

How to Measure Intermunicipal Cooperation in Conditions of the Czech Republic

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Abstract In the current concept of regional politics as an activity, the main purpose of which is to reduce disparities in development of individual regions and to ensure their harmonious development, emphasis is also laid on cooperation of towns and municipalities in development of a given area. Local initiative thus gains more and more on significance and under certain circumstances becomes the most important factor in regional development. This contribution analyses the ways to measure the intensity of intermunicipal cooperation in the individual regions of South Bohemia Region and it also attempts to describe all relevant relations between these variables in order to better understand the significance of processes and elements of cooperation using an originally created data-base of towns and municipalities in the South Bohemian Region after the year 2001.

Keywords Czech Republic • Intermunicipal cooperation • Municipality • Regional development

1 Introduction

A historic example of intermunicipal cooperation is the Hanseatic League. It was created by municipalities in Northern Europe and lasted from the thirteenth to the seventeenth century. Change came with the Industrial Revolution as cities grew rapidly and the requirements concerning public services increased. While cooperation was initially without obligation, with the beginning of the twentieth century IMC was increasingly legally codified. As an example, the “Siedlungsverband Ruhr” was founded in 1911 and exists until today. It has extensive powers in planning the settlement of the region around the Ruhr. The services and the standards had been raised after the Second World War to a quality of public services never known before. But with increasing costs on the one hand and decreasing

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inhabitants combined with decreasing tax income, municipalities have increasing problems in maintaining the quantity and quality of public services (Froecker and Hokkeler 2008). One way to cut costs and increase efficiency is to cooperate with neighbouring municipalities.

Since the 1950s, local governments in many European countries (Austria, Sweden, Finland, Germany, Switzerland, France. . .) have been cooperating and nowadays, the encouragement of cooperation among local authorities in the provision of local public goods remains on the political agendas of many central and local governments (Hulst and van Montfort 2007). There are several reasons for this widespread and persistent phenomenon—see details in e.g. Hertzog et al. (2008) or Frère et al. (2011):

- First, larger spatial units are expected to be more competitive in a globalized world.
- Second, as governments try to reduce the cost of providing public goods, the achievement of economies of scale in the provision of local public services is a strong incentive to cooperate.
- Third, fiscal cooperation allows jurisdictions to internalize spending spillovers: the benefits of public expenditure (infrastructure, road building, cultural facilities. . .) often spread across the boundaries of the supplying jurisdiction and affect the welfare of the citizens in neighbouring localities.
- Fourth, tax competition between municipalities has been observed, especially between urban municipalities, and tax cooperation is often seen as a useful corrective device for municipal levels of tax and spending that otherwise might tend to be too low.

One can speak of intermunicipal cooperation when two or more local governments work together to provide a public service. All gains and losses are shared between the participants of the cooperation. These cooperation spread from only coordinated behaviour up to founding a joint venture that settles the task for both participants. As the territorial consolidation often fails because of political resistance intermunicipal cooperation is a way to keep public services efficient and effective without territorial consolidation (Local Government and Public Service Reform Initiative, 2013). Intermunicipal cooperation can be divided into two categories: In case of a joint agreement municipals work together to operate a certain plant or share the provision of a service. The other category is called service agreement, where one town provides the service for the other town (Office of the State Comptroller, Division of Local Government and School Accountability, 2007). In both categories all types of cooperation can be found.

Among other things, cooperation is also a significant feature of current institutional theories of regional development where stress is put on mutual cooperation of a whole number of local and regional players (this cooperation being based on trust). It is exactly the level of trust which, according to Granovetter (1985), is a key characteristic of economy. Trust is being created by repeated (successful) interactions. There are networks of contacts with varying levels of quality and varying levels of trust. Every entity is connected to one of the networks, the quality of which significantly influences the entity's possibilities. A low level of trust leads to additional and/or increased costs, e.g. for safeguarding that delivered goods will

be paid for, debt collection etc. Regional research inspired by this approach tries to analyse the role of personal relationships, mutual trust between partners and to study contacts as a form of social integrity, as well as to define their importance from the point of view of causes leading to differences between regions. At the same time, it should be noted that the presence of networks themselves is not a positive and beneficial phenomenon (there are also parasitic networks or even mafias). Prospects and chances of individual participants (individuals, municipalities, companies) depend not only on the intensity of their connection to networks, but also on the contents which individual networks provide (Wokoun et al. 2008).

