

The Merger Negotiations Initiated by Municipal Councils

Five case studies

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Introduction

The outcome of the administrative reform of 2017 was largely shaped by the voluntary stage of municipal mergers.

In simple terms, this meant that during the first stage of the reform (before the deadline of 31 December 2016, as provided by law) the councils of municipalities that did not meet the minimum population size criterion selected their preferred negotiating partner(s) with whom they would form a new municipality. The only substantive restriction was the requirement of sharing an administrative boundary.

The voluntary stage of merger negotiations was a democratic process. The councils had absolute discretion to decide the direction and scope for attaining the objectives set by the reform. Such a possibility created a bustle among Estonian municipalities: a number of proposals to start negotiations were made, hundreds of discussions were held, many public rallies were arranged etc.

On the other hand, it meant that the main focus was on satisfying the population size criterion, while issues such as the existence of a clear local commuting centre or functional connections were given less attention. Subsequently the central government had no say in shaping the territory of a merger area. It was the municipal councils that were responsible for the rationality of the reform outcome.

Within a period of just six months municipal councils had to make their choice on a number of matters:

- with whom should the negotiations be held and for how long; this could include various alternative directions the merging process could go in;
- whether to negotiate only within the range of the minimum population size criterion (generally 5,000 residents), or seek to establish a municipality with a larger number of residents (e.g. a county-wide municipality);
- whether the decision should be based on the centre-and-hinterland principle, or the principle of partners with more equal centres (a 'network-based rural municipality');
- whether the decision should be based on previous cooperation experience, commuting and functional connections, history, political links, or the wealth of the potential partner, etc.

As the cases that are the focus of this article demonstrate, the motives driving the formation of merger areas were different. Sometimes these motives were inconsistent both within the municipality and between municipalities. On several occasions, decisions were reviewed at the last

moment, which meant that a number of mergers were put on hold until the second stage of the reform initiated by the central government in 2017. Moreover, a voluntary merger that resulted in the formation of a municipality meeting the minimum population size criterion did not necessarily ensure the final outcome if some of the neighbouring municipalities failed to meet the criterion. Regardless, the subsequent landscape of Estonian municipalities was largely shaped by the voluntary stage of the reform.

This article analyses the merger negotiations launched during the voluntary stage of the administrative reform, based on examples of different cases. The main body of the article focuses on five case studies, which reflect the progress of merger processes in different regions of Estonia: in the counties of Saaremaa (formation of Saaremaa rural municipality), Jõgevamaa (Põltsamaa rural municipality), Ida-Virumaa (Alutaguse rural municipality), Võrumaa (the five-municipality solution) and Pärnumaa (the newly formed Pärnu city covering a large area).

The cases were selected with a view to providing examples that were as different as possible, some being success stories of the reform, while others representing complicated cases. The details of these cases are provided by consultants who assisted in the implementation of the merger process: Kersten Kattai in Saaremaa, Rivo Noorkõiv in Põltsamaa, Georg Sootla in Pärnu and Mihkel Laan in Võrumaa and Alutaguse; the latter is also the main author of this article.

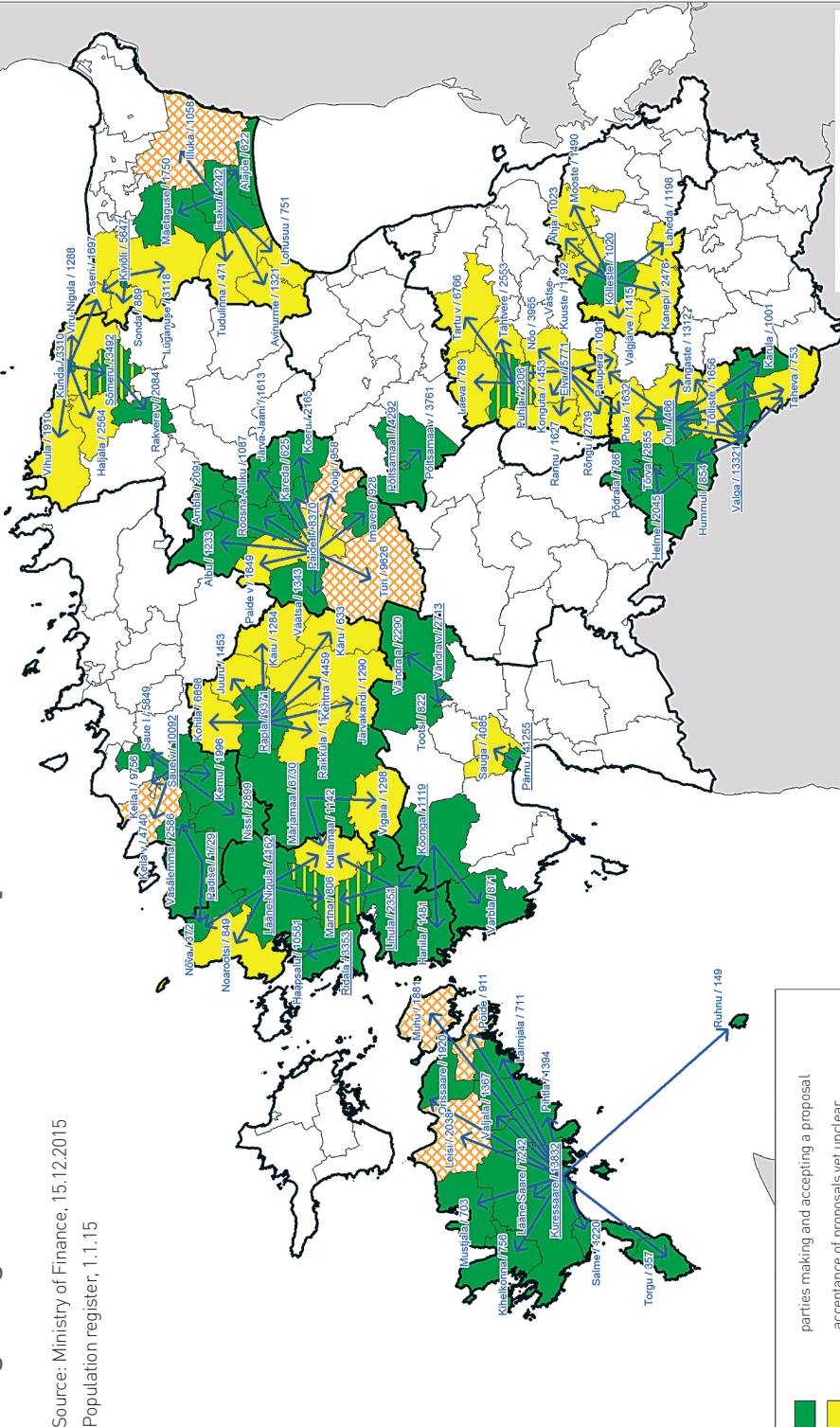
Before discussing any specific cases, the article provides a brief overview of the merger negotiations held during the voluntary stage of the Estonian administrative reform. The article ends with a discussion summarising the cases.

▼ **Figure 1.** Progress of merger negotiations between municipalities as of 15 December 2015¹

¹ Administrative reform newsletter, 22.15.2015; <https://haldusreform.fin.ee/static/sites/3/2014/04/hal-dusreformi-infokiri-detsember-2015.pdf>.

Merger negotiations between municipalities, 2015

Source: Ministry of Finance, 15.12.2015
 Population register, 1.1.15



- parties making and accepting a proposal
- acceptance of proposals yet unclear
- parties refusing the proposal
- addressee of the proposal
- Municipality / number of residents



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Brief overview of voluntary merger negotiations

The official launch of the 2017 administrative reform and also the voluntary merger negotiations was on 8 April 2015, when following the parliamentary elections, the Reform Party, the Social Democratic Party and the Pro Patria and Res Publica Union signed a coalition agreement. Somewhat surprisingly, the agreement contained a provision on the implementation of the administrative reform; in particular, it reflected a change in the approach taken by the Reform Party thus far.

According to the agreement, the legislative amendments necessary to implement the administrative reform were to be passed by 1 July 2016. It was also specified that the process of voluntary municipal mergers within the framework of the administrative reform was to be completed before the local elections of 2017; that is, within a period of just over two years. The new government coalition, which came to power in November 2016, when the Centre Party replaced the Reform Party as the lead partner of the coalition, kept this objective². In terms of time, the negotiations initiated by municipal councils, or the voluntary stage of mergers, could be divided into three:

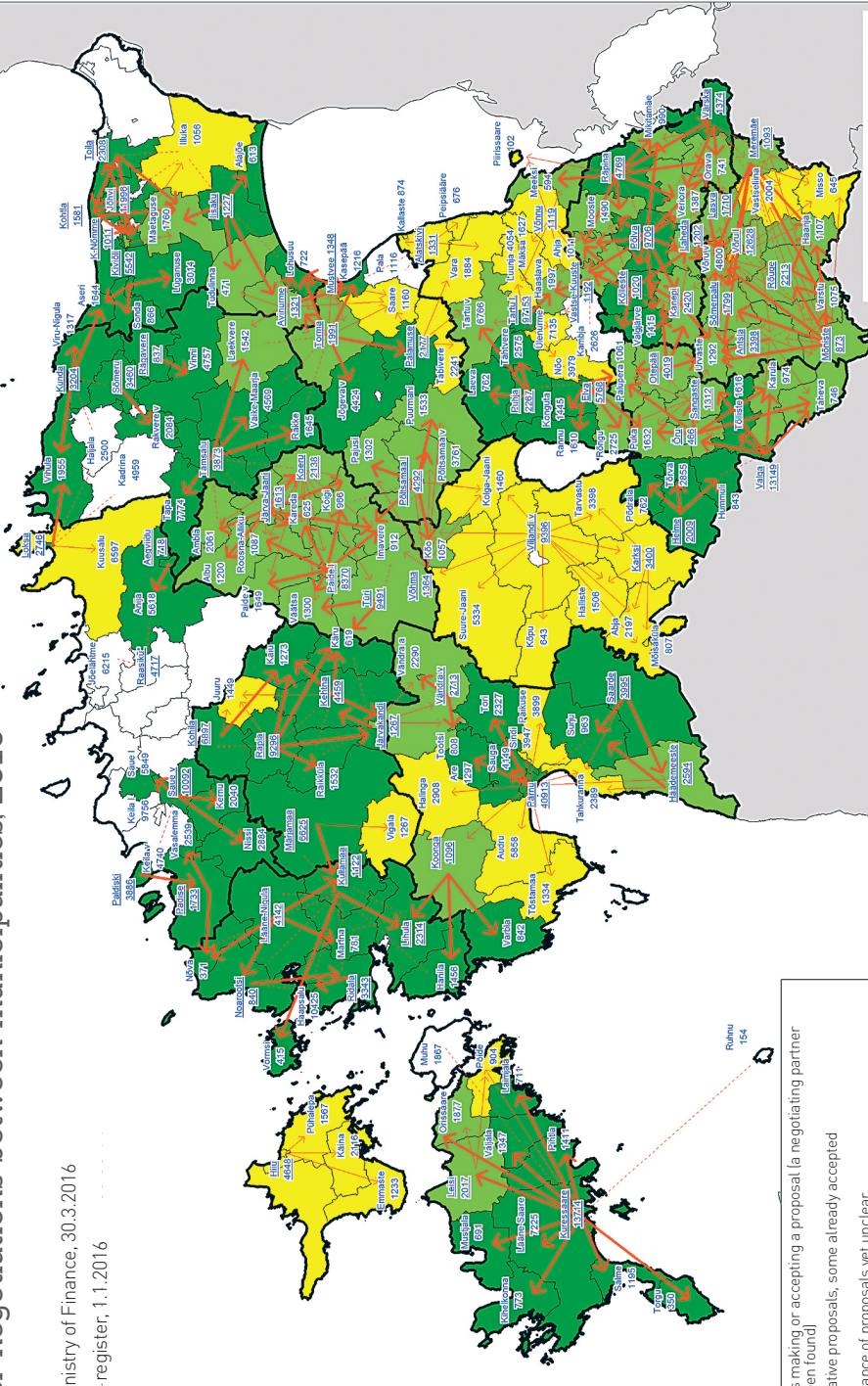
1. the setup stage (2015);
2. the stage for making active proposals and negotiating the mergers (from the beginning of 2016 to when the Administrative Reform Act came into effect on 1 July 2016);
3. the concluding phase of the talks (from when the Act entered into effect until the end of the voluntary stage on 31 December 2016).

▼ **Figure 2.** Progress of merger negotiations between municipalities as of 30 March 2016

² <https://www.err.ee/532757/taismahus-koalitsioonilepe>.

Merger negotiations between municipalities, 2016

Source: Ministry of Finance, 30.3.2016
 Population register, 1.1.2016



■ parties making or accepting a proposal (a negotiating partner has been found)
■ alternative proposals, some already accepted
■ acceptance of proposals yet unclear
→ accepted proposal
- - - refused proposal
 proposal, the acceptance or refusal of which is yet unknown/unclear
 Name of the municipality / number of residents
 * - Raasiku made a proposal to change the boundaries

The voluntary stage was followed by the implementation of the mergers initiated by the Government of the Republic (from the beginning of 2017 until the local elections in November of the same year), which are analysed in the article by Kaie Küngas, 'The Execution of Government-Initiated Mergers'. At this stage it was not possible to initiate new negotiations between municipalities.

In 2015, during the **setup stage**, the process focused on the development of the concept of administrative reform and on the drafting of the relevant act, which was led by the Minister of Public Administration Arto Aas along with the respective expert committee. At the same time, municipal councils also submitted their first proposals for merger negotiations, but in most regions such proposals did not yet result in substantive negotiations. Nevertheless, nearly half of the municipalities in Estonia were in one way or another involved with proposals: they had either made a proposal themselves or received one (Figure 1).

However, at this stage only a few groups of municipalities that were merging had started explicit negotiations, including some municipalities in Lääne-Harjumaa (the city of Saue and the rural municipalities of Saue, Kernu and Nissi) and the municipalities in the Tõrva region (the city of Tõrva and the rural municipalities of Helme, Hummuli and Põdrala), which had started negotiations earlier. Moreover, municipalities in Saaremaa had also been holding negotiations since 2014.

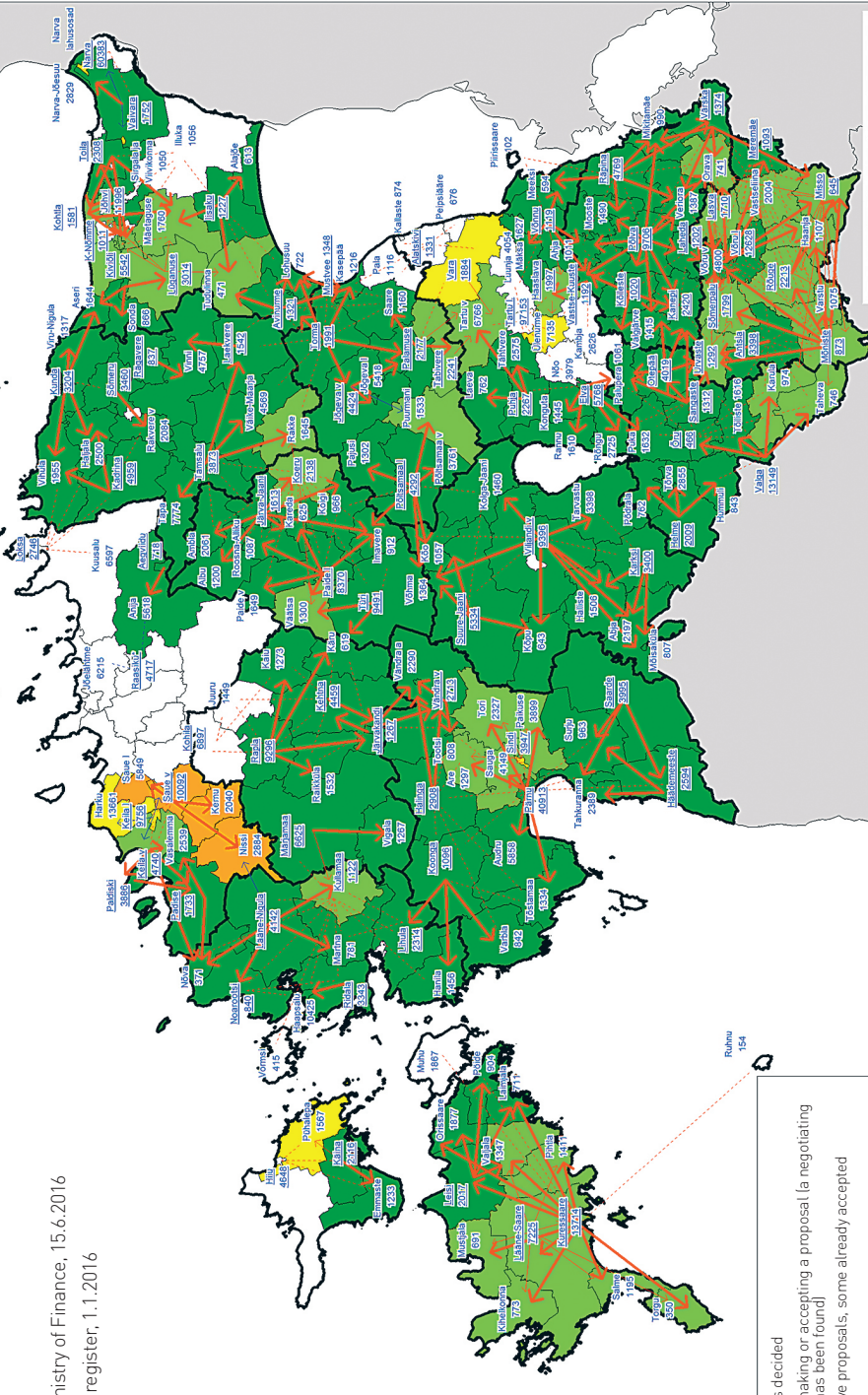
▼ **Figure 3.** Progress of merger negotiations between municipalities as of 15 June 2016³

³ Administrative reform newsletter, 22.06.2016; <https://haldusreform.fin.ee/static/sites/3/2016/06/hr-infokiri-suvi-2016-1.pdf>.

