



*Public Governance Conference (virtual)  
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# OECD PERSPECTIVES ON MUNICIPAL COOPERATION

## What to Gain? What to Lose?

Maria-Varinia Michalun  
Regional Development and Multi-level Governance Division  
Centre for Entrepreneurship, SMEs, Regions and Cities, OECD  
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# Outline

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- **Why work together?**
- **The advantages and disadvantages of cooperation**
- **Inter-municipal cooperation practices in OECD countries**
- **Inter-municipal cooperation and Estonia**



# *Why Work Together?*



## What some governments say:

Our local governments are too small to operate efficiently

Small local governments cannot meet quality standards for public services

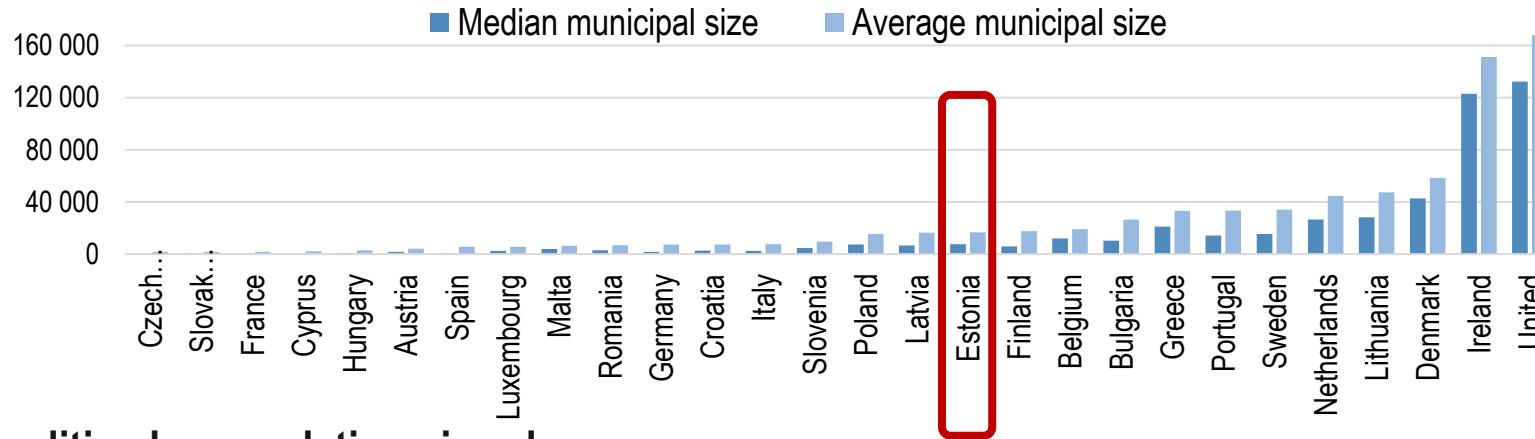
Mergers and outsourcing are not an option for us

Our local governments are responsible for a wide variety of services and optimal production sizes vary by service