Looking for sense in intermunicipal cooperation in the conditions of the current Czech Republic requires above all a change of attitude from passive application of the legal possibility to cooperate to an active application in the overall context of Czech Republic's public finances. Obviously, victory of democracy in the basic conflict with effectiveness has had its economic impact—insufficiently equipped small municipalities are not able to effectively satisfy public needs of their residents (reduced quality of public goods, neglect of long-term development, increased demands for subsidies, increase in municipality debt etc.). If we want to avoid the anti-democratic solution in the form of reducing the number of municipalities, let's turn to the other possibility, i.e. intermunicipal cooperation. Active voluntary cooperation is one of the possible ways towards integration in the area of territorial cooperation and towards better effectiveness in the area of public finances. Based on economic stimuli, larger entities are created, the boundaries of which are defined by the effectiveness of activities in the given area (Kotvalová 2001).

2 Material and Methods

The methodology of this contribution is in compliance with methods usually used in scientific research; it is based on the use of the latest theoretical knowledge gained from specialised literature, specialised research and studies, newspapers and materials published by individual participants in regional development. Also, the methodology is based on looking for and assessment of mutual relationships which contribute to the clarification of the problems solved and to a deduction and formulation of adequate conclusions which can be derived from such an analysis.

3 Results and Discussion

Theoretical and practical findings acquired during my work clearly confirm the significant role of intermunicipal cooperation in regional development. Municipalities are important actors in regional development—they are able to activate local and regional resources and thus can bring about synergic effects.

Before the actual analysis of intermunicipal cooperation, it was necessary to develop a representative data base characterizing the development of intermunicipal

cooperation in the South Bohemian Region (Czech Republic). This proved to be a significant problem for several reasons. Not all forms of intermunicipal cooperation are recorded statistically and thus cannot be analysed (e.g. twin municipalities in case of international cooperation, public-private-partnerships, joint legal persons of municipalities and other entities etc.). However, despite the serious fragmentation and the high cost, it was possible to collect this data.

From the point of view of significance of individual forms of cooperation, clearly the most significant form in the South Bohemian Region is cooperation at the level of microregions and LAGs (local action groups); these two forms of cooperation represent about 60% of all forms of cooperation in the region (see Fig. 1). Other forms of cooperation are less significant since they are not as effective