Merger negotiations between municipalities, 2016

Source: Ministry of Finance, 15.6.2016

Population register, 1.1.2016



- Merger is decided
- parties making or accepting a proposal (a negotiating partner has been found)
- alternative proposals, some already accepted
- acceptance of proposals yet unclear
- accepted proposal
- refused proposal
- proposal to merge a part of a territory
- Name of the municipality / number of residents

Active submission of proposals and substantive negotiations started to gain momentum in early 2016, as new initiatives were launched across Estonia every week. A major boost to this process came from the approval of the draft Administrative Reform Act by the Government of the Republic on 10 March.⁴ This laid out the direction of the reform in terms of the population size criterion, as well as the entire schedule of the reform.

At the same time, merger consultants and coordinators engaged by the Ministry of Finance, whose duty was to support negotiations locally, became actively involved in the process. This created a direct link between the negotiations taking place 'in the field' and the Ministry, given that the consultants' range of engagement covered most of Estonia, while they were in constant contact with representatives of the Ministry. The municipalities were not charged for the consultants' services, and were free to decide whether or not to engage the consultants. From the point of view of a merger consultant, building such a bridge was of the utmost importance to mitigate tensions between the regions and the central authorities.

By the spring of 2016, the map of Estonian municipalities was almost 90 per cent coloured: the majority of the municipalities had either made a proposal for negotiations, accepted another party's proposal, or had received at least one proposal. By mid-April, 188 municipalities out of 213 were involved in negotiations.⁵

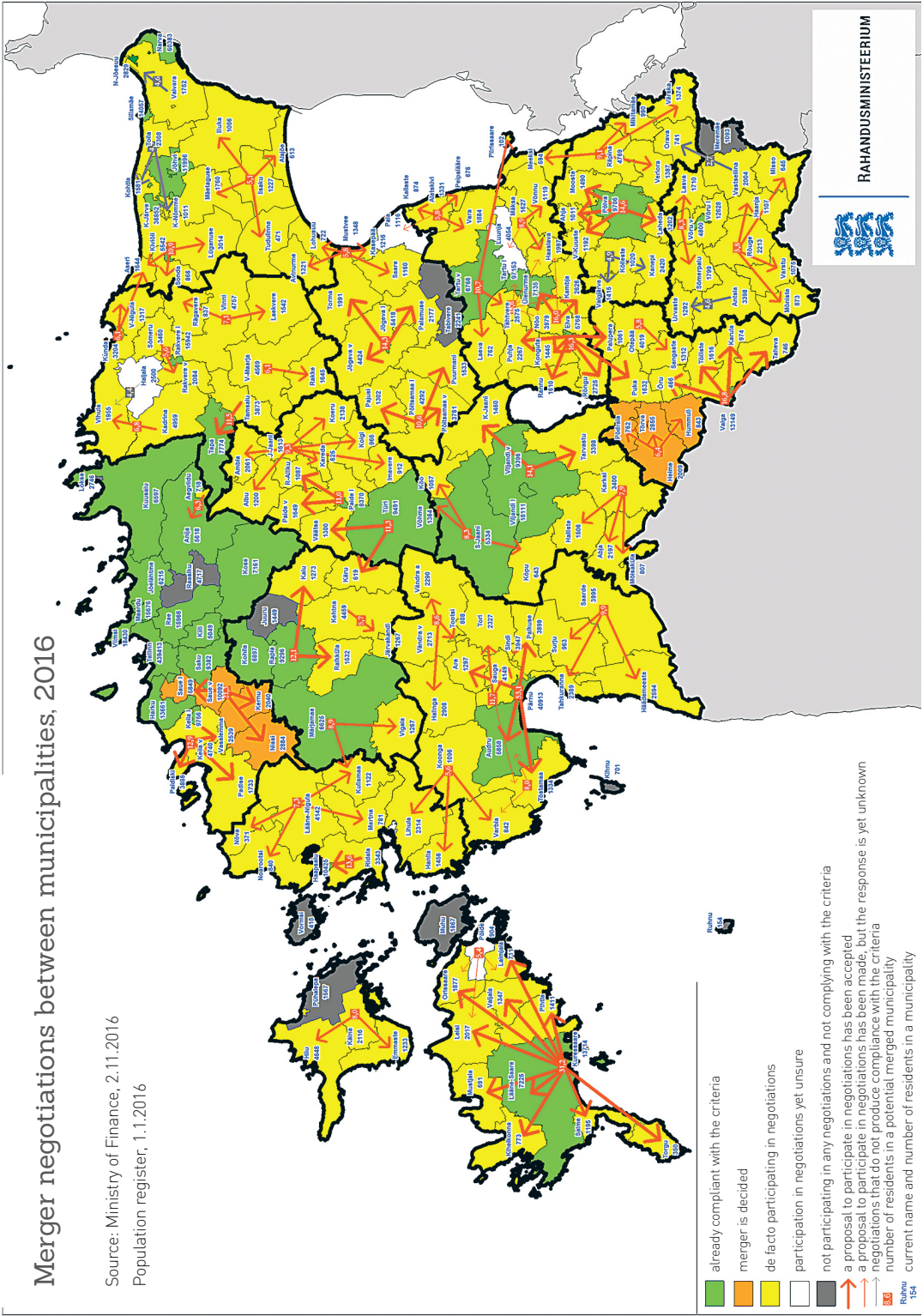
▼ **Figure 4.** Participation of municipalities in merger negotiations as of 2 November 2016

⁴ <https://www.valitsus.ee/et/uudised/valitsus-kiitis-heaks-haldusreformi-eelnou>

⁵ Administrative reform newsletter, 14.4.2016, <https://haldusreform.fin.ee/static/sites/3/2016/04/hr-infokiri-kevad-2016.pdf>

Merger negotiations between municipalities, 2016

Source: Ministry of Finance, 2.11.2016
 Population register, 1.1.2016



- already compliant with the criteria
- merger is decided
- de facto participating in negotiations
- participation in negotiations yet unsure
- not participating in any negotiations and not complying with the criteria
- a proposal to participate in negotiations has been accepted
- a proposal to participate in negotiations has been made, but the response is yet unknown
- negotiations that do not produce compliance with the criteria
- number of residents in a potential merged municipality
- current name and number of residents in a municipality



In spite of the fact that municipal councils were active in making proposals, the first half of 2016, as well as the entire process of negotiations, was characterised by a great deal of ambiguity and a multitude of alternatives. For instance, in nearly half of all the counties (including Järvamaa, Läänemaa, Pärnumaa, Saaremaa, Viljandimaa and Võrumaa), initiatives to form a county-wide municipality competed with alternative proposals and discussions in support of negotiations involving fewer parties.

It was not uncommon that one municipality was working on 3–4 alternative merger options.

While in the spring of 2016 the *Riigikogu* (Estonian Parliament) started the legislative proceedings of the draft Act and in many regions the negotiations were already addressing key issues (including management, sectoral cooperation, drafting of the merger agreement), there were still some regions across Estonia which thought that the reform might not happen.

This was partly the reason why the result attained in the first half of 2016 was that a merger agreement was approved in only two regions, which had already previously reached agreement in principle: the merger agreement between Kernu rural municipality, Nissi rural municipality, the city of Saue and Saue rural municipality was approved on 31 March 2016, resulting in the formation of Saue rural municipality with over 21,000 residents; and the merger agreement between the rural municipalities of Helme, Hummuli and Põdrala and the city of Tõrva was approved on 21 June 2016, resulting in the formation of Tõrva rural municipality with nearly 6,500 residents.

▼ **Figure 5.** Municipalities created as a result of voluntary mergers by
2 January 2017

It is necessary here to admit that in neither case was the merger completely unanimous. The formation of Saue rural municipality was characterised by dissenting opinions in the city of Saue, where 73 per cent of the residents participating in the poll voted against the merger (the turnout was 41 per cent of residents with the right to vote). The opposition to the merger resulted in the formation of a new coalition in the city of Saue just a couple of weeks before the approval of the merger agreement.⁶ The hunger strike of the former deputy chair of the Saue city council, opposing the formation of the new merged municipality, also caught the media's attention.⁷

In the case of the merger of Tõrva rural municipality, discussions were held in a constructive atmosphere, but there was quite a bit of disagreement about its name. Therefore, the name of the newly formed rural municipality was decided only on the day of signing the merger agreement, on 21 June 2016 when the councils took a vote on it. The alternative names discussed for the municipality were 'Helme' and 'Lõuna-Mulgi'.

The conclusive phase of the negotiations started after the Administrative Reform Act entered into force in the summer of 2016. This was when the majority of the regions were given a decisive boost to proceed with the talks substantively and swiftly. However, the Act entered into force in the middle of the summer holiday season, and therefore only a couple of months (August to October) were left for the negotiations, given that November and December had to be left for procedural matters associated with the merger (polling of residents, publication of merger agreements).

It is likely that such a short negotiating period was one of the reasons why almost all wider initiatives involving entire counties were disregarded in Estonia. Pragmatically, finding a consensus among a larger number of participants in this situation seemed more difficult.

⁶ <https://etv.err.ee/v/eesti/6cb7eb44-a34a-4623-a0b0-5d508060562f/sauel-avaldati-linnapeale-umbusaldust-ja-loodi-uus-koalitsioon>

⁷ <http://www.delfi.ee/news/paevauudised/eesti/video-ja-fotod-saue-linnavolikogu-aseesimees-alustas-naljastreiki-laane-harju-suurvalla-loomise-vastu-mul-on-plaanis-siinseista-kui-tervis-lubab-31-m?id=73939769>

It could also be maintained that most of the negotiating municipalities had a clear objective of negotiating the minimum terms needed for drafting the merger agreement, to set aside major changes and leave the more complex matters for the new municipalities to resolve. Considering the time schedule and the objective of bringing the talks to a successful conclusion, such an approach was quite understandable.

A certain impact was made on the conclusive phase of voluntary mergers by the fact that 26 municipalities decided to file an application with the Supreme Court seeking that the Administrative Reform Act be declared unconstitutional. The Supreme Court judgment in this matter⁸ came at the last minute, on 20 December, or ten days before the final deadline for voluntary mergers. Although the judgment did not amend the content of the Administrative Reform Act, most of the parties who had gone to court stayed out of the voluntary merger process.

Some confusion resulted from the change of the governing coalition in November 2016, but from the standpoint of the implementation of the administrative reform, the positive aspect was that the new government coalition soon sent the signal about going on with the reform. However, the new Prime Minister Jüri Ratas implied that certain flexibility could be expected in respect to the minimum population size criterion.⁹ This was taken as a lifeline in a number of regions across Estonia, where there was still hope that at the coercive merger stage the central government could decide not to merge municipalities that do not satisfy the minimum criterion. In addition to municipalities just falling short of the threshold of 5,000 residents, such a hope was also entertained by several much smaller municipalities.

Merger negotiations initiated by municipal councils culminated in December 2016, when the majority of the merger agreements were

⁸ <https://www.riigikohus.ee/et/laheidid?asjaNr=3-4-1-3-16>

⁹ <https://www.postimees.ee/3952317/riigikohus-tunnistas-sundliidetavate-omavalitsuste-uhinemiskulude-ulempiiri-pohiseadusvastaseks>

approved. Due to last-minute changes, agreements were amended up to the very last days; for example, Häädemeeste and Tahkuranna only approved their final merger agreement on 2 January 2017.

As a result of voluntary mergers, 160 municipalities out of 213 (47 merger areas) decided to merge at their own initiative, which meant that nearly 80 per cent of the municipalities participated in the voluntary merger process. A further 23 municipalities already met the minimum population size criterion without having to merge and four islands (Vormsi, Muhu, Kihnu, Ruhnu) applied for exemption in accordance with the Act.

Therefore, as a result of the voluntary stage of the reform, only 26 municipalities remained at the beginning of 2017 that did not meet the minimum population size criterion and had not applied for a merger. However, for the purposes of coercive merging this was further complicated by the fact that 25 municipalities in ten areas had in fact merged, but still failed to meet the minimum criterion even after the merger.

cess, while not meeting the minimum criterion, can be divided into two groups. First, there were those that did not participate in any negotiations and essentially boycotted the administrative reform (e.g. Juuru, Kambja, Pala). Second, there were municipalities that participated in negotiations to a greater or a lesser extent (in certain cases up to the completion of the merger agreement), but for different reasons decided to opt out of the merger process, or did not find suitable partners (e.g. the rural municipalities of Illuka, Lügánuse and Setomaa, as well as the municipalities of the Keila region).

The map (Figure 5) shows that only Läänemaa and Viljandimaa counties were not affected by coercive mergers; while each of the remaining counties had at least one unresolved case.

Five merger negotiation case studies

The following five case studies illustrate the progress of merger negotiations in different regions of Estonia, as seen through the eyes of merger consultants. The cases were selected to be as different as possible, both

in terms of geography (eastern, southern, western and central region of Estonia) and in terms of the smoothness of the administrative reform. The first case study analyses the formation of Saaremaa rural municipality, which has been seen as a positive example within the administrative reform context: the largest rural municipality in Estonia covering the entire island, with around 32,000 residents (the sixth largest in terms of population size), and being a rather logical functional area, was established largely on a voluntary basis.

The second case analysed, Põltsamaa rural municipality, can also be considered a success. The merger of a logical centre and its hinterland resulted in a municipality with around 10,500 residents; moreover, the parts of the region also have a long-term experience in cooperating with each other.

The remaining three cases are complicated rather than successful. In Võrumaa, the process required several coerced mergers, of which the formation of Setomaa rural municipality created a clear precedent. In the case of Alutaguse rural municipality (with an area of nearly 1,500 square kilometres, but just 5,000 residents) tensions were stirred up by the withdrawal of Illuka rural municipality during the voluntary stage, and the unexpected proposal made by the central government for a much more wide-ranging coercive merger. The merger in the city of Pärnu (over 50,000 residents) also required some merging by the central government (Tõstamaa rural municipality), moreover, the reform did not address the desire of certain villages in Sauga rural municipality, adjacent to the city, to merge with Pärnu (Sauga rural municipality as a whole became part of Tori rural municipality), and therefore this matter needs to be settled after the administrative reform.

The location of the municipalities included in the case studies on the administrative map of Estonia after the reform is shown in Figure 6.

Example of Saaremaa rural municipality

Earlier merger attempts and experience

There is hardly any doubt that Saaremaa is an integrated functional area, which is perhaps most clearly illustrated by a customarily highlighted fact: while on the island, the residents of Saaremaa identify themselves as being from Kihelkonna or Laimjala, but when they come to the mainland, then they are all from Saaremaa.

As early as in 2001, the administrative reform plan proposed by minister Tarmo Loodus provided for the merger of all rural municipalities of Saaremaa, only the city of Kuressaare was to remain a separate entity. In his article Madis Kaldmäe explains how the reform plan, developed under Tarmo Loodus, was underpinned by a vast body of analyses and extensive discussions. The processes of that reform plan resulted in a merger of Kuressaare rural municipality and Kaarma rural municipality in 1999. Later more merger plans were discussed, which however never reach the stage of concrete preparatory actions.

In the context of the reform model based on local commuting centres, the governor of Saaremaa county Kaido Kaasik, acting through the development think tank operating in the county government, relaunched the Greater Saaremaa concept. The discussions held within the framework of the think tank resulted in organising a development related seminar for the Saaremaa municipalities, which took place on 7 May 2013, and where participants were presented the idea of a Greater Saaremaa, the potential merger process and a preliminary draft of the management structure.

As it was clear that due to disagreements within the central government, the local commuting centre-based reform model will not be implemented, and due to imminent local elections, the merger plan was voted down, most eagerly by the leaders of smaller rural municipalities. Their arguments were the usual ones: the state must first provide the municipalities a proper revenue base, the focus should be placed

on rural development, merging around local commuting centres would trigger peripheralisation etc.¹⁰

Subsequent analyses of the county governor's initiative, carried out in the course of the interview process, revealed that the heads of local authorities were offended that discussions, led by the county government and held in a relatively small circle of participants, immediately produced rather concrete solutions. For instance, the draft of the potential management structure of the merged municipality was proposed in a situation where even the possibility of a merger had never been widely discussed. Those who had not participated in the process felt that what was being suggested looked like an obligatory solution, which they were not happy to accept. It was also thought that the county governor wished to make the merger his personal project. This became the most important lesson to learn when the subsequent reform initiative and process were devised: maximum communication with local opinion leaders, their involvement, and an opening of the process.

Nevertheless, the initiative of the county government resulted in the merger of the rural municipalities of Kaarma, Kärla and Lümända in 2014. The merger of these three rural municipalities was decided just a short time after the regular local elections (2013). This was a unique example in the merger process in Estonia. The process of merging the three rural municipalities was excellently planned and managed, and the participants shared a future vision for the merged municipality.

There was, however, one significant throwback. The parties wanted to name the merged municipality Saaremaa rural municipality. This caused political opposition within the central government from the Social Democrats, and therefore for several months the central government was unable to approve the merger application of the rural municipalities. Finally, the merging municipalities agreed to use the name 'Lääne-Saare

¹⁰ Development seminar for the municipalities of Saaremaa, 7 May 2013. Stenographic records of the discussions.

rural municipality'. In spite of this negative episode, the discussions about the name of Saaremaa rural municipality and the active opposition to that shown by other municipalities on the island, was a sign that the willingness to create the Greater Saaremaa municipality may exist.

