coordination effort. Among the facilitators of coordination, political will, leadership, shared information, or problem pressure as well as funding matter for starting a coordination initiative, as well as for producing tangible outcomes. High inflation rates and expenditures related to COVID-19 have put a strain on public finances and changed the macroeconomic conditions in which actors attempt to solve complex policy problems. Reduced resources and pressures on public finances pose a challenge for the effectiveness of coordination mechanisms, as they limit the capacity of actors to engage in coordination and to flexibly respond to policy challenges. Coordination efforts will follow the availability of funding streams rather than the demand or requirements nested in the policy issue. Funding with fewer conditions attached to the way it is spent, hence, opens more opportunities for actors to take decisions on whom to coordinate with and for what, than funding streams with very specific objectives, time frames, and benchmarks.

Among the barriers to effective coordination, diverging political interests of actors necessary for agreeing on joint aims or a new policy initiative as well as an unfavourable macroeconomic context and lack of resources come out as very important factors across countries and case study examples. Political contexts and variations in the political composition of governments, in contrast, matter more for vertical coordination but seem to be less important in the case of horizontal coordination. The timing of election cycles, however, plays a role for vertical and horizontal coordination mechanisms, as they may lead to different levels of pressure to reach an agreement between the involved actors, as well as different degrees in their ability to compromise without risking the loss of voters (see the cases of cross-border cooperation of regional and local governments in Chaps. 23 and 24 for example).

Trust between actors of different levels of government and trust in the capabilities of other governments matter as well for the degree to which actors make use of formally available coordination mechanisms. In contexts of trust and acceptance of the distribution of power and resources, government actors engage in more institutionalised coordination mechanisms or delegate decision-making authority to coordination bodies. In contrast, in the context of ethnic divisions and distrust between communities or levels of government, opportunities to coordinate are less often realised, or coordination efforts may become politicised, and hence

ineffective in producing tangible results that address the underlying policy issue. Furthermore, the examples of encroachments into the areas of jurisdiction of lower levels (e.g., in Georgia, Serbia, or Israel in Chaps. 5, 15, and 9) show that apart from the constitutionally guaranteed authority, the respect of the distribution of responsibilities matters for the leeway political actors have to de facto coordinate in policy areas that are de jure in their areas of jurisdiction.

In terms of the design of coordination mechanisms, the examples covered in this book allow us to draw several conclusions: (a) separating the time frame for coordination activities from electoral cycles supports the focus on the policy issues and policy impacts rather than on political divisions and short-term electoral gains; (b) providing funding for coordination efforts and allowing actors to influence the policy focus in which they wish to coordinate incentivises actors to drive coordination processes in a bottom-up fashion according to problem pressures and needs they understand best; (c) bringing in experts and non-governmental actors can help to depoliticise the coordination efforts; (d) linking coordination mechanisms designed with the purpose of information sharing and interest aggregation with the arena in which policy decisions are eventually taken is crucial for the development of policy solutions that are more widely accepted and considered to be more effective in addressing the original policy issue.

Coordination efforts, no matter how well designed, remain connected to the institutional framework and history of relations between governments and communities within a country. The degree of autonomy and resources granted to lower levels of government matters for their opportunities to initiate and engage in coordination mechanisms with governments of the same level within or across the border. Whether those opportunities are used by governments, further depends on their willingness to coordinate and agree on joint activities with other governments. The recent experiences with the COVID-19 pandemic have brought to light the necessity to coordinate even in divided societies in which actors tended to focus more on the preservation of their autonomy. In a context of ethnic divisions and distrust, coordination initiatives will have to contribute to the (re-)building of trust and network relationships, and information sharing can be a first step towards that aim before additional benefits of coordinated activities can be achieved.

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# APPENDIX 1 STATISTICAL OVERVIEW OF THE COUNTRIES

*By Louis Blöcher*

**Table 1** General statistics

	<i>Size (in km<sup>2</sup>)<sup>a</sup></i>	<i>Population<sup>b</sup></i>	<i>GDP per capita (in US\$, 2023)<sup>c</sup></i>	<i>EU membership status<sup>d</sup></i>
Albania	28,750	2,745,970	8367.80	Candidate (24 June 2014)
Belgium	30,530	11,822,590	53,475.30	Member (31 December 1994, EU-12)
Bosnia and Hercegovina	51,210	3,210,850	8426.10	Candidate (15 December 2022)
Estonia	45,340	1,366,190	29,823.70	Member (01 May 2004, EU-25)
Georgia	69,700	3,769,360	8120.40	Candidate (14 December 2023)
Germany	357,590	84,482,270	52,745.80	Member (31 December 1994, EU-12)
Greece	131,960	10,361,300	22,990.00	Member (31 December 1994, EU-12)
Iceland	103,000	393,600	78,811.10	–
Israel	22,070	9,756,700	52,261.70	–
Latvia	64,590	1,881,750	23,184.30	Member (01 May 2004, EU-25)