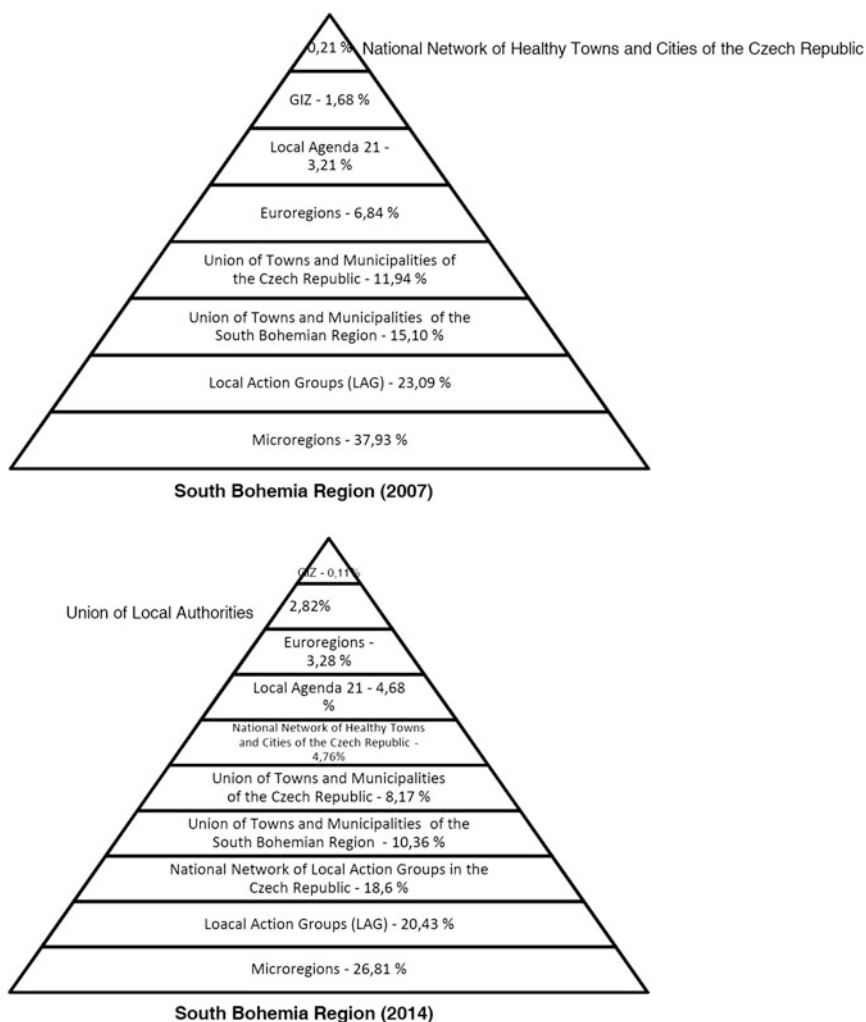


Fig. 1 Share of individual forms of intermunicipal cooperation in the South Bohemian Region

as cooperation in LAGs and among microregions, or because municipalities cannot participate in cooperation due to their geographical position.

In order for it being possible to compare the overall intensity of individual forms of cooperation in the South Bohemian Region, the so-called coefficient of cooperation (C_C) was created using the method of quantification. The maximum theoretically possible value of the coefficient of cooperation in the South Bohemian Region is 13, the minimum value is 0. The higher the C_C values, the more intensive the involvement of a town or municipality in intermunicipal cooperation in the South Bohemian Region (see Figs. 2 and 3). If necessary, the indicator can be modified to accommodate specific conditions of a different region (specific in the South Bohemian Region is the form of national structure of cooperation represented by the Union of Towns and Municipalities of the South Bohemian Region).

$$C_c = \sum_{i=MCR}^{GIZ} P_i$$

where MCR—microregion, GIZ—cross border impulscenters.

Although individual forms of cooperation differ in their importance and significance for the development of a region, all of the individual indicators were given equal weight. The reason for this decision was the fact that municipalities first become involved in microregions and/or local action groups and only later engage