The beginning of the Greater Saaremaa merger negotiations

The local elections of 2013 were a surprising, yet complete victory for the Social Democrats headed by Hannes Hanso, who was also elected mayor of Kuressaare. On 7 April 2014, the mayor called a meeting,¹¹ attended by all heads of local authorities, where behind closed doors the participants confirmed in principle their willingness to consider the merger prospects. Based on this result, in May 2014, the Kuressaare city council submitted a proposal to all municipalities of Saaremaa county to 'start negotiations and a search for possible common elements, with a view to form one single municipality in the county of Saaremaa'.

Over time, all rural municipalities, except Pöide and Muhu, agreed with the proposal (the Ruhnu municipal council concluded the talks later). The municipalities sought assistance from key merger consultants, the process continued with face-to-face meetings and preliminary consultations with heads of local authorities and municipal councils, and preparations were started for merger negotiations.

The opening meeting was held on 7 November 2014 in a neutral venue – Marta-Lovise guesthouse – and was attended by the heads of local authorities. Presentations were made by the President of the *Riigikogu* Eiki Nestor, merger consultants and a representative of the Saaremaa development centre. No substantive discussions were held; the meeting focused rather on the benefits of a municipality of the size of a county, as well as the impact of the merger, while also outlining the key options for holding merger negotiations.

¹¹ ERR, a news report in 'Aktuaalne kaamera', 8.4.2014, <https://www.err.ee/510903/koik-saaremaa-omavalitsused-on-uhinemiskonelusteks-valmis>.

The heads of the local authorities presented their initial opinions; the most widely raised issue concerned the role of the county government in a municipality the size of a county. It was decided that an application to create a county merger coordinator position for this specific case would be made. The ministry satisfied the request and at an open application procedure Taavi Kurisoo, the current deputy mayor of Kuresaare, was elected to the merger coordinator's position.

It is possible that based on the experience obtained in Saaremaa, county and regional merger coordinators were appointed elsewhere in Estonia as well.

Negotiation process

The merger negotiations were held between 11 participants (without the rural municipalities of Põide, Muhu and Ruhnu). Generally, the parties attending the talks were the head of the rural municipality and the chair of the rural municipal council, and often some other relevant official. In the case of Saaremaa, this would have meant a group of at least 22 people. It was obvious that such a large number of politicians at one negotiating table would, in any case, channel the discussions toward abstract political statements. This would make the holding of substantive merger negotiations quite difficult.

It was decided that the negotiations steering committee will include the heads of rural municipalities and the city mayor who have the best understanding of everyday matters. Negotiations with 11 participants, in a context where so many municipalities were involved in the process, was the best working option. Of course, in certain cases the absence of chairs of municipal councils caused some problems. Their attitude, either supporting or opposing the merger, largely depended on their relationship with the head of the rural municipality, how much information they shared and how much they participated in the talks in different formats.

The key question was, who prepares for the discussions at the different rounds of the merger negotiations, and how. The apprehension

that Kuressaare will dominate the process was justified; rural municipalities shared certain common elements on the basis of individual regions. Therefore, forming a leadership group was proposed whose duty was to select the matters to be negotiated, draught the agenda, pre-select issues, assign preparatory tasks to specialists, and so one.

The members of the leadership group were the mayor of Kuressaare (first Hannes Hanso, later Madis Kallas), the head of Kihelkonna rural municipality (Raimu Aardam) representing western Saaremaa, the head of Pihtla rural municipality (Jüri Saar) representing central Saaremaa, the head of Orissaare rural municipality (Vello Runthal) representing eastern Saaremaa and the had of Lääne-Saare rural municipality, who was the most experienced in the merger process (initially Andres Tinno).

The leadership group was active in the first months of the talks, later the need for such a format disappeared because it was rather easy to control the negotiations with 11 participants. As the talks progressed, the leadership of Kuressaare strengthened as well (including the mayor chairing the meetings), moreover, the merger coordinator and consultants, working in conjunction with specialists from rural municipal and city governments, helped to prepare the meetings in a balanced manner. Even if challenges were submitted, they were driven rather by specific individuals or interests than by more general issues.

Three sectoral committees were formed. On the one hand, this created the option of engaging as many specialists and activists in the merger process as possible. On the other hand, it facilitated obtaining maximum input from specialists, and presenting a number of options for the decision-taking process to the steering committee of the negotiations. Furthermore, committees provided a format facilitating discussions on the strengths and weaknesses of the merger and developing a consistent understanding.

The committees did not become a regular work format that lasted throughout the entire merger process. At the first round, the committees convened 2 or 3 times, covering the full range of topics they were

assigned to discuss. This served as the basis for preparing relatively comprehensive records and inputs, which were used to draft the merger agreement and to prepare for steering committee meetings.

Afterward, there was some criticism about the fact that the sectoral committees met so infrequently and that their potential was not sufficiently realised. Nevertheless, it should be taken into consideration that a sectoral committee, consisting mostly of specialists, and the political steering committee were often not necessarily of the same opinion, and therefore the committees (who did not take decisions, but made proposals instead) did not have sufficient gravitas. At the same time the sectoral committees performed their role as the shapers of the discourse quite well.

There was a case where a representative of one rural municipality in the committee colourfully expressed their opposition against the merger. That person was not willing to discuss matters substantively and was rather disruptive at the meeting. When other participants did not play along with their criticism, the participant left the meeting demonstratively and never participated in them again. The sectoral committees undoubtedly had a significant role in formulating the inputs for the merger negotiations, and serving as an engagement format provided a platform for dozens of specialists in their respective areas to make their contribution.

With regard to the format and the schedule, the process of negotiations had been thought through in detail. It was characterised by a clear framework for the format, a strictly managed agenda and documents prepared for the talks. It became clear that without a concrete base document – a text or the principles submitted for the discussions – the talks would turn into a talking shop where no decisions are taken.

Of course, not everything that was planned materialised fully: merger negotiations are a communicative process where the impact of an individual or an event is quite significant. Even the political composition of the steering committee (heads of rural municipalities) provided

a certain political undertone. But it was also possible to discern certain Saaremaa-specific, region-specific and ideological preferences and coalitions.

One of the most complicated and most debated topics of the talks was the management structure of the future municipality. This matter was discussed essentially throughout the entire period of the negotiations, and the parties repeatedly returned to previously rejected solutions. Rural areas rather supported a decentralised structure with rural municipal district assemblies, while representatives of Lääne-Saare rural municipality preferred the sector-based structure¹² along with a strengthening of the village elder institution and establishing community assemblies. In spite of a large number of prepared discussion papers and actively managed agenda, no decisions on concrete options were made.

The initial draft of the merger agreement was completed as early as autumn 2015. However, discussions about strategic options in individual areas of the agreement still went on, as the participants were not prepared to enter into any final arrangements. The factor that caused the talks to halt was suspicion about whether or not the *Riigikogu* will pass the Administrative Reform Act, and what the exact criteria and deadlines will be.

As the certainty that the Act will indeed be passed grew stronger, the merger negotiations gained new momentum. One of the key factors was the mayor of Kuressaare Madis Kallas' taking the initiative, and his active leadership in the process after Kuressaare proposed to resume talks in spring 2016. The negotiations were taken to a level where much more binding arrangements were concluded.

¹² M. Lõhmus, G. Sootla, K. Kattai, R. Noorkõiv, Soovituslikud juhised detsentraliseeritud valitsemis- ja juhtimiskorralduse mudeli ülesehitamiseks kohaliku omavalitsuse üksuses. Ministry of Finance, 2016.

Public engagement and communication

Broader public engagement tended not to be used in the merger process in Saaremaa.

At certain pivotal stages, engagement and communication were targeted more towards the decision-makers; that is, the council members. For instance, on 18 March 2016, a joint seminar was held in Valjala for municipal councils to discuss the current progress of the merger talks and further activities. The meeting was attended by the Minister of Public Administration Arto Aas, who confirmed the implementation of the administrative reform; Madis Kallas, who presented the draft of the merger agreement; and the County Governor Kaido Kaasik, who stated encouragingly that the formation of a united Saaremaa municipality is the right step in the development the island. Nevertheless, the council members who took the floor mostly addressed the risks stemming from the merger.

Naturally, public meetings were held in all rural municipal centres (in some municipalities even in several centres) in order publicise the agreement. However, few attended these meetings.

Two local newspapers in Saaremaa had been keeping their eye on the process and had been regularly publishing news and opinion pieces about the most significant developments. Furthermore, Saaremaa was repeatedly covered in the national media as an example of the merger process. All information about the merger negotiations; for instance, the minutes and drafts of completed documents, were available on the Saaremaa county government website. The fact that there had been sufficient disclosure of information, and that the progress of the negotiations was frequently featured in the media, could have been one of the reasons for the relatively passive turnout of residents in the opinion polls. The turnout was quite modest (4.2 per cent): the number of participants was 1,109 out of 26,343 of which 573 (51.7 per cent) supported and 535 (48.3 per cent) opposed the merger.

Critical moments

After the *Riigikogu* started the legislative proceedings for the Administrative Reform Act, and it became clear that the minimum population size criterion for the mergers was going to be 5,000 residents, a number of competing merger proposals popped up in Saaremaa as alternatives to the Greater Saaremaa idea. The most serious of them was the Ida-Saaremaa (East Saaremaa) initiative. In February 2016, the council of Leisi rural municipality submitted such a proposal to the rural municipalities of Orissaare and Pöide.

The merger of the three municipalities would have produced a population of 4,798, falling just short of the criterion. When in the course of the consultations it became obvious that the central government would not accept the formation of municipalities below the threshold (among others such a message was communicated by the Minister of Public Administration at the seminar of municipal councils held in Valjala on 18 March 2016), the council of Leisi proposed in April 2016 to include the rural municipalities of Laimjala and Valjala in the talks. As a result of this the number of residents in the merging Ida-Saaremaa would have reached 6,856. The latter did indeed agree with the proposal. The mitigation of risks in a situation where the Greater Saaremaa concept had started faltering also caused the council of Lääne-Saare rural municipality to make a merger proposal to their neighbours (with the exception of the city of Kuressaare) and the rural municipality of Torgu (see Table 1). There was a real risk that the Greater Saaremaa municipality would not be formed. The rural municipalities, including Laimjala and Valjala, did not want to be merged or to merge without provisions for mitigating their own risks (i.e. without a merger agreement).

It is not exactly clear to what extent the merger initiatives of Lääne-Saaremaa (West Saaremaa) and Ida-Saaremaa (East Saaremaa) were coordinated to serve as an alternative to Kuressaare, but this was how it seemed. Representatives of several small rural municipalities were

fearful that the mergers would reach a deadlock in all directions, and the possibility of meaningful participation in a merger would cease to exist.

Active talks were under way in the Ida-Saaremaa merger area. They were organised and implementing things professionally (a designated website, regular meetings, comprehensive preparations, disclosures, etc.). Several management structure options and a draft merger agreement were prepared.

The Lääne-Saaremaa proposal did not find such a positive response: this result was actually predictable because the neighbours were invited to join the municipality, rather than initiating a full-blown merger. One of the motives behind the new negotiating initiative was certainly the fact that the discussions about different structural models at the Greater Saaremaa merger negotiations had become quite intense. The representatives of Kuressaare, along with small rural municipalities leaned rather more towards a decentralised model with municipal districts, while the representatives of the Lääne-Saare municipality preferred a structural arrangement that was more centralised and more inclusive for villages. Moreover, there were several points of disagreement between Kuressaare and Lääne-Saaremaa, for instance regarding a common education area.

What caused the breakthrough in the merger negotiations for the formation of the Saaremaa rural municipality?

Madis Kallas, mayor of Kuressaare:

The breakthrough occurred about two years ago, when, after long bilateral meetings, the largest municipalities in Saaremaa agreed to start moving in this direction. Before that there had been discussions and talks, but something was always missing in order to take the decisive next step. Which means that major decisions can be taken voluntarily only when the vast majority starts working towards that direction. Luckily for us this was what happened!

2017 local election results in the Saaremaa rural municipality

Electoral list	Votes (%)	Mandates (%)	Mandates (number)
Social Democratic Party	27,1	32,3	10
Reform Party	23,2	25,8	8
Election coalition Saarlane	21,4	25,8	8
Centre Party	8,3	9,7	3
Conservative People's Party on Estonia	6,6	6,5	2
Pro Patria and Res Publica Union	4,0	0,0	0
Election coalition Meie Saaremaa	3,8	0,0	0
Independent candidates	3,0	0,0	0
Election coalition Sõrvemaa	2,6	0,0	0
TOTAL	100	100	31

Table 3.

First, the merger route initiated by Lääne-Saare municipality was brushed aside by all participants. It was even said that if the municipalities in Ida-Saaremaa merge, then – if required – Kuressaare could merge with small rural municipalities without having a common border, which on the islands was allowed by law. At the same time, the actual political reality rather led to the assumption that if the Greater Saaremaa option does not materialise, then the city of Kuressaare would not merge at all. Ultimately, Lääne-Saaremaa had been a positive merger case, and as a whole there was support for the formation of a united Saaremaa municipality. Differences in understanding and opinion rather originated from individual actors. Second, when the rural municipalities realised that Kuressaare could stay aside all together, and their

alternative would be to merge with the Lääne-Saare municipality, they tended to support the Greater Saaremaa option. Third, as a result of Valjala and Laimjala leaving the Ida-Saaremaa negotiations, it was impossible to form a rural municipality there that would satisfy the minimum criterion. Fourth (and this is likely the most important matter), was the role of the leaders. All of the major political parties and political leaders adopted the attitude that they would support the formation of the Saaremaa rural municipality. Compromises were made and agreements reached with hesitant heads of local authorities, many of them politically aligned. There were also cases where internal disagreements caused sceptics to step away or be side-lined.

A clear political position was certainly a decisive factor in the Greater Saaremaa merger.

Results and future challenges

The significant role of the political parties in the merger process was also revealed in the election results (Table 3), where the political parties won nearly three quarters of the seats in the council, and also formed a coalition. The election coalition Saarlane, which mostly included former non-partisan rural municipal leaders (but also some members of the Pro Patria and Res Publica Union) did get a good result, but was left in opposition in the council. This was despite the fact that the winner of the elections, the Social Democratic Party, and its local leader Madis Kallas, had suggested the idea of forming a coalition that would include all groups represented in the council, in order to foster the successful launch of the merged municipality.

The major challenges for the largest municipality in Estonia lay in the need to bind such a large organisation (nearly 1,500 people earning their salary from the municipal budget – as a comparison: the number of employees in all government ministries of Estonia in 2016 was 1,900) into an integrated system. Furthermore, there is the matter of how to ensure an optimum balance between administration and resolving local

(territorial) issues alongside national (sectoral) issues so that local activity, engagement and community spirit would not be lost, while benefiting from national strategic capabilities.

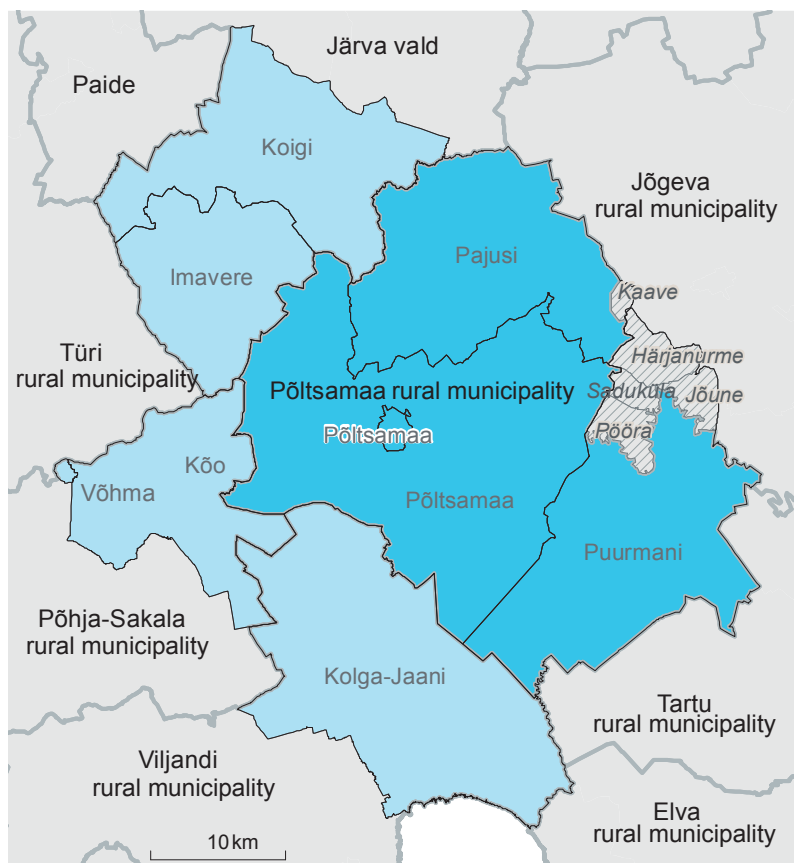
A significant matter in terms of development is whether the state is actually prepared to transfer public administrative duties (including those of a regional nature) to the municipalities after the county governments are abolished. Saaremaa rural municipality, which practically covers the entire county, would certainly be willing to take these duties, and could be a good partner for the government. Whether or not this will happen could in the long run serve as the litmus test for the entire process of the merger in Saaremaa.

Conclusions

- It could be argued that the role of (political) agreements, clear leadership and command by the leaders, underpinned by a well-designed and well-managed merger process, were the main factors behind the formation of the Saaremaa rural municipality. Without political agreements, as well as agreements between individuals, such a wide-scale merger would not have materialised.
- Even though the merger negotiations had started well before it was certain that the ruling coalition had agreed on the implementation of the administrative reform, in hindsight it seems that without it (the Act, and the second stage of mandatory mergers), a united Saaremaa rural municipality would have been unlikely.
- Heads of municipal councils should have been engaged in the merger negotiations (steering committee) from the very start. Given that the merger decision is after all a decision taken by the council, the councils should have been involved in the entire process right from the beginning.