*(continued)*

**Table 1** (continued)

	<i>Size (in km<sup>2</sup>)<sup>a</sup></i>	<i>Population<sup>b</sup></i>	<i>GDP per capita (in US\$, 2023)<sup>c</sup></i>	<i>EU membership status<sup>d</sup></i>
Lithuania	65,290	2,871,900	27,102.80	Member (01 May 2004, EU-25)
Norway	624,500	5,519,590	87,961.80	–
Poland	312,710	36,685,850	22,112.90	Member (01 May 2004, EU-25)
Portugal	92,230	10,525,350	27,275.10	Member (31 December 1994, EU-12)
Romania	238,400	19,056,120	18,419.40	Member (01 January 2007, EU-27_2007)
Serbia	84,990	6,618,030	11,361.00	Candidate (01 March 2012)
Spain	505,965	48,373,340	32,677.00	Member (31 December 1994, EU-12)
Sweden	528,861	10,536,630	56,305.30	Member (01 January 1995, EU-15)
Turkey	785,350	85,326,000	12,985.80	Candidate (03 October 2005)
UK	243,610	68,350,000	48,866.60	Former Member (31 December 1994–01 February 2020)

<sup>a</sup>Worldbank. (n.d.). *Surface area (sq. km)*. Worldbank. Retrieved August 19, 2024, from <https://data.worldbank.org/indicator/AG.SRF.TOTL.K2?view=chart>

<sup>b</sup>Worldbank. (n.d.). *Population, total*. Worldbank. Retrieved August 19, 2024, from <https://data.worldbank.org/indicator/SP.POP.TOTL?view=chart>

<sup>c</sup>Worldbank. (n.d.). *GDP per capita (current US\$)*. Worldbank. Retrieved August 19, 2024, from <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?view=chart>

<sup>d</sup>Eurostat (2020). *Glossary: European Union (EU)*. Eurostat. Retrieved August 19, 2024, from [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:European\\_Union\\_\(EU\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:European_Union_(EU))

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**Table 2** Statistical indicators

	Number of NUTS 2 regions <sup>a</sup>	Population density (average [standard deviation], most recent available data [2019–2022]) <sup>b</sup>	Rural Access Index (population share within 2 km of an all-season road) <sup>c</sup>	Urban population (share of total population) <sup>d</sup> (%)	Local Autonomy Index (values between 0 and 100) <sup>e</sup>
Albania	3	125.90 (97.88)	94.08%	65	53.68
Belgium	11	1037.26 (2203.49)	99.99%	98	61.44
Bosnia and Hercegovina	–	–	95.88%	50	52.07
Estonia	1	31.00 (–)	99.79%	70	62.75
Georgia	–	–	90.13%	61	57.32
Germany	38	491.47 (856.60)	99.88%	78	66.11
Greece	13	127.33 (263.94)	98.74%	81	61.39
Iceland	1	3.80 (–)	–	94	75.41
Israel	–	–	97.46%	93	39.01
Latvia	1	29.70 (–)	97.66%	69	51.66
Lithuania	2	62.30 (35.78)	96.09%	69	62.77
Norway	7	52.07 (92.20)	94.67%	84	70.84
Poland	17	147.17 (120.07)	99.43%	60	61.16
Portugal	9	257.59 (349.15)	99.93%	68	70.76
Romania	8	229.01 (443.09)	82.00%	55	49.98
Serbia	4	188.35 (232.36)	97.18%	57	64.39
Spain	19	689.67 (1590.97)	98.10%	82	67.21

*(continued)*

**Table 2** (continued)

	<i>Number of NUTS 2 regions<sup>a</sup></i>	<i>Population density per NUTS2 region (average [standard deviation], most recent available data [2019–2022])<sup>b</sup></i>	<i>Rural Access Index (population share within 2 km of an all-season road)<sup>c</sup></i>	<i>Urban population (share of total population)<sup>d</sup></i>	<i>Local Autonomy Index (values between 0 and 100)<sup>e</sup></i>
Sweden	8	80.10 (121.02)	98.50%	89	76.83
Turkey	21	217.21 (569.66)	95.79%	77	44.15
UK	41 <sup>f</sup>	1312.39 (2546.03)	99.86%	85	49.72

<sup>a</sup>Commission Delegated Regulation (EU) 2023/674. Commission Delegated Regulation (EU) 2023/674 of 26 December 2022 amending the Annexes to Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS). [https://eur-lex.europa.eu/eli/reg\\_del/2023/674/oj](https://eur-lex.europa.eu/eli/reg_del/2023/674/oj)

<sup>b</sup>Eurostat. (2022). Population density by NUTS 3 region [Dataset]. Eurostat. [https://doi.org/10.2908/DEMO\\_R\\_D3DENS](https://doi.org/10.2908/DEMO_R_D3DENS)

<sup>c</sup>Center For International Earth Science Information Network-CIESIN-Columbia University. (2022). SDG Indicator 9.1.1: The Rural Access Index (RAI), 2023 Release [Dataset]. Palisades, NY: NASA Socioeconomic Data and Applications Center (SEDAC). <https://doi.org/10.7927/FCRE-M572>

<sup>d</sup>Worldbank. (n.d.). *Urban population (% of total population)*. Worldbank. Retrieved August 19, 2024, from <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?view=chart>

<sup>e</sup>Ladner, A., Keuffer, N. and Bastianen, A. (2021). *Local Autonomy Index in the EU, Council of Europe and OECD countries (1990–2020)*. Release 2.0. Brussels: European Commission

<sup>f</sup>Using the older classification of 2016, Commission Regulation (EU) 2016/2066. Commission Regulation (EU) 2016/2066 of 21 November 2016 amending the annexes to Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS). [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_2016\\_322.01.0001.01.ENG&toc=OJ:L:2016:322:TOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_2016_322.01.0001.01.ENG&toc=OJ:L:2016:322:TOC)

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<sup>1</sup> Note: Page numbers followed by 'n' refer to notes.

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