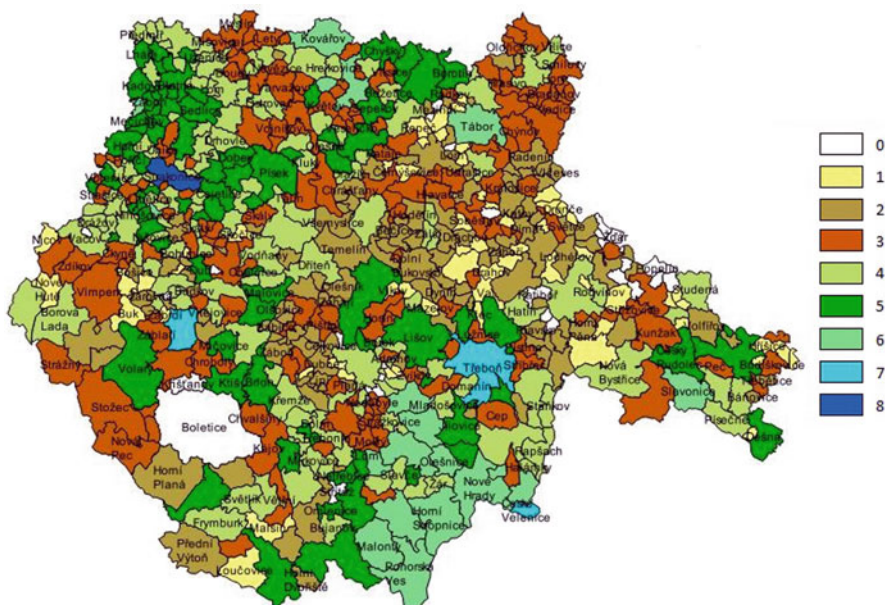


Fig. 2 Coefficient of cooperation (CC) in the South Bohemian Region in 2007

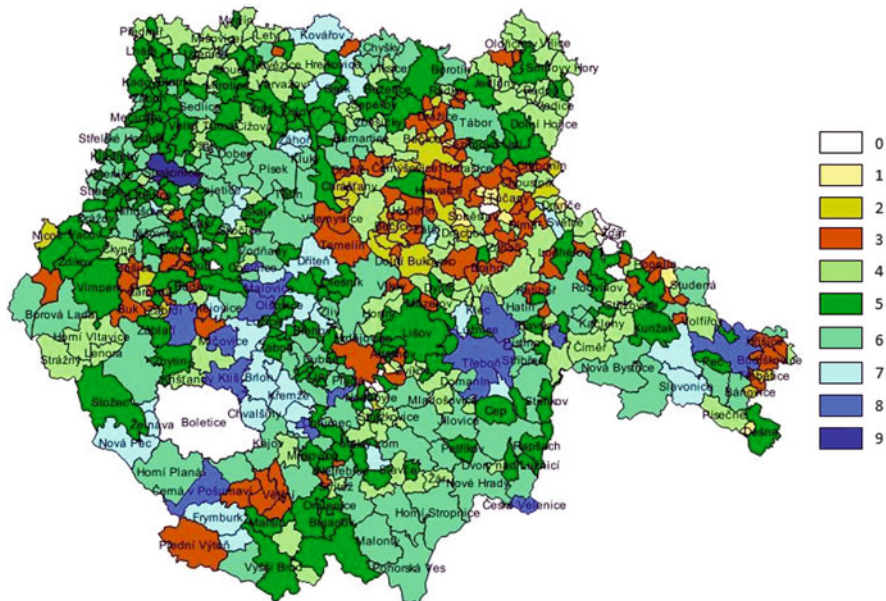


Fig. 3 Coefficient of cooperation (CC) in the South Bohemian Region in 2014

in further “above-standard” forms of cooperation. The scales thus reflect more the relevance of data base than the significance of individual features. With the defined equal weight, the coefficient of cooperation has better informative value—it is obvious at first sight how many times a town or municipality has been involved in any form of cooperation in a region.

4 Conclusion

An advantage of the coefficient of cooperation (C_C) is easy comparability of towns, municipalities and other pre-defined areas from the point of view of intensity of cooperation; a disadvantage are difficulties connected with the set-up and validation of basic data base, from which the coefficient is calculated.

By means of the coefficient of cooperation, it is possible to identify problematic areas of the region and categorize towns and municipalities of the South Bohemian Region according to their intermunicipal cooperation and suggest a specific strategy for their further development. The significance of the coefficient of cooperation thus moves from a theoretical level to a level of practical application by the public administration of the Czech Republic.

Cooperation of municipalities is an important factor of regional development and its significance should not be underestimated. The state and public administration should try to support cooperation between municipalities—financially, administratively and legislatively, as well as by consultancy and other forms of support. The results of questionnaire surveys have indicated that the main problem of intermunicipal cooperation was lack of finances and the right method of financing the cooperation. Legislation often inhibits inclusion of other partners in intermunicipal cooperation (e.g. business organisations, non-profit organisations and other institutions). For instance, no business entity can figure in a voluntary union of municipalities and it is very difficult to reach an absolute majority of entities outside of public administration in the case of an LAG.

The cooperation of local and regional entities can become an even more important factor of regional development in the future thanks to activation and better use of local resources, which will increase the competitive strength of a given region against other regions. The results of this work can be of value not only to individual participants in regional development in the South Bohemian Region (towns and municipalities, microregions, local action groups, South Bohemian Region), but also other institutions as a basis for assessment of the intensity and significance of cooperation among municipalities of the South Bohemian Region. The created model of assessment using the C_C coefficient can also be applied to other regions and administrative districts in the Czech Republic, which would be very interesting for reasons of the possible comparison of the results acquired.

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