The initial idea of not making the circle of negotiators too wide, and excluding the heads of the municipal councils from the negotiating process, was not a good one.

Participants in the merger negotiations in the Põltsamaa region



- Pajusi
 Municipal boundaries and name before the administrative reform
- Türi rural municipality
 Municipal boundaries after the administrative reform
- The municipalities that merged with Põltsamaa rural municipality
- The municipalities that were given the option of merging with Põltsamaa rural municipality, but did not merge
- Villages that became part of Jõgeva rural municipality

Figure 7.

The example of Põltsamaa rural municipality

The merged municipalities are situated in the county of Jõgevamaa. The city of Põltsamaa is the westernmost of the three centres in the county (the others are Jõgeva and Mustvee), and before the reform this fact had a significant bearing on the development of both Põltsamaa rural municipality, which was a circular rural municipality around an urban municipality, and the other surrounding municipalities (above all, the rural municipalities of Pajusi and Puurmani,¹³ and to a lesser extent Kolga-Jaani, Imavere and Kõo).

Due to its upper secondary school, commercial services and health care services, the city of Põltsamaa exerts a strong pull on the neighbouring municipalities. Põltsamaa is where the regional upper secondary school, kindergartens, hobby schools, primary health centre, most of the stores, pharmacies, the rescue service and the police are located for the region. Quite a bit of work-related commuting takes place between the municipalities, and the residents of the region are linked to each other through personal and working ties.

The development of the Põltsamaa region benefits from its location in terms of traffic geography: 127 kilometres from Tallinn, 59 kilometres from Tartu, 26 kilometres from Võhma and 30 kilometres from Jõgeva. Although Põltsamaa's development has lagged behind that of the county's capital Jõgeva, it is a centre with considerable potential.

Experience of cooperation between municipalities

On 3 January 1997, the city of Põltsamaa, Põltsamaa rural municipality, Pajusi rural municipality and Puurmani rural municipality signed a development and cooperation agreement (4P Cooperation Agreement). The objective was to tackle regional issues, such as education and social welfare, and together build a modern health centre. At the same time, it

¹³ Põltsamaa linna kui tõmbekeskuse mõjuapiirkonna uuring. Alphex, 2009.

was deemed important to work together in organising regional cultural and sporting events. Mutual assistance was provided in the development of the hardware and technological capabilities of the rescue service and, where necessary, participating in rescue operations in other administrative territories. Another objective was to cooperate in the field of tourism, and to work together to find solutions to the conservation and restoration of Põltsamaa Castle.

The agreement was renewed in December 2002. It was decided to work out the principles for future development in the region, and to recruit a specialist needed for such regional development.

Janne Veski, Põltsamaa rural municipal secretary:

It is possible that in 2017, thanks to the well-established cooperation experience in the region over the past decades, the process of merging the municipalities in the Põltsamaa region was friendlier than in many other regions. The region perceived itself as an integrated community, and therefore it was possible to hold merger talks in a relatively composed atmosphere. The advantage of the region is that the former Põltsamaa rural municipality used to be a circular rural municipality around Põltsamaa city, and the city was clearly a local commuting centre in the middle of a large merged municipality. This facilitated the merging of the somewhat smaller rural municipalities of Pajusi and Puurmani because the people had become accustomed over time to finding certain services in the city of Põltsamaa.

Earlier merger initiatives

There have been three merger initiatives in the Põltsamaa merger areas. The first merger attempt was made when Estonia was about to regain its independence. On 5 November 1990, the deputies of the Põltsamaa city council and Põltsamaa village council came together in order to decide whether to continue existing as separate entities, or as a united municipality. During the talks, the participants admitted that the city of

Põltsamaa and its rural hinterland were intertwined through the daily activities of their residents, and there was no point in keeping two costly administrative bodies. A proposal was made to merge within the first quarter of 1991. The decision was adopted on the basis of one abstention and all the remaining votes in favour. Moreover, the meeting also raised the question of why this area should be part of the county of Jõgevamaa. However, the discussion of this issue never led to any actions.

The second merger attempt was made when the city of Põltsamaa proposed on 26 January 2004 that the rural municipalities of Põltsamaa and Pajusi join the three municipalities into one before the local elections of 2005. The argument given was that there is a lot of work-related commuting between the municipalities of the region, and that residents are linked to each other through personal and work ties. Pajusi rural municipality dismissed the proposal right away, and Põltsamaa rural municipality followed suit a bit later.

The third attempt to merge took place between October 2010 and June 2012 (the city made a proposal to the rural municipalities of Põltsamaa and Pajusi; Pajusi rejected it right away). A public opinion poll was taken in the city and the rural municipality of Põltsamaa, and a merger agreement was drafted. However, the entire process ended with the merger agreement being dismissed by a meeting of the council of Põltsamaa rural municipality.

Merger of 2017

The core of the Põltsamaa merger area initially consisted of the city of Põltsamaa, and the rural municipalities of Põltsamaa, Pajusi and Puurmani (all municipalities of Jõgevamaa county). As the merger talks progressed it seemed advisable to widen the area of potential mergers, and therefore proposals were made to Kolga-Jaani rural municipality, Kõo rural municipality and the city of Võhma, all in Viljandimaa, as well as to Imavere rural municipality and Koigi rural municipality in Järvamaa. This resulted in a situation where a number of municipalities

were holding parallel negotiations in several potential merger directions. This complicated the talks, as solutions that had been agreed upon were not always consistently understood or achievable.

Kolga-Jaani rural municipality was the first to consider that participating in these merger negotiations was not appropriate. The city of Võhma abandoned the merger as well because the Põltsamaa merger area – in particular, with the hub of the actual merger being in Jõgevamaa – was not consistent with the habitual travel routes, historical ties and cooperation experience of the residents of the city of Võhma, or the centre-and-hinterland principle. The rural municipalities of Koigi and Imavere also decided to suspend the negotiations in the Põltsamaa direction.

The refusal of Kõo rural municipality prompted the most debate. On the one hand, in 2015 the councils of Kõo and Võhma had approved the cooperation agreement, one of the clauses of which explicitly stipulated that the signatories participate in any merger talks together, regardless of the direction. On the other hand, the matter of whether the Põltsamaa region is eligible for an additional bonus, depended on Kõo rural municipality, as in such a case the number of residents in the new municipality would exceed 11,000.

Choosing a merger region was on the agenda of the Kõo rural municipal council meeting of 28 July 2016. The meeting was attended by the chair of Põltsamaa rural municipal council Indrek Eensalu, the head of Põltsamaa rural municipality Toivo Tõnson and the head of Puurmani rural municipality Margus Möldri, who each presented their views about why it was advisable for Kõo rural municipality to merge with Põltsamaa. The discussions also raised the question of which county the new municipality should be in: the city of Põltsamaa and the rural municipalities of Põltsamaa and Pajusi are situated in the historical territory of the Põltsamaa parish, which was originally part of the county of Viljandimaa. Today most of the parish is part of the county of Jõgevamaa; however, some territories are also in Järvamaa and the former territory of Tartumaa.

Several politicians – of whom Helir-Valdor Seeder was the one with the most gravitas – supported the municipality becoming part of Viljandimaa county. The central government was sent a letter to find out whether it would be conceivable that the new Põltsamaa rural municipality could become part of the county of Viljandimaa. The regional committee for southern Estonia discussed the request of the five municipalities and decided not to express an opinion about which county they should join after they had merged. The reason was that the affiliation of a municipality with a county falls within the discretionary remit of the central government.

At a meeting of the steering committee handling the merger of the city of Põltsamaa and the rural municipalities of Põltsamaa, Pajusi, Puurmani and Kõo, which was held at the Kirivere secondary school, a proposal was made to amend the draft merger agreement such that the preferred regional centre for the newly formed rural municipality would be Tartu, and that in terms of county affiliation the Viljandimaa option would not be ruled out. Such an approach was a compromise to convince Kõo rural municipality to continue the merger talks in the Põltsamaa direction. At the meeting of Kõo rural municipal council on 26 August 2016, Erich Palm, governor of Viljandimaa county, informed the participants of the discussions about the matter of their affiliation with a county, held by the regional committee of southern Estonia. He also maintained that there are many unclear aspects with regard to counties and transfers of villages. In his opinion, it was advisable that municipalities merge within one particular county. The county governor pointed to Viljandi, which was functioning successfully as a county capital, and to cooperation within that county. Acting on the proposal of council member Hermann Kalmus, the meeting decided to wait for the decisions of those municipalities of the Põltsamaa merger region that were located towards Jõgeva, and to make their final decision after that. Given that by the time the council meeting was held, the position about Puurmani rural municipality council vis-à-vis its county affiliation was

still unknown, and so the final decision about the choice of the merger region was postponed again. On the same day (26 August 2016), Puurmani rural municipal council decided at a meeting to give their consent to Puurmani rural municipality being a part of Viljandimaa, provided that Kõo rural municipality also merges with the Põltsamaa region.

The topic was once again discussed by Kõo rural municipal council on 15 September 2016. The merger of Kõo rural municipality in the direction of Põltsamaa was linked with history, and with the fact that the city of Põltsamaa was a strong centre and that residents had established well-functioning connections with the centre in terms of the consumption of services. In support of the northern Viljandimaa option it was argued that Kõo rural municipality will have a stronger presence in the new council, and that there will be more people involved in formulating the development of the region. One of the positive aspects pointed out was the experience of cooperation within the association of local authorities of Viljandimaa, where county-related matters have been successfully resolved. The fact that Suure-Jaani has had a positive experience with mergers and that the lessons learned could be benefitted from now, was also deemed an important element. The meeting emphasised the will to be part of Viljandimaa because the previous experience of cooperation had demonstrated that it would be easier to find common areas of interest with municipalities in northern Viljandimaa.

In order to decide whether to opt in the direction of Põltsamaa or Suure-Jaani, the council took a vote. Six council members voted for the merger towards Suure-Jaani, while five council members voted for the Põltsamaa direction; therefore, a narrow majority tipped the decision of Kõo rural municipality in favour of Viljandimaa.

A steering committee, and four sectoral committees – for education; culture, sports and leisure; social welfare and health; and economic affairs – all consisting of municipal representatives, were formed to organise the merger talks and draft the merger agreement. These committees worked actively and addressed matters substantively. The

Results of the public opinion poll of residents

	Number of residents with the right to vote	Respondents	Turnout (%)	YES (%)	NO (%)
Pajusi	1069	70	6,5	61,4	38,6
Puurmani	1299	32	2,5	75	25
City of Põltsamaa	3593	112	3,1	92	8
Põltsamaa rural municipality	3043	60	2	86,7	13,3

Table 4.

atmosphere of cooperation was sometimes disrupted by the fact that participants held merger negotiations in several directions. Merger rallies were held in different municipalities; this provided a better understanding of the partners. The implementation of the merger process was supported by the merger coordinator and the merger consultant.

The residents of the Kaave village in Pajusi rural municipality initiated a change to the municipal boundaries, as they wanted to be a part of Jõgeva rural municipality. On 18 August 2016, Pajusi rural municipal council proposed commencing the procedure for changing the boundaries of the municipality, so as to move the village of Kaave from Pajusi rural municipality to Jõgeva rural municipality. The municipal council of Jõgeva agreed with this proposal. An agreement on changing the boundaries of the Pajusi and Jõgeva rural municipalities was concluded; this agreement regulated the organisational and budgetary, as well as other commitments and rights, associated with the change of the boundaries.

On 31 May 2016, Jõgeva rural municipal council proposed transferring the villages of Härjanurme, Jõune, Pööra and Saduküla to Jõgeva rural municipality. The council of Puurmani rural municipality agreed with the proposal. The number of residents in Kaave village was 26, and the area of the village is 3.9 square kilometres. The total number of residents in the villages of Härjanurme, Jõune, Pööra and Saduküla was 403, and the total area of these villages is 53.4 square kilometres.

The agreement for the merger of the four rural municipalities was displayed publicly from 31 October till 20 November 2016. The draft of the merger agreement was also available on the website of the respective municipalities and rural municipal or city governments. The participants organised eight public rallies together and published a designated merger newsletter.

The published merger agreement received 28 written feedback responses. All proposals and objections were discussed by the steering committee. The questions raised addressed various issues related to the management of agencies administered by the local authority, the provision of services, the municipal boundaries, the formation of electoral districts, investment objects and the name of the rural municipality.

In order to sound the opinion of the residents on merger related matters, an opinion poll was held from 25 to 27 November. In Põltsamaa rural municipality residents could also vote online at www.volis.ee. Although the number of participants in the poll was modest, the merger was given a strong mandate (Table 4).

The formation of Põltsamaa rural municipality

Based on the results of the negotiations and the procedural actions taken, on 20 December 2016 in the Puurmani Manor, the councils of the rural municipalities of Pajusi, Puurmani and Põltsamaa, and Põltsamaa city council adopted the decisions for the formation of a new administrative division – Põltsamaa rural municipality – by merging the respective municipalities.

Põltsamaa rural municipality was named after the historical parish. A new administrative division – Põltsamaa rural municipality, with 10,611 residents¹⁴ and an area of 949 square kilometres – was formed by a government regulation of 6 January 2017 as a result of the merger of Pajusi rural municipality, Puurmani rural municipality, the city of Põltsamaa and Põltsamaa rural municipality.

Summary and conclusions

- The merger of the municipalities in the Põltsamaa merger area produced a municipality with a strong centre, a logical hinterland and long-term close ties and cooperation experience between the participants.
- In the course of the merger talks, several of the municipalities negotiated in more than one direction, which made reaching a consensus difficult.

Ultimately, three municipalities withdrew from the Põltsamaa merger area, above all justifying this on the basis of the desire to preserve their county-related identity: the Imavere rural municipality preferred to be part of Järvamaa county, while Kõo rural municipality and the city of Võhma wished to be part of Viljandimaa county.

- The expectation, which had appeared for a while, that the new municipality would be formed covering a larger territory and with a population exceeding 11,000, did not materialise.
- The merger produced a change in the municipal boundaries. The transfer of villages was smooth, and in the course of the process, the conditions of the transfer and acceptance of the territory were agreed.
- The turnout of residents in the merger related public opinion polls was modest, but those who did participate gave their strong support to the merger of the four municipalities to form Põltsamaa rural municipality.

¹⁴ The number of residents according to the population register as at 27 December 2016.

- The steering group led the merger process well and all topics raised were discussed comprehensively by the steering committee and the sectoral committees. The merger process was supported by the merger coordinator and the merger consultant.
- Communication with the general public was active throughout the merger process. The topics discussed at the meetings were recorded in the minutes and press releases, and all the analyses and work materials were published on the website of the city of Põltsamaa. Moreover, a merger newsletter was published with the joint effort of four rural municipalities. A public opinion poll was taken to explore the views of the residents regarding the merger and the transfer of villages. Some stir was created by the video by Kõo rural municipality,¹⁵ where Tarmo Riisk and Helir-Valdor Seeder promoted the idea of a Greater Viljandimaa.

Example of Võrumaa county

In Võrumaa county, the 2017 administrative reform turned out to be a rather complex process, even though all municipalities in the county participated in the voluntary stage of the reform, either by making or accepting proposals. Although none of the municipalities in Võrumaa stayed out of the reform, the participants failed to find a common understanding about the future of the county. During the coercive merger stage, the final outcome required the involvement of the central government.

The central government's intervention was not exceptional, considering that at the voluntary stage of the reform only two counties (Lääne-maa and Viljandimaa) reached a conclusive outcome. Nevertheless, there was a case in Võrumaa where the central government exceptionally carried out a coercive merger involving a municipality (Setomaa rural municipality) that had not requested an exception during the voluntary stage.

¹⁵ <https://poltsamaa.kovtp.ee/video>

Municipalities of Võrumaa county after the 2017 administrative reform

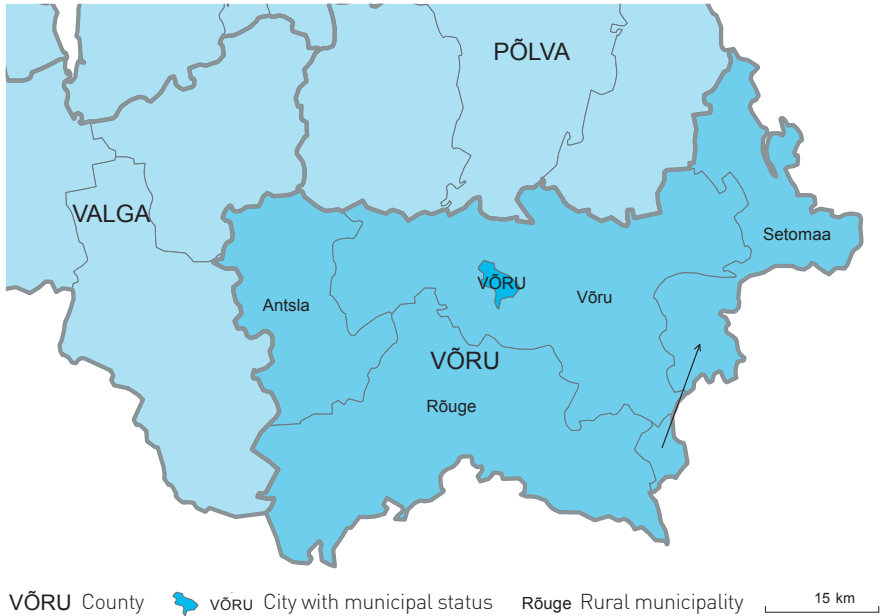


Figure 8.

The sections below describe the course of the process that took place in Võrumaa, as seen through the eyes of a consultant who in 2016 was also the merger coordinator with the association of local authorities of Võrumaa.