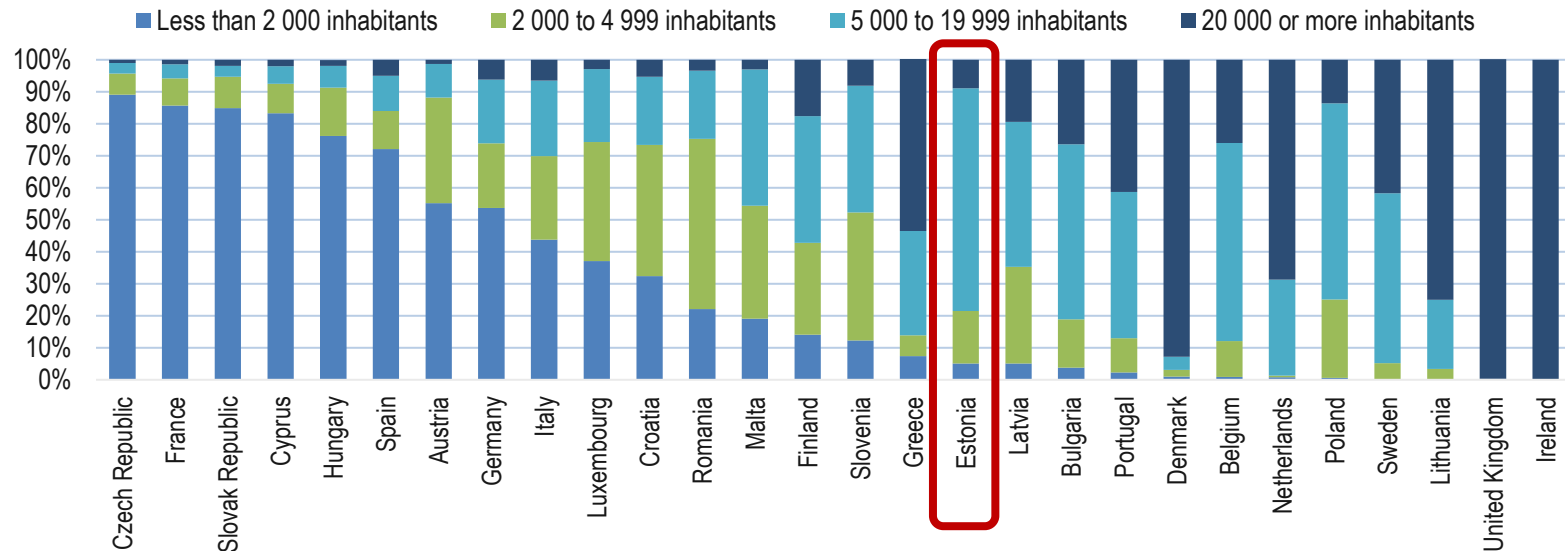


# Demographic size of municipalities in the EU28

## Average and median municipal size (# of inhabitants)



## Municipalities by population size class

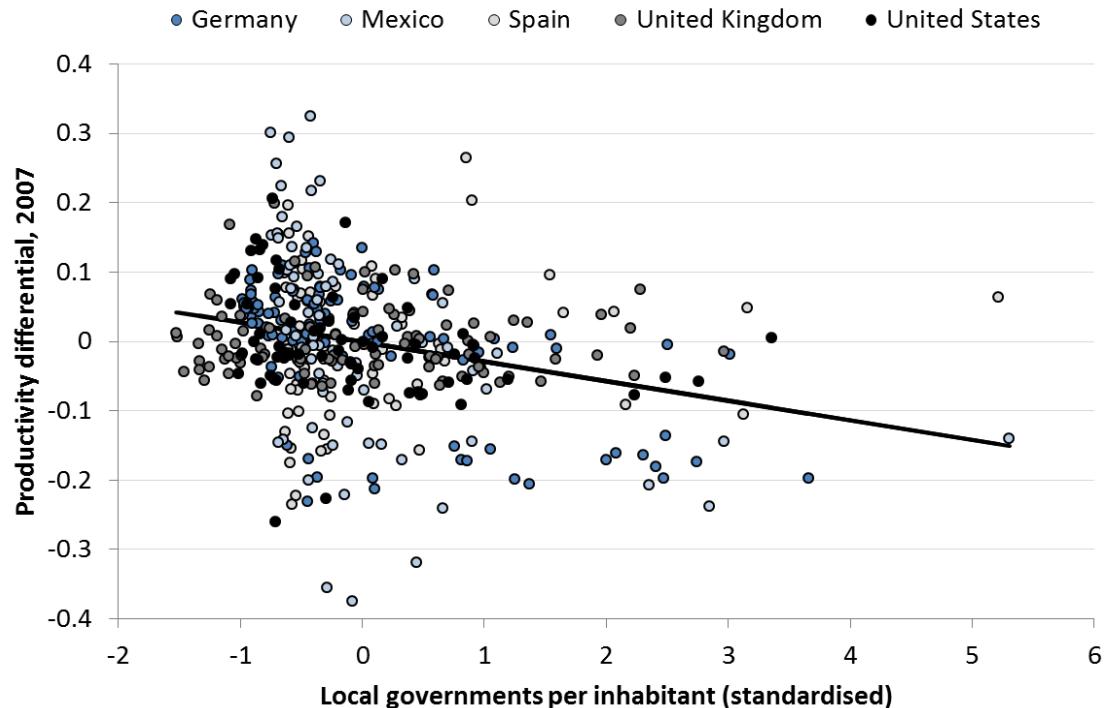




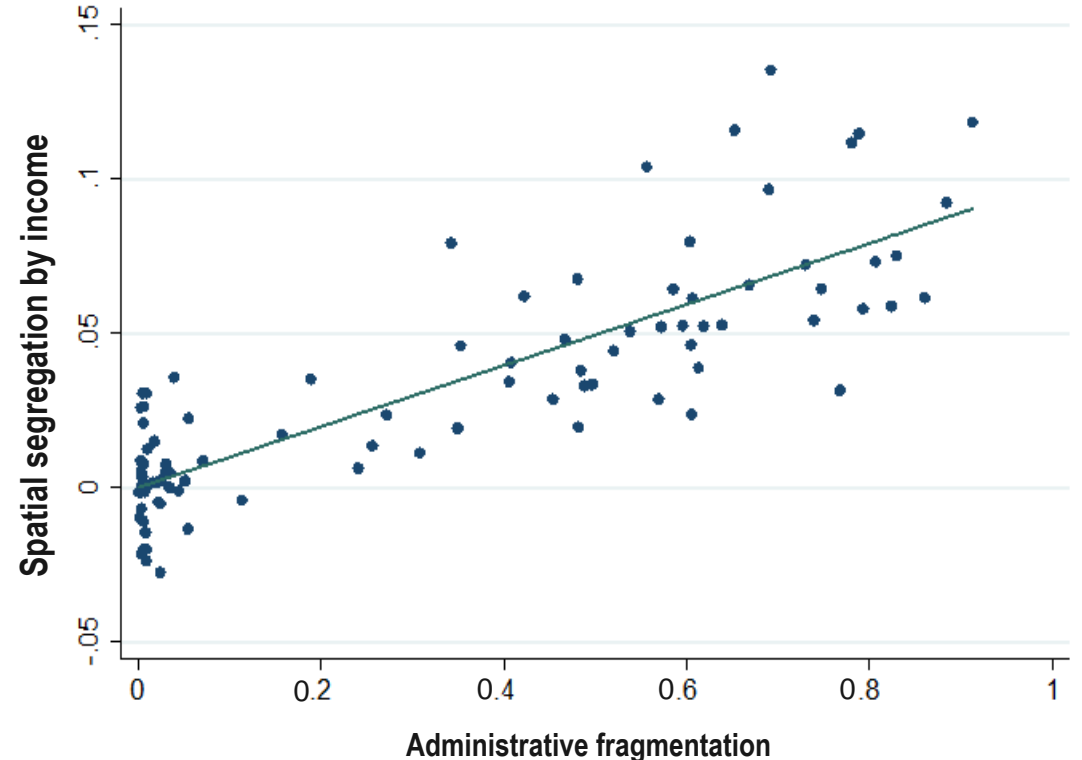
# To mitigate the impact of fragmentation: Productivity and socio-spatial segregation

Productivity **falls** by 6% for a doubling in the number of **municipalities**

(for a given population size)



More fragmented metropolitan areas are **more segregated**





# Insights from the definition of Inter-municipal Co-operation

*“Inter-municipal co-operation is defined as when **two or more** municipalities **agree** to work together on any of the tasks assigned to them in order to gain **mutual benefits** and to enhance the effective provision of services to **citizens**.”*

*– Council of Europe*

Inter-municipal cooperation is widespread in the OECD and it **might increase after COVID**:

- Firmly rooted in European and OECD **municipal management practices**
- It is relevant in all countries **regardless of federal or unitary**
- Relevant **regardless of municipal size, or type** (metropolitan, urban, or rural)
- Can support **better governance** of urban and metropolitan