Prologue to the reform

Before the administrative reform of 2017, the hierarchy of administrative territorial entities in Võrumaa had remained unchanged since 1999, when the city of Antsla and Antsla rural municipality merged to form Antsla rural municipality with the then population size of nearly 5,000.

On the one hand, it was a logical merger of a city and its hinterland, on the other hand even after the merger the municipality was not successful in combating peripheralisation, and in less than two decades the number of residents had dropped by nearly one-third.

Before the administrative reform of 2017, Võrumaa county consisted of 13 municipalities with around 34,000 residents in total.¹⁶ The county had and continues to have one obvious local commuting centre – the city of Võru (about 12,000 residents) – which functions as a centre both in terms of employment and various services, for nearly all the municipalities of Võrumaa county. Furthermore, Antsla,¹⁷ with its pre-reform population of 3,376,¹⁸ has been seen as an ancillary commuting centre.

Rõuge and Vastseliina were also identified as local commuting centres, and in the plans for the administrative reform based on the local commuting centre-based-model of 2013 designed by Siim Kiisler, the county had designated these two as centres. At the same time, before the 2017 administrative reform, Rõuge and Vastseliina were rural municipalities with merely approximately 2,000 residents, and the small towns with populations of about 500–600 forming the centre of the municipalities did not function as local commuting centres.

Leaving aside the islands, one could maintain that within the context of Estonian counties, Võrumaa is one of the most clearly shaped functional areas consistent with the logic of the centre-and-hinterland principle. This is because of the lack of other major centres, but also because of strong functional ties and a clearly distinguishable identity (*võrokesed*).

¹⁶ Population register, 1.1.2017.

¹⁷ P. Kamenjuk, 'Võru maakonnaplaneeringu teemaplaneeringu "Võru maakonna sotsiaalne infrastruktuur" analüüs. Sisend Võru maakonna toimepiirkondade määramiseks', 2014.

¹⁸ Population register, 1.1.2017.

The formation of negotiation groups during the 2017 administrative reform

In Võrumaa, the administrative reform was launched rather late: the first proposals for talks were submitted by councils in January 2016. Interestingly, the first moves were made by two small municipalities situated in different corners of the county – Meremäe rural municipality, situated in the historical county of Setomaa, and Mõniste rural municipality bordering on the country of Valgamaa and Latvia. Although the distance between the central settlements of the two municipalities mentioned was nearly 70 kilometres, on 15 January 2016, the councils of both these municipalities submitted a proposal to all the rest of the municipalities across the county to start talks about forming a county-wide municipality.

Some time after the first official proposals were made, the media picked up what was most likely the widest initiative that had ever been made within the context of Estonia's 2017 administrative reform: the Võro Association (Võro Selts) VKKF put forward the idea of forming a new municipality on the basis of the municipalities of the historical Vana-Võromaa.¹⁹ This initiative incorporated 25 municipalities from four counties (Võrumaa, Valgamaa, Põlvamaa, Tartumaa) with a total population of nearly 60,000. Although such an administrative division had existed in 1783–1920, none of the municipalities supported the initiative and such large-scale merger negotiations never materialised.

In January and February 2016, a number of other proposals for putting together smaller negotiating groups were made, in the southern region of Võrumaa county (Rõuge's proposal to Mõniste, Haanja and Varstu) as well as in the northern part of the county (e.g. Lasva's proposal to Sõmerpalu and Võru). The municipalities of the peripheral regions of the county were also approached by municipalities

¹⁹ <https://tartu.postimees.ee/3476413/selts-tegi-ettepaneku-taastada-haldusüksusena-vana-voromaa>

from neighbouring counties with negotiating proposals; for example, Urvaste received a proposal from Valgamaa (Sangaste and Otepää) and from Põlvamaa (Kanepi); Võru rural municipality was approached by Laheda rural municipality (Põlvamaa), while Lasva, Meremäe, Misso and Vastseliina received an invitation from Värska (Põlvamaa). Antsla rural municipality also made a proposal for holding wider negotiations with the participation of four municipalities from Võrumaa (Mõniste, Sõmerpalu, Urvaste, Varstu) and three from Valgamaa (Karula, Taheva, Tõlliste).

In turn, on 9 March 2016, the Võru city council made the most wide-ranging official proposal for negotiations, which would have included all the municipalities of Võrumaa county as well as four municipalities from Põlvamaa (Kanepi, Laheda, Orava, Veriora). In spite of different proposals that were made in the first months of the year, no actual talks were held and the situation in the county was muddled.

In January 2016, the association of local authorities of Võrumaa, headed by the chair of the board Mailis Koger, assumed the duty of coordinating the administrative reform process in the county. The association submitted an application to Enterprise Estonia (EAS) to recruit a merger coordinator and engage a merger consultant. This was likely one of the reasons why the municipalities were in a wait-and-see position at the beginning of the year and no actual steps were taken toward starting negotiations because it was expected that the association of local authorities will start driving the process forward.

Indeed, on 8 April 2016, at the initiative of the association and with the leadership of the merger consultants Mihkel Laan and Kadri Tilleman, the first administrative reform forum of Võrumaa was called, followed by four more, which took place in the period from April to October 2016. The forum was attended by the heads of the local authorities of the county (heads of rural municipalities and the city mayor, plus most of the council heads) as well as representatives of the Võrumaa association of local authorities and the county government, and they discussed three

alternatives: whether to form one county-wide municipality (Greater Võrumaa), two municipalities (the city of Võru and the municipality combining all the remaining municipalities) or a 'Võrumaa of regions' (3 to 5 municipalities). The discussions revealed that 9 of the 11 heads of local authorities, who were present at the close of the forum, preferred the 'Võrumaa of regions' model.

The main reasons given were that this would keep the decision-taking process closer to the people and reduce the risk of peripheralisation, it was also thought that this option is the easiest to implement, because it was 'the right size step'. Some votes (including the votes of the county government representatives) were cast in favour of the 'Greater Võrumaa' solution, with its strong strategic capability to develop the region as a whole, and the possibility of avoiding another administrative reform in the coming decades.

Following the forum, the municipalities had to find out, at the latest by early May, which of the alternatives the municipal councils wanted to pursue.

However, a joint decision about the alternative was taken by all the municipalities of Võrumaa county (plus Orava rural municipality from Põlvamaa) only at the third administrative reform forum that was held on 21 June 2016. By that time the Administrative Reform Act had also been passed. The forum declared unequivocally that the option to be pursued will be the Võrumaa of regions model,²⁰ because the Greater Võrumaa option did not find wide support. The weaknesses of a county-wide municipality included, on the one hand, a pragmatic approach – it was probably quite difficult to find a solution that would satisfy all 13 participants in just 3–4 months; moreover, councils of a number of municipalities ruled this option out right away. On the other hand, the Greater Võrumaa idea had no active and capable leaders: Meremäe and

²⁰ <http://vorumaa.ee/vorumaa-omavalitsuste-uhinemislaboraakimised-jatkuvad-vaiksemates-ringides/>

Mõniste, having first proposed this idea, were small and to a greater or lesser extent split internally. The idea also found support from Vastseliina rural municipality, but this support was rather passive, while the city of Võru did not take the plan to form a single municipality seriously and strongly enough, and their support would have been necessary to launch actual negotiations.

By the summer of 2016, the Võrumaa of regions option had produced two groups: the municipalities of southern Võrumaa (Haanja, Rõuge, Misso, Varstu), headed by Rõuge rural municipality (it was also intended to include Mõniste, which first rejected the proposal), and the Võhandu community (Võru rural municipality, Sõmerpalu, Lasva). Vastseliina and Orava (Põlvamaa), and initially Urvaste, also expressed their wish to hold negotiations in the Võhandu direction, but the rural municipalities of Võhandu ruled out involving any additional partners and stood by their 'tripartite union'. Therefore, Urvaste rural municipality continued negotiations in the direction of Valgamaa with Otepää and Sangaste. The county was in a situation, in the summer of 2016, where five municipalities (the rural municipalities of Antsla, Mõniste, Meremäe and Vastseliina, as well as the city of Võru that was the only one to meet the population size criterion) had not yet found partners for negotiations. The region-based solution had reached a dead end: although it was decided jointly to form smaller municipalities, one-third of the municipalities of the county failed to find a suitable partner.

The case of Setomaa

Prior to the 2017 administrative reform, the historical Setomaa areas in Estonia were divided between four municipalities and two counties: Mikitamäe and Värska rural municipalities in Põlvamaa county, and Meremäe and Misso rural municipalities in Võrumaa. Before the reform, there were a number of attempts to merge rural municipalities in Setomaa, the most recent in 2015, when Mikitamäe and Värska drafted a merger agreement, which was approved by Värska, but rejected by Mikitamäe.

However, for the future of the rural municipalities across Setomaa, the breaking point was the Administrative Reform Act, which provided an exemption for Seto rural municipality that did not satisfy the minimum population size criterion (5,000).²¹

Nevertheless, during the voluntary stage of the administrative reform in 2016, no negotiations for the formation of Setomaa rural municipality were ever held in the format prescribed by law (i.e. by the municipalities of Meremäe, Mikitamäe, Väraska and a part of Misso), as in addition to the wavering Mikitamäe, the seriously split municipal council of Meremäe ruled it out by voting consistently 5–6 against this option, and supported merging with Võrumaa instead (the Greater Võrumaa alternative). This happened in spite of consistent attempts by those who supported the Seto rural municipality, and promises by entrepreneurs to contribute an additional one million euros to the development of a Seto rural municipality.²²

The main argument of those who stood behind the Seto rural municipality in the administrative reform was the desire to preserve the distinctive identity and culture of the region, while those against were focused on its ties with Võrumaa and the city of Võru. This passionate opposition was highlighted, for instance, when the police were called to a meeting of Meremäe rural municipal council as they held an unsuccessful vote of no confidence against the head of the municipality Rein Järvelill who supported the option of forming the rural municipality of Setomaa.²³ Meanwhile, in August 2016 Järvelill stepped down on his own accord. However, this did not produce any changes in the negotiations.

Yet this internal strife in Meremäe rural municipality meant that both the other neighbours of the municipality (Vastseliina, Orava) and the rest of the municipalities in Võrumaa county did not wish to start

²¹ Article 9(3)2) of the Administrative Reform Act; <https://www.riigiteataja.ee/akt/121062016001>.

²² <https://www.err.ee/571066/setomaa-ettevotjad-on-valmis-andma-piirkonna-heaks-miljon-eurot>

²³ <http://uudised.tv3.ee/eesti/uudis/2016/03/29/mass-setomaal-vallavolikogu-istungile-tunGINud-inimesed-kruvisid-tuurid-niivord-ules-et-kohale-tuti-politsei/>

meaningful merger negotiations with Meremäe, fearing that they could find themselves mixed up in the controversy. Therefore, by autumn 2016, it was obvious that the future of both Meremäe and Seto rural municipality will have to be decided by the central government.

The process and results of negotiations initiated by municipal councils

Ultimately, four regions in Võrumaa county reached the stage of substantive negotiations and merger agreements. The most lengthy and comprehensive negotiations were held by the **municipalities of the southern part of Võrumaa**: Haanja, Rõuge, Misso and Varstu, who, after the Greater Võrumaa option was rejected, were officially joined at the end of the summer of 2016 by Mõniste (that had previously been participating in meetings as an observer). To conduct the merger negotiations with a view to forming a new municipality with a territory of approximately 1,000 square kilometres and a population below 6,000, a steering group, and four sectoral working groups were formed (a working group dealing with financial, economic and development matters, a working group for culture, sports and the third sector, a working group for education, and a working group to tackle social welfare and health care matters), which all convened on at least two occasions. The working groups had 11–13 members; in addition to that, two merger bulletins were published, a number of public rallies were held and a fact-finding trip was taken to municipalities that had merged earlier (Türi and Lääne-Nigula).

In late December 2016, all of the participants approved the merger agreement, but there were still some problems that cast shadows over the merger. One of the substantial difficulties was finding functional common ground. Although at first glance it was a geographically united border region, the former Misso rural municipality, above all, was functionally much more connected with Vastseliina and the city of Võru (the Luhamaa highway), rather than in the direction of Rõuge. Furthermore, Misso had historical ties with Vastseliina and Orava because they had

been a part of the same parish. Nevertheless, the council of Misso rural municipality stood by their decision and approved the merger agreement.

Mõniste rural municipality also proposed alternative ideas; for instance, they suggested that the centre of the new municipality could be situated in the city of Võru, since it is a natural local commuting centre. Finally, however, they agreed that the centre will be in Rõuge. Also, one of the most emotionally charged topics of dispute was the name of the new municipality.

In the course of drafting the merger agreement the parties agreed on the name 'Haanjamaa' – at the final vote this was supported by 24 of the council members of five municipalities – 23 council members were in favour of the competing name, 'Rõuge'. Finally, the newly formed rural municipality was named Rõuge, because in 2017, based on the suggestion of the Place Names Board, the central government changed the locally agreed name of the new rural municipality, which had also been included in the merger agreement.

The merger negotiations to form **Võhandu rural municipality** (between the rural municipalities of Lasva, Sõmerpalu and Võru) went smoothly. The substantive matters in the negotiations were handled efficiently and quite swiftly at three discussion events that took place within a couple of weeks, where the topics covered were divided into four groups: education and culture, social matters, economic affairs, and management issues.

Heads of rural municipalities, council members and specialists in the respective fields were involved in the discussions. The meetings were organised by the merger coordinator who, based on the results of these meetings, also prepared a rough draft of the merger agreement. In addition, two meetings were held to elaborate the merger agreement.

Even though the negotiations were uncontroversial and progressed without major disputes, the process was tarnished by the inflexible attitude of the participants towards the widening of the circle of the negotiating parties. In spite of the fact that as early as August 2016 it was

obvious that the rural municipalities of Vastseliina and Orava only wished to negotiate in the direction of Võhandu rural municipality, and were prepared to compromise, Võhandu did not agree to include them. They disregarded the recommendations of the merger coordinator and the governor of Võrumaa Andres Kõiv, as well as the opinion of the regional committee of the administrative reform that the likely direction of any coercive merger of Vastseliina and Orava is Võhandu.

The involvement of the general public in the negotiations of Võhandu rural municipality was modest, this was also demonstrated by the small number of participants in the public opinion poll that was attended by fewer than 200 of the 7,000 potential voters (three quarters of them were in favour of the merger). All the municipalities approved the merger agreement unanimously. As in the case of Haanjamaa rural municipality, the central government, pursuing the recommendation of the Place Names Board, changed the name of Võhandu rural municipality, which was ultimately named **Võru rural municipality**. This was substantiated by the fact that Võhandu as a name is geographically misleading, because the river (from which it takes its name) crosses a much larger territory and several other municipalities. The Place Name Board had presented such a preliminary opinion to the parties involved already before the start of the substantive negotiations, but despite this the merging municipalities decided unanimously to take their chances with that name.

In the summer of 2016, the **Antsla rural municipality**, which had been rather passive in the administrative reform context, assumed a more active position and aimed to merge with the Urvaste rural municipality (nearly 4,700 residents in total), and in August renewed their respective proposal for negotiations. By that time there were no other realistic alternatives for Antsla. However, Urvaste rural municipality had already reached the stage of a working draft of the merger agreement with Otepää and Sangaste municipalities in Valgamaa (the negotiations also included Kanepi from Põlvamaa) because the latter had not wished to be a bystander (among others, Võhandu had also rejected Urvaste).

However, the matter was determined by the active community in Urvaste which gave their vocal support to the idea of Urvaste staying part of Võrumaa, and to starting negotiations with Antsla rural municipality. Considering the wishes of the community, Urvaste rural municipality decided to hold a poll among its residents to find out whether they wish to merge towards Otepää or Antsla. Given that 256 people supported the merger with Antsla and 121 supported the merger with Otepää (the total number of voters was 1,093), on 26 September 2016 Urvaste rural municipality decided to end the negotiations towards Otepää and negotiate only with Antsla.

The negotiations were swift and the merger agreement was approved before Christmas. Again, among the most challenging topics in the negotiations was the name of the new municipality, and again the name was decided by a mere one vote majority: 12 of the council members who took the final vote supported the name Antsla, while the name Urvaste was supported by 11. Both the municipalities hoped that although by law the municipality was undersized for the purposes of the Act, the population size fell below the threshold of 5,000 residents by a mere 300, and therefore the central government would not make the merged municipality any larger.

The fourth voluntary merger was that of Vastseliina and Orava (Põlvamaa) that resulted in the formation of **Vastseliina rural municipality** with just 2,745 residents. The decision to merge was obviously pragmatic – this allowed to them access merger grant funds, and besides it seemed more likely to reach a suitable outcome in the case of a coercive merger with Võhandu rural municipality.

This means that in Võrumaa county the voluntary stage of the administrative reform resulted in four mergers of which only one group (southern Võrumaa) had reason to expect that their merger would be final. Two mergers that fell short of the minimum criterion waited for the government merger, and Võhandu rural municipality merged knowing that they are likely to be merged with a neighbour they did not wish to



Following the reform, the former leader of the Võrumaa association of local authorities Mailis Koger became the head of the merged Rõuge rural municipality. Photograph: Tomi Saluveer / LEPM.

negotiate with during the voluntary stage. Meremäe rural municipality, which was not involved in any voluntary negotiations, was waiting for their merger by the central government.

In 2017, at the stage initiated by the central government everything occurred as expected:

- The coercive merger procedure of Antsla and Urvaste was terminated because they fell short of the minimum criterion by about 300 residents;
- The rural municipalities of Vastseliina and Orava were merged with Võru (Võhandu) rural municipality;
- in the case of the Seto rural municipalities, the central government acted on the basis of the results of the public opinion poll, which showed that everybody was in support of merging within the Seto rural municipality, and the majority of the residents wished to be a part of Võrumaa county.

As a result of the reform, five municipalities of Võrumaa county began work on 1 January 2018 (Figure 8), and the newly added regions increased the number of residents in the county by around 3,000 residents, while the area grew by nearly 500 square kilometres.

Mailis Koger (chair of the Võrumaa association of local authorities until November 2017, and later the head of Rõuge rural municipality) assessed the process as follows:

Even though the merger process in Võrumaa started a bit late in comparison with the rest of the counties, still by the end of 2016 four merger groups did conclude their merger agreement during the voluntary stage. The process was not easy for any of the parties, but in spite of this considerable credit should be given to the heads of the local authorities who negotiated making their best efforts and standing for the interests of their municipalities. The coming years will be decisive.

Summary and conclusions

- The 2017 administrative reform was characterised by a number of disagreements:
Although most of the municipalities thought that within the given time frame it was more reasonable to form smaller municipalities, they failed to find a model that would have included all partners. On the one hand, this was caused by cultural differences (Seto vs. Võru) and contradictions, and on the other hand, by the inflexibility of partners.
- Nevertheless, the outcome in Võrumaa so far could rather be seen as a success because the solution was generally reasonable, and presumably helped avoid subsequent major conflicts. Although a realistic outcome seemed to be clear as early as four to five months before the deadline for voluntary mergers, it was nevertheless not motivating enough for the municipalities that formed Võhandu rural municipality.

- The analysis of the formation of Seto rural municipality by way of an exemption allowed for by law requires a separate approach. The decision of the central government to merge a group that was unable to negotiate voluntarily was a clear precedent within the 2017 administrative reform. It would be interesting to observe the development of such a municipality – with a strong cultural identity, but weak geographical and functional cohesiveness and modest economic potential – in the coming years.
- In terms of the future, the fact that the centre of the county, the city of Võru has been left out, could be seen as one of the weaknesses of the Võrumaa solution, given that the rest of the county is mostly hinterland with strong ties to the centre. The will of the municipalities to cooperate is of critical importance. As the number of residents in two of the newly formed municipalities (the rural municipalities of Seto and Antsla) fell short of 5,000, and that in the case of Rõuge the population is likely to drop to 5,000, one could question the future competitiveness of these three peripheral areas, which is what could lead to a new wave of mergers.

Example of Alutaguse rural municipality

Ida-Virumaa county is a region full of contrasts. Differences and diversities within the county have made it an interesting region; for example, in terms of its tourism potential, as well as in the context of the administrative reform. The image of the northern part of the county is shaped by the industrial towns (Narva, Kohtla-Järve, Sillamäe, Kiviõli) and industrial heritage with the Estonian speaking population being clearly in the minority. However, the coastal limestone bluff, beautiful sandy beaches and Narva-Jõesuu, a resort with long traditions, are also situated in the northern part of the county.

On the other hand, the southern part of the county features large sparsely populated areas, indigenous population, the primeval forest of Alutaguse, the vicinity of Lake Peipus and vast marshes. The

The new Alutaguse rural municipality in Ida-Virumaa county

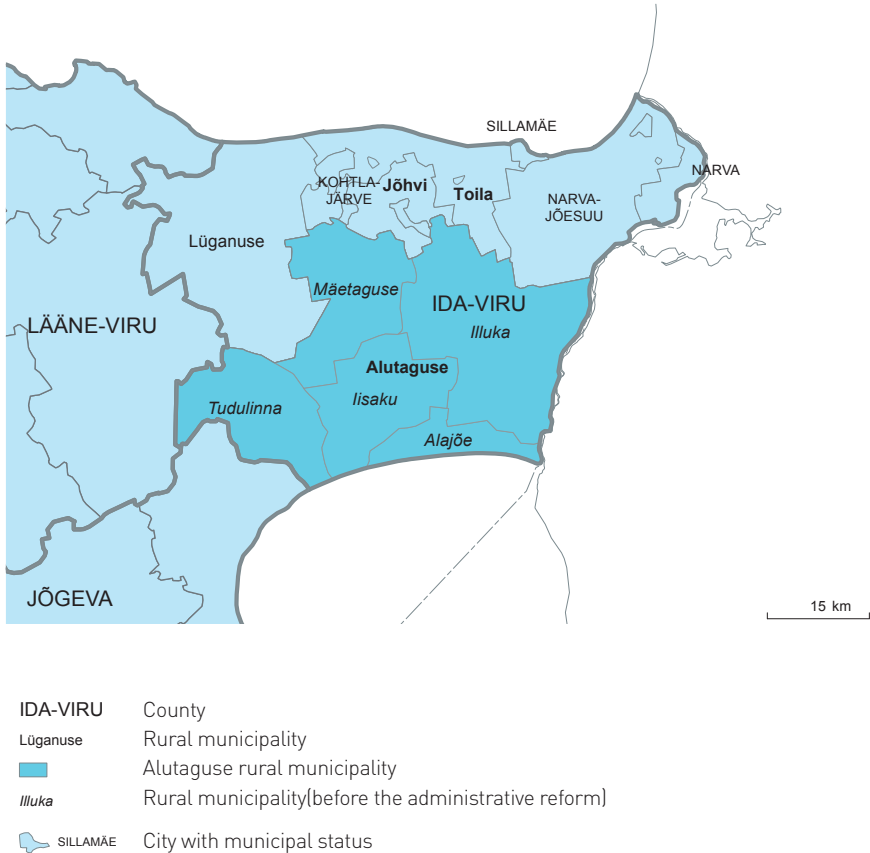


Figure 9.

municipalities in the southern part are also characterised by their economic potential: Thanks to the natural resources tax, the rural municipalities of Mäetaguse and Illuka were the most prosperous municipalities in Estonia, while their neighbours – Alajõe and Tudulinna – were at the other end of the spectrum in terms of financial capacity. For instance, the 2017 budget for Alajõe rural municipality was more

than ten times smaller than that of Mäetaguse (460,000 euros vs. 5 million euros), although the difference in the number of residents was merely threefold (582 vs. 1746).

Due to such diversity, Ida-Virumaa has not developed into a single functional area. Before the administrative reform of 2017, the county was – both geographically and functionally – divided into four parts: The Kiviõli region (the former western municipalities of the county – the rural municipalities of Aseri, Lügause and Sonda, and the city of Kiviõli), the central region (the rural municipalities of Jõhvi, Illuka, Kohtla, Kohtla-Nõmme, Toila and Mäetaguse, and the city of Kohtla-Järve), the eastern region (Vaivara rural municipality and the cities of Narva, Narva-Jõesuu and Sillamäe) and the southern region (the rural municipalities of Alajõe, Avinurme, Iisaku, Lohusuu and Tudulinna). However, for a number of purposes (e.g. the joint Leader action group) Mäetaguse and Illuka have identified themselves as municipalities of the southern region.

In the course of implementing the 2017 administrative reform, an acute question was raised:

what pattern should be applied in order to move further to the next period? The following case study focuses on the southern region of the county: the formation of Alutaguse rural municipality.

Prologue to the reform

The municipalities of Ida-Virumaa counties (Alajõe, Avinurme, Iisaku, Lohusuu, Tudulinna, as well as Illuka and Mäetaguse) have been known to cooperate closely since the 1990s. A sparse population (around 7,000 residents and nearly 1,800 square kilometres), the lack of major centres, vast marshlands and forests, and the proximity of Lake Peipus were the shared traits when the Leader action group uniting seven municipalities (Peipsi-Alutaguse Chamber of Cooperation) was formed in 2006. The formation of the Chamber has been seen as the crucial factor that drove the municipalities towards tighter and more multifaceted cooperation. Historically, Iisaku, Alajõe and Tudulinna were located on the former

territory of the Iisaku parish; some areas of the current Mäetaguse and Illuka rural municipalities had also been a part of the Iisaku parish. Avinurme, however, was a separate parish (the smallest in Estonia), and with Lohusuu (Torma parish) was a part of the historical Tartumaa.

In 2004, geography students of the University of Tartu analysed the merger options for the municipalities in the southern region of the county (comprising six municipalities, excluding Mäetaguse rural municipality).²⁴ Even then it was admitted that the objective should be the formation of more viable municipalities, improving the quality and accessibility of local services, and ensuring the balanced development of the region because, above all, small and peripheral municipalities have insufficient financial and human resources.

However, no actual merger negotiations started before the end of the year.

The formation of negotiation groups

In the southern region of Ida-Virumaa county, the initiative in the administrative reform of 2017 was taken by Iisaku rural municipality who in October 2015 proposed that the rural municipalities of Alajõe, Illuka, Mäetaguse, Tudulinna, Lohusuu and Avinurme start merger negotiations.

Lohusuu rural municipal council rejected the proposal from Iisaku rural municipal council, and chose the direction towards Jõgevamaa county (Mustvee); the process ended with the formation of Mustvee rural municipality and the changing of the county boundaries. Illuka rural municipal council dismissed the proposal but agreed to participate in the negotiations as an observer. Therefore, from the very start of the negotiations, Illuka became the black sheep sitting at the negotiating table but whose readiness to participate in the substance was not clear

²⁴ http://www.iisaku.ee/img/image/Louna_regiooni_arenguvoimalused.pdf

for the partners. The remaining municipalities (Alajõe, Avinurme, Mäetaguse, Tudulinna) accepted Iisaku's proposal, and the merger negotiations started in February 2016.

Therefore, the negotiating group had not been established quite yet, considering that Avinurme, Mäetaguse and Illuka were also considering alternative proposals.

Avinurme participated in parallel negotiations in the Mustvee region until May 2016, when they finally decided in favour of the Mustvee direction and ended their negotiations in Ida-Virumaa. On the one hand, the motive for Avinurme could have been the restoration of its historical position (in Tartumaa), on the other hand, Iisaku and Avinurme were equal and, in certain respects, competing centres; the matter of selecting which would be the centre could have been more difficult had Avinurme stayed in Ida-Virumaa.

On the other hand, the negotiating group that had formed in the central part of the county (Jõhvi, Toila, Kohtla, Kohtla-Nõmme) was extremely interested in including Mäetaguse and Illuka.

Understandably, one of the motives was the very strong financial position of both Illuka and Mäetaguse; for instance, in 2017 the budget revenues of the two municipalities with an aggregate population of around 2,800 amounted to 7.5 million euros, which was over one-half of the budget of Jõhvi rural municipality in the same year (14.7 million), while the population in Jõhvi was over four times larger (nearly 12,000). Initially, Mäetaguse rural municipality also decided to participate in the negotiations of the central region, but Illuka rural municipality took neither substantive nor formal part in these negotiations.

The initiative of including the entire southern region in the negotiations came from Toila rural municipality in the central region of Ida-Virumaa, where the chair of the rural municipal council, Roland Peets, had a vision of creating a municipality 'stretching from the sea to the lake'. The initiative did not find support from other partners, and no formal negotiations to establish such a large municipality were launched.

After the Administrative Reform Act had been passed, it was decided that the circle of negotiating parties should be re-established, and that any parallel negotiations should end. Therefore, in September 2016 Iisaku rural municipality made the rural municipalities of Alajõe, Illuka, Mäetaguse and Tudulinna a new merger proposal, which was accepted by all of them. At the same time, Mäetaguse rural municipality ended their negotiations with the central region.

So, by autumn 2016 it seemed that the formation of a new municipality in the southern region of Ida-Virumaa county, Alutaguse rural municipality, was becoming a reality. The merger of these five municipalities would have resulted in a municipality of around 5,000 residents and the territory of about 1,500 square kilometres.

However, it was well known that Illuka (as well as Mäetaguse and Tudulinna) rural municipality had decided to have recourse to the Supreme Court to contest the constitutionality of the Administrative Reform Act. The partners were slightly reassured by the message of the chair of the Illuka rural municipal council, Paul Kesküla, that the merger would be completed if the Supreme Court does not produce a positive solution and they need to merge.

Negotiation process

The merger negotiations of the rural municipality of Alutaguse was coordinated by the merger consultant who prepared and conducted all the meetings and prepared the first draft of the merger agreement. The activities were organised by the steering group consisting of the heads of rural municipalities and council heads, although Iisaku rural municipality, which had initiated the negotiations, had more members in the steering group.

In addition to the steering group, discussions were held in sectoral committees. These discussions took place in three sector-based groups: education, youth work, culture and leisure; social services and subsidies, and health care; environment, utilities, business and public transport. The sectoral committees convened twice, and in addition to

the specialists in the respective fields were also attended by the majority of the steering group members. Negotiations were held in all the merging municipalities, which reinforced the general understanding that all partners are of equal importance, and that there are no stronger or weaker participants.

The negotiations were quite smooth, it was obvious that as the negotiations progressed the negotiators obtained a clearer picture and the original cautious attitude and inflexibility disappeared. The issue of the centre, the future of oil shale mining (natural resources tax) and the formation of the electoral districts evoked more discussions.

Finally, Iisaku was selected as the centre (although Mäetaguse also offered to be the centre); with regard to the natural resources taxes, the parties agreed on a principle acceptable for all – those territories where resources are mined or processed would receive 50 per cent of the fee for mining rights to mitigate the concrete effects and development of the living environment, while 50 per cent would be used towards the development of the municipality as a whole.²⁵

The matter of electoral districts was not settled until the very last moment: the smaller municipalities (above all, Illuka and Tudulinna) wished to have separate electoral districts that would be based on the former municipalities, the larger municipalities supported the formation of a single district. Some assistance in resolving the dispute was provided from outside by Georg Sootla, professor at Tallinn University, who prepared calculations and explained to the steering group the reasons for which separate districts would constitute a complicated solution (the council would become too large, and involve too many small lists). The final decision was to form one electoral district.²⁶

²⁵ By early 2018 it had become clear that this principle is difficult to apply in practice. By the time this article was prepared, it was still not clear exactly how the natural resources tax would be calculated in the individual regions.

²⁶ One of the reasons for this was that Illuka decided against the merger at the last minute.

In the autumn of 2017, after the rough draft of the merger agreement had been prepared, the rural municipal secretaries were also included in the process; their input resulted in a considerable change in the technical quality of the merger agreement. Thus far, the steering group had been clearly focusing on wider substantive issues, while nobody had been looking at the text of the merger agreement from a legal perspective. The supplemented version of the merger agreement, drafted largely with the help of the rural municipal secretaries, was made public in October-November 2017.

At the same time the opinion of the residents was polled. The merger found support among the residents of Alajõe, Iisaku and Tudulinna, the percentage of supporters in Mäetaguse rural municipality was 26.4 per cent (the voter turnout was 18.9 per cent) and in Illuka rural municipality it was supported by only 7 voters out of 150 (4.5 per cent of the voters, the voter turnout was 16.9 per cent). The voter turnout was low, as expected, the general public was rather poorly included in the merger process as a whole.

In December 2016, the parties were keenly waiting for the Supreme Court judgment. According to the schedule this was supposed to be awarded right before Christmas, which meant that after the judgment there would be just a few working days before the voluntary stage of the administrative reform ended. The most hesitant of the three participants in Alutaguse rural municipality, which had filed the case to the Supreme Court (Illuka, Mäetaguse, Tudulinna), was Illuka that was not ready to confirm any more that even if the Supreme Court handed down a negative judgment (the Act was not going to be amended) they would go through with the merger. The standpoint of Mäetaguse was not clear-cut, but it was likely that if the Act was not amended they would be prepared to merge. For Tudulinna, not merging was never a serious option. While waiting for the Supreme Court judgment, Mäetaguse and Illuka scheduled the meetings of their rural municipal councils for 21 and 22 December respectively in order to make the final decision on

whether or not to go through with the merger.

The Supreme Court judgment published on 20 December 2016 declared the Administrative Reform Act essentially compatible with the Constitution. However, by that time the messages coming from Illuka rural municipality had changed and there was rhetoric about 'remaining independent', and 'considering the will of the people'. Therefore, it was no great surprise that on 21 December the council of Illuka rural municipality decided to exit from the negotiations (with six council members for and one council member against), to apply to the central government for an exemption and to go on as a rural municipality with around 1,000 residents.

The same council meeting adopted a decision in principle to establish the Illuka development foundation SA Illuka Arengufond. The purpose of establishing this development foundation was to ensure that should a merger by the government occur, the rural municipality of Illuka would keep a considerable share of the yet unused funds. Finally, by decision of the council three million euros were allocated to the fund, and it would be applied towards the development of the former Illuka rural municipality after the end of the administrative reform in 2018.

Regardless of the withdrawal of Illuka rural municipality at the council meeting on 22 December, the council of Mäetaguse rural municipality decided with seven votes in favour, and four against to support the formation of Alutaguse rural municipality, and thus it was clear that there will be four remaining partners.

On 23 December the four rural municipalities of Alutaguse (Alajõe, Iisaku, Mäetaguse, Tudulinna) met and agreed on the amendments to the merger agreements resulting from the withdrawal of Illuka rural municipality. No amendments were targeted against Illuka rural municipality, in addition to technical aspects, only sections pertaining to the development of objects in Illuka rural municipality were amended (taken out).

The amended merger agreement was approved in the last days of the year by the councils of all four rural municipalities.

A decision to apply for an exemption under Article 9(3)1) of the Act was appended to the agreement; since even with the four partners, the number of residents in the municipality only exceeded 3,500 and the territory was 900 square kilometres, and so such an application for an exemption was justified. At the same time, on 29 December 2016, when entering into the merger agreement, the participants were quite unperturbed: they expected that Illuka rural municipality would surely be merged with the four municipalities which had merged voluntarily, or if this did not happen, the rural municipality of Alutaguse would be allowed to function with the reduced size.