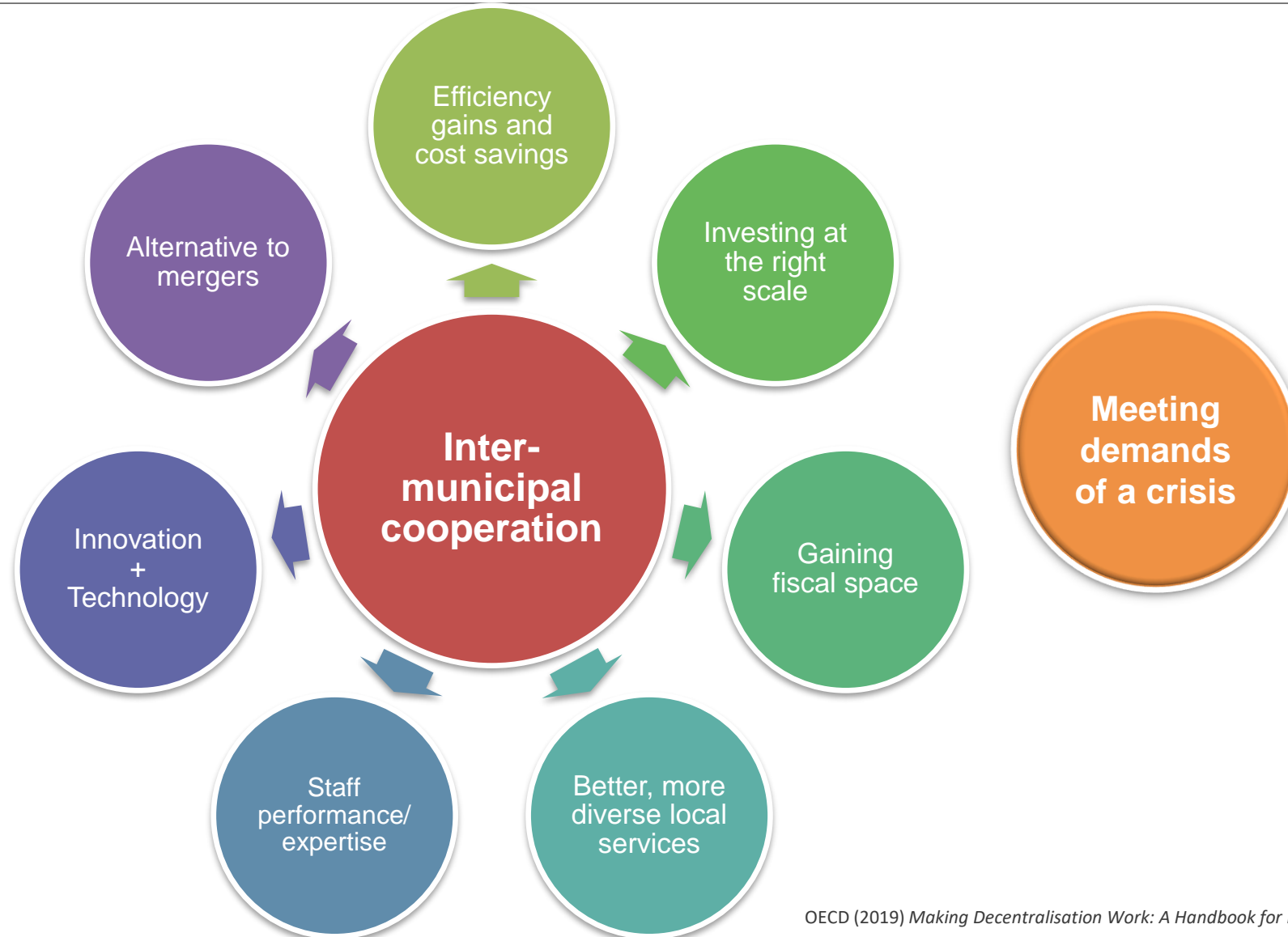


# *The Advantages and Disadvantages to Co-operation*





# The advantages





# The disadvantages: co-ordination can have costs

## Disadvantages/challenges

Expense

Proliferation of cooperative bodies

Governance challenges

Technical/equity challenges

Potentially ambiguous results