Coercive mergers and the outcome of the reform

The schedule of the administrative reform made it clear to everyone that by 15 February 2017 the Government of the Republic will take a decision about those municipalities who had not merged during the voluntary stage of the reform and who did not satisfy the population size criterion. With regard to the southern part of Ida-Virumaa county, it was assumed that Illuka rural municipality, which at the last minute had decided against the merger, would receive a proposal for a coercive merger with Alutaguse rural municipality. Such a solution was also supported by the regional committee of the administrative reform, who made the respective proposal to the central government. In the central region of Ida-Virumaa county the committee supported the merger of the rural municipalities of Toila, Kohtla-Nõmme and Kohtla, which had merged voluntarily (in total around 4,800 residents) with Jõhvi rural municipality, which is the natural centre for the region.

However, the Government of the Republic took a step that neither the regional committee, nor the municipalities had anticipated: the proposal of the central government envisaged a merger of eight rural municipalities (the four municipalities that had formed the rural municipality of Alutaguse, Illuka rural municipality, and Toila, Kohtla and Kohtla-Nõmme), leaving out the county capital – Jõhvi rural municipality. This would have

resulted in a doughnut municipality with a vast territory stretching from the Gulf of Finland to Lake Peipus, with two municipalities – Jõhvi rural municipality (124 square kilometres) and the city of Kohtla-Järve with its city districts (Kukruse, Järve, Ahtme, Sompä) – inside it.

From the start the proposal of the central government was met with sharp criticism from the media as well as the local community. In addition to the county newspaper, *Põhjarannik*, a critical article was also published by, for example, *Eesti Päevaleht*, that described the proposal as ‘absurd’.²⁷ It was speculated in different discussions that one of the reasons for such a proposal could be the intent of the Minister of Public Administration Mihhail Korb to shape the political power lines in Ida-Virumaa to benefit himself (his father is a long-serving politician in Kohtla-Järve who would allegedly have been interested in merging Kohtla-Järve and Jõhvi). Of course, these speculations were never conclusively proven, but residents of the rural municipalities, as well as the representatives of municipalities, were quite stirred up against it. The municipalities that had received such a proposal retained a top-level attorney to formulate their counter-arguments.

All eight municipalities prepared a coordinated response to the proposal of the central government, sharing information about the arguments and the structure of the letter. A 16-page long response, in which all eight rural municipalities sought to overturn the central government’s proposal, was submitted in the first half of May.

In April 2017, the residents were polled on the coercive merger proposal. In comparison with the voluntary stage, the turnout was significantly more active, reaching 50 per cent in a number of municipalities; on average 97–98 per cent of the respondents opposed such a merger:

- in Alajõe rural municipality the proposal was voted down by 97.4 per cent of the respondents (148 against, 4 in favour);

²⁷ <http://epl.delfi.ee/news/eesti/haldusreformi-absurd-valitsus-surub-ida-virumaa-vallad-loogikavastaselt-kokku?id=77617710>

- in Iisaku rural municipality the proposal was voted down by 97.8 per cent of the respondents (489 against, 11 in favour);
- in Mäetaguse rural municipality the proposal was voted down by 97.5 per cent of the respondents (432 against, 11 in favour);
- in Tudulinna rural municipality the proposal was voted down by 98.2 per cent of the respondents (167 against, 3 in favour);
- in Illuka rural municipality the proposal was voted down by 96.2 per cent of the respondents (479 against, 19 in favour);
- in Kohtla rural municipality the proposal was voted down by 97.2 per cent of the respondents (342 against, 10 in favour);
- in Kohtla-Nõmme rural municipality the proposal was voted down by 89.5 per cent of the respondents (137 against, 16 in favour);
- in Toila rural municipality the proposal was voted down by 97.4 per cent of the respondents (379 against, 10 in favour).

In total, the poll resulted in 2,573 votes against the merger, and only 84 of the voters were in favour. Therefore, the communities had delivered a clear message, which again exceeded the media threshold. For instance, the headline in the report by ERR said that 'Ida-Virumaa Rural Municipalities Unanimously Turn Government Down'.²⁸

The ERR live programme, 'Suud puhtaks', which aired on 24 May and focused on the coercive merger stage of the administrative reform, including the case of Alutaguse rural municipality, was quite interesting to watch. It was scheduled to be attended, among others, by the Minister of Public Administration Mihhail Korb who, however, stepped down due to a statement on NATO just a few hours before the programme was aired.²⁹ The overall attitude of the programme was unequivocal: all believed that in some regions the central government should not follow through their original coercive merger plan.

²⁸ <https://www.err.ee/595542/ida-viru-vallad-andsid-valitsusele-uksmeelse-korvi>

²⁹ <https://www.err.ee/597957/mihhail-korb-astus-ministriametist-tagasi>

On 15 June 2017, the central government passed their decision on the further course of the coercive merger. With regard to a number of locations, the government amended their original proposal, among others there was the decision about Alutaguse rural municipality: to complete the coercive merger partly, i.e. to merge Illuka rural municipality with Alutaguse rural municipality, and to keep Toila rural municipality (Kohtla, Kohtla-Nõmme and Toila) as a separate municipality. Therefore, the process circled back to a reasonable solution, at least for Alutaguse rural municipality. Nevertheless, in the case of Alutaguse rural municipality, the administrative reform solution was still not final because the council of Illuka rural municipality contested the decision on their coercive merger.

Again, the the Supreme Court judgment came at the last minute – right before the local elections in October 2017. The Court found in the case of Illuka, as in the case of other municipalities that had challenged the government-initiated merger, that the alteration of the administrative-territorial organisation took place in compliance with statutory requirements, and the court dismissed all applications submitted by local authorities. Therefore, the administrative reform had reached its final outcome, and Alutaguse rural municipality was able to go into the local elections in its new configuration. The new municipality with about 5,000 residents and a territory of nearly 1,500 square kilometres started functioning on 1 January 2018.

*The process was described in a nutshell by **Tauno Võhmar**, the last head of Mäetaguse and the first head of the Alutaguse rural municipality: The start of the negotiations was promising, but its culmination was frustrating, when Illuka rural municipality withdrew from the negotiations. Later, they were merged by the government with Alutaguse, which caused quite bit of confusion and needles concern. Four municipalities – Iisaku, Mäetaguse, Tudulinna and Alajõe – went through the negotiating process together, many differences of opinion were recognised and many wishes were taken into consideration. We can function*

together much better now, as opposed to the alternative situations – had we all been merged by the government. Should future decisions be smart, then life will be nice. Looking ahead, merging was the only right course of action.

Summary and conclusions

- In Ida-Virumaa, the administrative reform turned out to be problematic. Although functionally the county consists of four regions (Kiviõli, and the central, southern and eastern regions), no definitive solutions were found during the voluntary merger process. Although a great deal of confusion was caused, the first unsubstantiated and illogical proposal of the Government of the Republic for the coercive merger of eight rural municipalities, the entire process for Alutaguse rural municipality ultimately ended sensibly, and now it is a logical municipality.
- The newly formed rural municipality of Alutaguse is unique in Estonia in a number of aspects. In terms of territory, it is the largest rural municipality on mainland Estonia (nearly 1,500 square kilometres), which is extremely sparsely populated (3.4 people per square kilometre) and where optimum organisation of services is therefore complicated.
- However, it is assumed to be one of the most capable of the municipalities in Estonia, at least in the coming years because due to the natural resources tax revenue the municipality has significant funds to apply towards the development of a larger region. In particular, the municipality has a potential in the coming years to take a leap in development along the northern part of the coast of Lake Peipus (the rural municipality has a 35-kilometres-long shoreline) where within the previous 25 years the public sector has made virtually no investments.
- In the longer run, the future of Alutaguse rural municipality depends on the future of oil-shale mining. Today, it is clear that

the rural municipality is not capable of carrying out development efforts without the natural resources tax revenue. Therefore, this could lead to a new merger, and it is likely to include the central region of Ida-Virumaa, along with Jõhvi.

The example of the city of Pärnu

Prologue and formation of the merger group

Pärnu has been an interesting region in terms of cooperation between municipalities and joint activities. On the one hand, tensions have emerged over the years in the Pärnumaa association of local authorities between Pärnu and the other municipalities, and therefore the city of Pärnu has from time to time stayed away from the association. This is only natural because of the dominance of the city of Pärnu as a successfully developing centre.

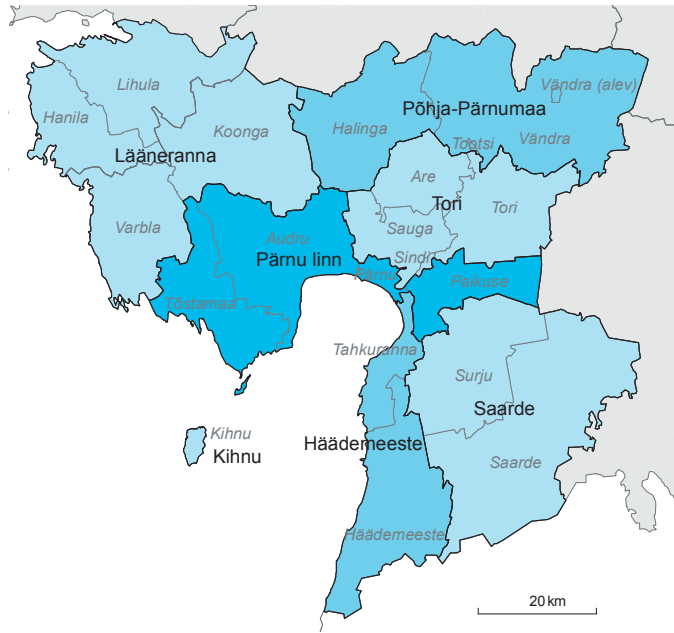
At the same time, it was Pärnu county where the first merger of municipalities took place (the formation of Halinga rural municipality in 1996), followed by the successful merger of three municipalities to form the rural municipality of Saarde in 2005. On the other hand, the merger of Kaisma and Vändra rural municipalities (2009) was a rare, but often referred to example where some of the key provisions of the merger agreement have been ignored.

Although in the case of Pärnu, voluntary mergers within the county were discussed quite frequently and loudly, historical experiences and, above all, the geographical profile of Pärnumaa were not in favour of the formation of a single first-tier municipality on the basis of the county.

The 2013 reform plan based on local commuting centres had identified the following centres: the cities of Pärnu and Kilingi-Nõmme, and the towns of Vändra, Tõstamaa, Pärnu-Jaagupi and Häädemeeste – the distinction logic of which essentially matched the configuration of the municipalities of Pärnumaa with the exception of Tori rural municipality.

Nevertheless, on 18 February 2016, the city of Pärnu proposed that twelve rural municipalities and the city of Sindi start merger

Former and new municipalities in Pärnumaa county



- Tori The boundaries and name of the municipality before the reform
- Tori The administrative reform of the municipality after the reform

Figure 10.

negotiations. At the initiative of the city of Pärnu and the Pärnumaa association of local authorities, the first meeting to launch the merger process was held on 8 April 2016. The meeting was attended by representatives of ten municipalities.

Halinga and Tahkuranna rejected Pärnu's proposal outright, and thus Häädemeeste (because of the lack of border due to Tahkuranna's rejection) was also unable to give their consent. The first meeting was also not attended by Saarde rural municipality, because Kilingi-Nõmme was to become one of the logical centres of the merger region. Moreover,

Vändra and Varbla rural municipality did not back the proposal, as they had already become involved in preliminary negotiations in their respective regions. Of the participants at the first meeting, the rural municipality of Koonga withdrew from the process right away because the council had decided to join the negotiations in the Lääneranna region; the same applied to Tootsi rural municipality, which joined the negotiations in the Halinga-Vändra direction.

On 14 April, Sindi city council decided to abandon the negotiations held at the initiative of the city of Pärnu, and in turn made a proposal to the rural municipalities of Paikuse, Tori, Sauga and Are to start merger negotiations, but this proposal was rejected.

The immediate vicinity of the city of Pärnu (more than 30 per cent of residents have ties with the city) covers a territory that comprises Sindi city and Tahkuranna rural municipality (except the region of Võiste), as well as Surju rural municipality. Tõstamaa rural municipality and the Jõesuu region of Tori rural municipality lie outside this zone. The scope of a geographically optimal merger region is illustrated by the work-related commuting of residents. On the other hand, the same trend is also illustrated by education-related migration.

Based on all these indicators, the area that was the least linked with the configuration that had joined the negotiations was the rural municipality of Tõstamaa. For them it made no sense to join the negotiations on the formation of the new Lääneranna rural municipality, with its potential centre in Lihula, that had rather weak ties with Tõstamaa. At the same time, in the direction of the city of Pärnu, Tõstamaa is clearly an autonomous peripheral area with a strong identity. Had Tõstamaa participated substantively in the negotiations, it would certainly have been offered special provisions to compensate for their remote location. But the government of the rural municipality preferred what was essentially obstructive tactics, and up to the very end betted on the failure of the merger (the rural municipality was coercively merged by the central government immediately after the negative ruling of the court).

Work-related commuting of residents of Pärnu urban region

Municipality	Employees from Pärnu (%)	Employees from the municipality to Pärnu (%)
Sindi	20,5	80,4
Tori	9,4	27,4
Tõstamaa	11,3	36,1
Audru	29,9	38,2
Paikuse	27,6	56,3
Are	11,9	50,2
Sauga	32,2	61,6
Surju	10,5	71,8
Tahkuranna	21,9	53,8

Table 5.

Source: Pärnu City Government

School places in the city of Pärnu

Rural municipality	Children in the schools of Pärnu in the 2013/14 academic year	Share of children studying in the schools of Pärnu
Are	45	27,7
Audru	268	57,3
Paikuse	159	36,0
Sauga	327	64,9
Sindi	135	35,7
Tõstamaa	11	8,1
Tori	60	39,2
Tahkuranna	136	65,7

Table 6.

Source: Pärnu Pärnu Government

It is quite difficult to understand the motives of heads of the local authorities who opposed the mergers right to the end, and therefore were not able to realise their political potential through merger negotiations, let alone the fact that they forfeited their right to the merger grants. At the same time, one could understand the political tactics of such local authorities which through manipulations tried to win the most favourable merging terms and positions in the newly established municipality.

In several respects the weakest link in the negotiating process turned out to be Sauga rural municipality. Its government did not enjoy clear support in the council. Economically active residents of Sauga as a surrounding municipality have ties with the city of Pärnu. People started paying attention only after they were about to become residents of Tori rural municipality. Consequently, it is understandable that the carriers of the identity of the rural municipality were the residents of the rural areas and the elderly, whose voice in the council was therefore proportionally much stronger than that of the residents of those villages that had close ties with the city of Pärnu and were effectively suburbs of Pärnu.

On 22 September 2016, the council of Sauga, after extremely chaotic discussions and voting, passed a decision to not abandon the negotiations with Pärnu, and by way of a compromise decided to initiate negotiations with neighbouring rural municipalities (Tori, Are, Sindi, Paikuse). The meeting was built around a comprehensive presentation by the mayor of Pärnu, Romek Konsenkranius about the benefits gained by the residents of Sauga through a merger with Pärnu. At the same time, this decision has left considerable tension in the relationship between Sauga and the city of Pärnu.

However, on 20 October the Sauga rural municipal council decided to suspend negotiations with the city of Pärnu. This also blocked the merger between Pärnu and the rural municipality of Are, which viewed their merger with Pärnu as a positive option. The decision by Sauga caused resentment among residents of several villages in the rural

municipality (above all, Tammiste, but also later Eametsa and Sauga), and the village of Tammiste (which was home to around 25 per cent of the residents of the rural municipality) immediately filed an application with the municipal council to initiate the transfer of the village into the city of Pärnu. The council dismissed the application, even though they had time to process such applications. In late 2016, the rural municipalities of Sauga, Tori and Are, and the city of Sindi merged voluntarily with the rural municipality of Tori on the basis of a hastily drafted merger agreement with the centre being located in Sindi.

Consultants prepared analyses and regional committees issued recommendations for the merger of both the city of Sindi and Sauga rural municipality with Pärnu, illustrating the natural merger directions. Nevertheless, it should be recognised and appreciated that the Sindi city council made a deliberate and conscious political choice even though consultants recommended the opposite. However, the decision of the council of Sauga rural municipality was backed by very shallow arguments and was rather capricious, the majority of the council members were passive, and in the author's opinion their decision was also short-sighted and unfavourable for the majority of the residents of the municipality.

Pärnumaa as a whole was one of the most complicated merger areas, given that a municipality (Lääneranna rural municipality) was created in its north-western part, which included two rural municipalities from Läänemaa county (Lihula and Hanila), and this extended the county of Pärnumaa up to Matsalu Bay, even though Varbla had historically been part of Läänemaa. In the southern region of Pärnumaa, however, two (reasonable) exceptions were made – the merger of Saarde and Surju rural municipalities, and Häädemeeste and Tahkuranna rural municipalities, because these two fell slightly short of the minimum population size criterion. Põhja-Pärnumaa rural municipality is shaped quite awkwardly in terms of geography and communications.

Negotiation process

A steering committee that included one official representative from every rural municipality, and preferably another representative (either the council chair or head of the rural municipality) was formed for the negotiations. Four sectoral committees: a committee for education, culture, leisure and civil development; a committee for financial affairs, investment and assets; a committee for economic affairs (housing and utilities, waste management etc.), transport and roads; and a committee for social affairs were also formed.

The plan was to have the steering committee focus on strategic matters of a general nature, for which a separate list was prepared, while the sectoral committees handled everything within that sector. All committees started working as early as on 25 April 2016.

Following the recommendations of experts, the agreements of successful mergers were taken as the basis for the talks. Such a recognition of past experience facilitated the negotiations considerably also for other merger areas. The committees worked at different speeds and were very thorough. Owing to the fact that the heads of the sub-committees were also members of the steering committee, any sectoral issues that raised a dispute were brought quickly to the steering committee to be settled there. The partial overlap of the topics of discussion was one of the pre-conditions for efficient policy-shaping. Topics were rather complex, in particular in social matters because of the very different demographic structure and social policies of the municipalities in the merger region (particularly in terms of subsidy policies). For instance, the new municipality could not take over the much higher subsidies offered by rural municipalities (vis-à-vis those provided in cities) automatically, because it would have put a colossal strain on the new budget (as happened in Haapsalu, for instance).

One could say that negotiations in Pärnu were rather less inclusive, being dominated by specialists (at least in the initial stages), including leading politicians of the city who had in their command a very

comprehensive body of data and who were good negotiators. The format of the negotiations was such that talks were moderated by a consultant, which improved (maybe even too much) the efficiency of the debates.

Over time the negotiations spontaneously adopted a format whereby the mayor of Pärnu shaped a single logic of argumentation regarding key issues, attempting to mitigate any apprehension in the rural municipalities toward the city of Pärnu, while arguing for placing realistic limits on the pressure of interests from the different rural municipalities. At the same time, representatives of rural municipalities raised specific questions, which were not visible through the lens of the logic of the city governance, thereby supplementing the agenda of the policies of the new municipality.

The overall atmosphere of the discussions was rather friendly and meaningful, with the exception of recurring statements made by Tõstamaa about the motives of the negotiations and the reform itself. Nevertheless, from time to time, some of the participants raised a question that was difficult to respond to. The consultant on the merger agreement, who was an employee of the Pärnumaa association of local authorities, provided technical support to the negotiations, and assumed responsibility for organising merger events and communication.

At the same time, the steering committee members from critical rural municipalities (Tori and Sauga) were not able to take the key matters of discussions to their councils. This was also one of the mistakes made in the organisation of the merger negotiations; for instance, consultants did not recognise the importance of personal participation in council meetings dealing with the merger agreement, and started participating only when Sauga was already withdrawing from the process. This contrasted with the practise in Saaremaa, where consultants (admittedly, during the voluntary phase) met with most of the rural municipal councils that debated relevant issues, sometimes rather intensely.

In hindsight it is obvious that initial agreements were not seen as binding enough, and therefore negotiations were not dragged out by

obstructions, instead old topics were revisited from time to time. The participants had clearly discussed matters at home and had considered new nuances. The tendency was that the problems of a particular municipality were addressed in detail, negotiations lasted longer and were much more protracted than in other regions. Therefore, the merger agreement was rather detailed and overloaded with promises. In this respect they differed, for example, from the negotiations in Saaremaa: there the initial debates were extremely detailed, even in the sectoral committees, but the outcome was a rather general merger agreement. At the same time, many of the issues there were worked through extremely comprehensively. This highlights the fact that lengthy negotiations do not represent merely time spent, but also provide a platform for building mutual trust. Such trust is essentially an investment in the cohesion of the new municipality.

One such intractable topic (in other regions across Estonia as well) was the issue of rural municipal districts and their representative bodies (or community bodies).

On the one hand, some leaders of smaller rural municipalities (in particular Tõstamaa in the Pärnu region) were pushing a model of a rural municipal association, a softer version of which was accepted by local authorities, for example, on the island of Hiiumaa. This model was an attempt to interpret the merged municipality as a form of cooperation, an umbrella organisation for rural municipalities (or districts thereof), where a considerable part of the decision-making power would stay in the rural municipality, to keep a budget model based on the former municipality's revenue base, and to keep most of the administrative agencies under the jurisdiction of the rural municipal district. Such a model makes the formation of a new large rural municipality into a coherent entity rather difficult.

However, before approving the text of the agreement, the negotiators in Pärnu came up with a reasonably decentralised model. The consultant proposed the option of a fairly autonomous service centre, being

an administrative sub-unit (service) of the rural municipal government, which was indeed accepted.

On the other hand, across Estonia many heads of small rural municipalities acted unpredictably by rejecting the plans – rather comprehensively drafted by consultants and presented in writing – to establish representative and community bodies for rural municipal districts (e.g. at the beginning of the negotiations in Saaremaa, Elva and the Setomaa region). This revealed a certain management culture adopted across Estonia:

governing a simple, direct contact-based organisation (which is referred to as a family/clan-type organisation) via a direct chain of command/power, which was a typical management style in small rural municipalities. It turned out later that such an aversion to service centres also revealed the career plans of the leaders and specialists of small rural municipalities: qualified public servants did not wish to essentially become a public servant assigned to handle all issues alone in a small service centre of a large rural municipality. This indicated that the taller career ladders in large rural municipalities are a considerable source of motivation in the public service.

One important conclusion drawn from all the merger negotiations (least of all in Pärnu) was that the discourse culture in Estonia; in other words, the skill to listen to other partners who hold different views, and debate substantively on disagreements in order to find a consensus (that is, common ground) are quite modest.

Such moments rather revealed an attitude that opinions can be either right or wrong, which is exactly what prevents finding a common ground. One of the key areas in the training provided to heads of local authorities could be the shaping of a discourse culture that is oriented towards listening and seeking a consensus.

In Pärnu, the central issue was the size of the council, and the formation of electoral districts, which was quite understandable given that it was a region with such a dominant city centre. It was decided to

choose the option with two electoral districts, but with a smaller council. It is likely that due to such differences between urban and rural areas, electoral districts need to be created even though the level of integration with the city is rather high (in some regions more than 50 per cent of the population commutes to Pärnu for work). After the mergers there are still quite big differences between the administration of urban and rural regions, and therefore any political input coming from the former rural municipalities is crucial to govern a large municipality in a balanced manner. The new city government has two deputy mayors from outside the city. Nevertheless, the rural electoral district lost at least one mandate because all significant lists were represented in both districts.

In this respect it would be appropriate to compare Pärnu with Põlvamaa. There both rural municipalities held simultaneous negotiations in three to four directions. But by the end of September 2016, all councils made a promise to take a final decision in favour of one direction, and did so. This was followed by swift but very practical negotiations on the core issues in the final merger areas (Põlva and Kanepi rural municipality), while insignificant details as well as political positioning were cast aside.

The events in Pärnu occurred in a reverse manner. The outcome of the initial orderly participation and commitment was a rather detailed draft merger agreement, after which the parties moved towards new directions of negotiations, effectively thwarting the negotiations in the Pärnu region, and finally withdrawing from the negotiations, blocking the road for others (the rural municipality of Are). It is obvious that such hectic behaviour towards their neighbours and their own people caused quite a lot of tension, in particular in Tori rural municipality (and indirectly in the city of Pärnu as well), which could create obstacles in shaping the structure of the new rural municipality, and could even end with a new territorial configuration in that region.

At the negotiations in Pärnu, it became evident how much confusion is created by the wording of Article 155 of the Constitution, which stipulates that 'The entities of local self-government are rural municipalities

and cities', given that in practice the term 'city' is interpreted not as a municipality, but rather as a type of settlement. As is well known, all municipalities in Estonia have the same status, and it is unclear why it was necessary to make separate references to cities and rural municipalities, while their status is identical. (Such a differentiation is understandable in such countries where cities and rural communities have a different status.)

It was most difficult to overcome this ambiguity in the case of, for instance, the rural municipality of Tõstamaa, which should have been given the status of a city district. Luckily, the formal wording of the law permitted the use of the concept of 'rural municipal district', acceptable for residents of rural areas, although with regard to the bigger picture it created a rather absurd situation – rural municipal districts were formed within the city of Pärnu.

This serves as a valuable lesson: when such discrepancies emerge, the regulatory environment has to be brought in line with real-life patterns, instead of trying to go on manoeuvring (e.g. the requirement that at least 50 per cent of the residents of a city with municipal status must live in an urban area) until real life starts distorting the wording of laws sometimes to a point of absurdity, thereby reducing the legitimacy of the law.

Another glitch was more substantive – this was connected with the transfer of the eligibility for Agricultural Register and Information Board (ARIB) subsidies into the merged rural municipal districts of the city of Pärnu (Paikuse, Audru, Tõstamaa). Formally, the existing rules did not prevent them from retaining their status as rural regions eligible for ARIB grants. But as the Ministry of Rural Affairs took their time providing final explanations, this topic kept slowing the negotiations down creating a nervous atmosphere. This showed that the political coordination and leadership of the administrative reform was not efficient enough.

It is appropriate here to make a more significant generalisation about the skills involved in managing reforms. The central government

should actively coordinate any institutional reforms – such as the administrative reform – through ministerial committees, and not just at the launch stage of the reform, but also at the stage where changes are implemented after the merger decisions have taken effect. Generally, in other European countries these duties are fulfilled by permanent ministerial committees ('sub-cabinets'). In Estonia, however, the provisional government committee took a passive stance immediately after the Administrative Reform Act had been passed.

Results

The draft merger agreement was completed in August 2016, and was submitted for preliminary discussions. The results of public discussions varied, in particular, in Sauga rural municipality, where many questions/amendments were submitted by a member of the steering committee, who was always present at negotiations.

Moreover, the council of Tori rural municipality submitted some unrealistic demands, which the participants were unable to accept. It was likely one of the tactics to justify the withdrawal of Tori from the negotiations. This also delayed the public opinion polling in the Pärnu city region, which finally took place in early November 2016. The turnout for the opinion poll was only high in Tõstamaa rural municipality (34 per cent) where 90 per cent of the voters were against the merger. An opinion poll was also taken in Are rural municipality, which was already blocked from merging with Pärnu by Sauga (Table 1).

The merger agreement was signed on 27 December 2017. After the decision passed by the central government to merge Tõstamaa with the city of Pärnu, a municipality comprising a city and three rural municipal districts (Paikuse, Audru, Tõstamaa) was established.

The geographical shape of the municipality is rather peculiar. Paikuse rural municipality and Audru rural municipality have quite a short common boundary, while the Sauga rural municipal district of Tori rural municipality lies between them. However, a certain pattern of

Public opinion poll results in the merging city of Pärnu

	City / rural municipality	Residents with the right to vote	Turnout	Turnout (%)	Yes	No
1.	Are rural municipality	1055	138	13,08	86	52
2.	Audru rural municipality	4784	476	9,95	90	386
3.	Paikuse rural municipality	3057	243	7,94	61	182
4.	Pärnu city	33 733	345	1,02	161	184
5.	Tõstamaa rural municipality	1144	394	34,44	35	358
		43 773	1596	3,65	433	1162

Table 7.

2017 election results in the city of Pärnu

Electoral list	Share of support (%)	Total mandates received	Incl. in city electoral district	Incl. in rural electoral district
Reform Party	22,8%	9	7	2
Centre Party	19,1%	7	7	0
Pro Patria and Res Publica Union	18,9%	9	4	5
Election coalition Pärnu Ühendab	16,9%	7	7	0
Conservative People's Party of Estonia	15,4%	6	5	1
Social Democratic Party	5,4%	1	1	0
Election coalition Meie Pärnu	1,1%	0	0	0
Election coalition Ellujäämise Kogukond	0,3%	0	0	0
	100%	39	31	8

Table 8.



Mayor of Pärnu Romek Kosenkranius was one of the key individuals in negotiations with neighbours. Source: Pärnu Postimees.

communication has already emerged in the region, where all transport flows pass through the city of Pärnu, including those between different parts of Sauga rural municipality.

The elections produced a governing coalition that also drove the merger negotiations: the electoral coalition Pärnu Ühendab (Romek Kosenkranius, Rainer Aavik) and the Pro Patria and Res Publica Union (Meelis Kukk, Kuno Erkmann, Siim Suursild). Romek Kosenkranius, who was leading the negotiations, received 13.4 per cent of the votes in his electoral district, which is a strong mandate given to the head of the new municipality, and he stayed in the office as mayor.

It should be pointed out that in Pärnu, votes were cast mostly to the top candidates of the electoral lists; in other words, observing the partisan voting principle which predicts that the council will pursue well-structured and consistent policies. The rural municipal district centre

of Paikuse will be led by Kuno Erkmann, the former head of the rural municipality, who was also an active participant in the negotiating process and who earned the highest share of votes in the electoral district (8.8 per cent of votes). Toomas Rõhu, the former head of Tõstamaa rural municipality is also a member of the council.

*In summary: **Romek Kosenkranius**, mayor of Pärnu, and the leader of the negotiations:*

The process of merging municipalities was complex and involved quite a lot of ambiguity: essentially the state threw the municipalities into the water and told them to swim. In my opinion, the municipalities that worked together and tried to find common ground applying the best practices as much as possible, emerged as winners in this challenge – hereby I would like to express my sincere gratitude to the consultants who advised us. The losers turned out to be, above all, those municipalities and politicians who started a fight against the process itself, and tried to hold on to their own position in the municipality. Naturally, quite a lot of work is still ahead, and I believe that in the coming four years there will be more changes in the administrative division: protest votes in the former Sauga rural municipality (now Tori rural municipality), which is closely integrated with the city of Pärnu, brought a large number of individuals into the council who support the merger with Pärnu city.

Summary and conclusions

- All mergers in Pärnumaa involved more or less serious problems, and therefore the results do not completely satisfy the participants. Nevertheless, if the merged municipalities set up a flexible management structure and ensure rural municipal districts sufficient autonomy, and allow the governing bodies of rural municipal districts to contribute sufficiently to the decision-making process in the new municipality, such territorial patterns which have been formed

on a voluntary basis are, even if they are sometimes sub-optimal, still preferable vis-à-vis any mechanical merger by the government.

- It was unrealistic to form a single municipality/county within the context of the now-completed reform. However, if Pärnu demonstrates their capability to integrate the newly formed municipality in a manner that satisfies the rural as well as the urban population, while other merged municipalities face problems with integration or peripheralisation (in comparison with the rural municipal districts in Pärnu), it is not inconceivable that in the future there could be one single municipality that covers most of Pärnumaa county.
- At the same time, the mere formation of county-wide municipalities is not an answer to the government vacuum in shaping Estonia's regional policy. Balancing regional development requires the consolidation of much larger territories, larger even than such a large county as Pärnumaa. It is to be hoped that the current county-wide association of local authorities will be able to unite into optimal regional unions, so that they could be delegated duties in regard to regional coordination and the regional development process that are currently centralised.
- When organising negotiations, it is advisable in the beginning to take a more conservative approach toward the actual attitudes/intents of the participants, and not assess possibilities based on initial attitudes that are often aimed at feeling out the boundaries and maintaining the status quo. Negotiations represent a delicate political process and the respective skills of local leaders are impressive.
- It could be maintained that the outcome of the mergers in Pärnumaa represents the political optimum of the possibilities, and has many more prospects vis-à-vis a situation where large county capitals stay out of mergers (Võru, Viljandi).
- The negotiating process should be much more inclusive and informative than it was in Pärnu, even if this requires more time.

The process should take place in parallel at several levels and, in addition to committees, councils as well as civil society actors should be engaged. Had the councils of the rural municipalities of Sauga and Tori been appropriately informed and had there been village meetings, then failures in such a complex region could have been avoided.

A summarising discussion of the mergers initiated by municipal councils

- The administrative reform in Estonia was undeniably necessary. Without the Administrative Reform Act, which also included the coercive merger stage, there would have been no significant changes: the Act served as the impetus that caused municipalities in different regions across Estonia to negotiate and actively look for solutions.
- At the voluntary stage of the administrative reform the municipalities had different motives driving them to form negotiating groups: in some areas they were based on regional and functional connections, in others on the quality of (political) relationships, while in some areas they were based on who was in command of more funds. It should not be said that one motive was more appropriate than another, but the spatial cohesion of municipalities should be a mandatory precondition for any merger. However, in a situation where the principle of voluntary participation is applied in full, it is difficult to lay down such a requirement, and would have warranted the imposition of additional rules by the legislature. Earlier reform attempts that had included such conditions had indeed failed.
- The practical outcomes of the voluntary stage of the administrative reform showed that no analyses or studies produce mergers; the key to solutions is clearly held by the local leaders. Most of the coercive mergers were carried out in municipalities where local leaders were unable or unwilling to find solutions, and objected

to the merger, and sometimes to the reform, in principle. After the end of the administrative reform, the impact of the reform and the development of municipalities will also largely depend on their leaders: whether sights are set on what is ahead, or whether there are setbacks and disagreements, for instance within the boundaries of former rural municipalities.

- During the voluntary stage, the more pragmatic solutions ultimately prevailed. More ambitious initiatives (e.g. the formation of county-wide municipalities) died out, and solutions mostly involved the nearest neighbours. However, in many cases this meant that the mergers did not follow the logical centre-hinterland model because smaller municipalities were apprehensive about larger centres dominating, or the large centre itself was not prepared to be involved. Pragmatic solutions are evident on the post-reform landscape, where a number of regions have adopted the rural municipal district-based model, which essentially copies the structure of former municipalities. This has probably been a necessary compromise as a transitional solution, but in the longer perspective the experience provided by such practices should offer an answer about whether such solutions are sustainable.
- The mergers have shown that, with regard to the inclusion of the general public and the promotion of democracy, there is ample room for improvement in Estonia's municipal environment. In practice, the organisation of the administrative reform was entrusted to a fairly small circle of municipal leaders, and wider participation was negligible. Often a few dozen people participated meaningfully in the specific merger process. The development of a culture of engagement and substantive discussion is certainly one of the tasks for the future.
- From a forward-looking point of view, the new municipalities will face the need to take many challenging decisions. For instance, regarding the organisation of a network of educational institutions,

the majority of the merger areas agreed not to change anything within the coming four years. At the same time, it is obvious that changes are needed, and there has to be the courage and willingness to implement them in the municipalities.

- A positive aspect in the process of realising the administrative reform is the support the government ministries provided to regions in the form of merger consultants and coordinators. In many locations, it was the consultant or coordinator who helped to steer discussions, handle the weighing of pros and cons, and reach agreement. The fact-finding days, seminars and other supporting activities organised by the Ministry of Finance were extremely important (and popular), offering the decision-makers support and clarity for the solutions.
- Despite the fact that rather a large number of municipalities were merged at the initiative of the central government, voluntary mergers and the definition of the future municipal boundaries through a bottom-up process is the most sustainable approach to the development of the future local government system.