## Contributors to success

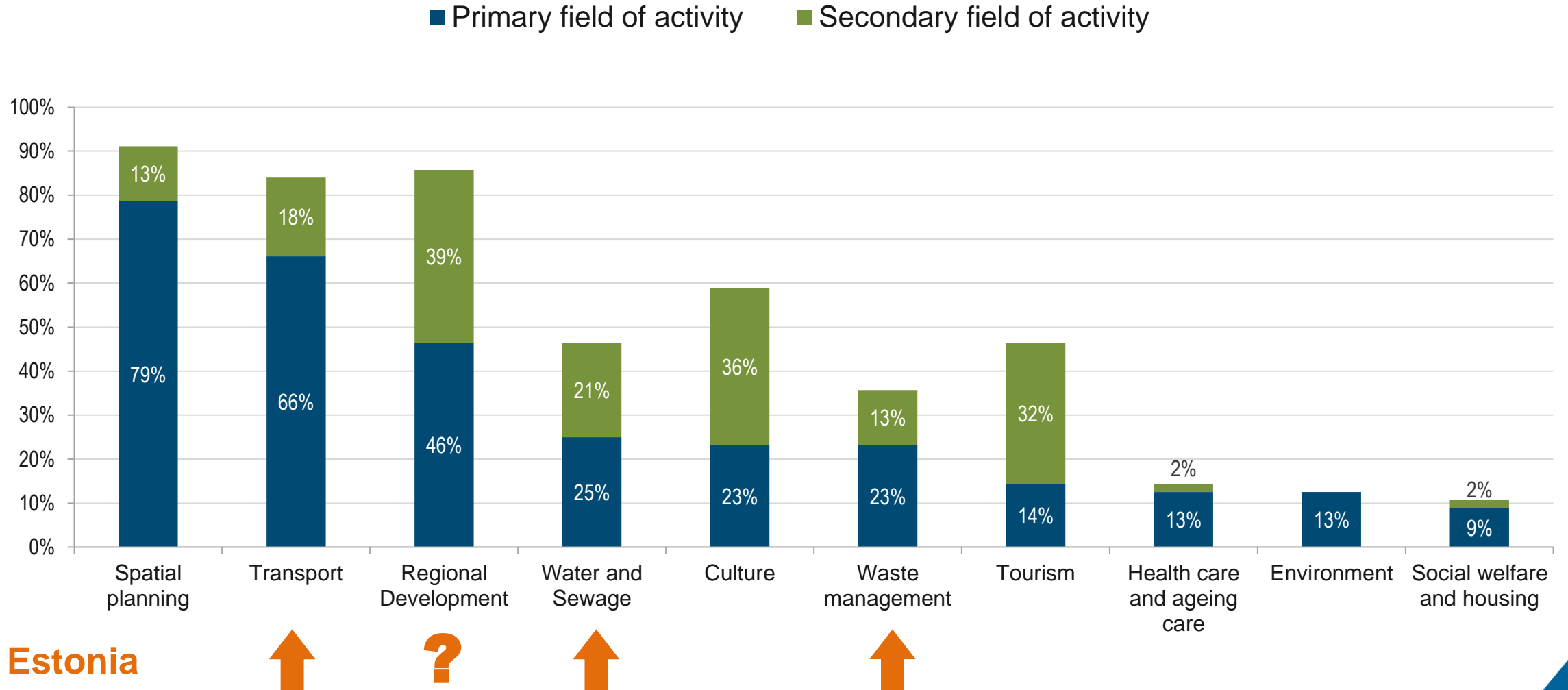
- Number of municipalities and ability to coordinate
- Extent of transaction costs
- Appropriate selection of public service/activity
- National policies that encourage its development



# *Inter-municipal Co-operation Practices in OECD Countries*



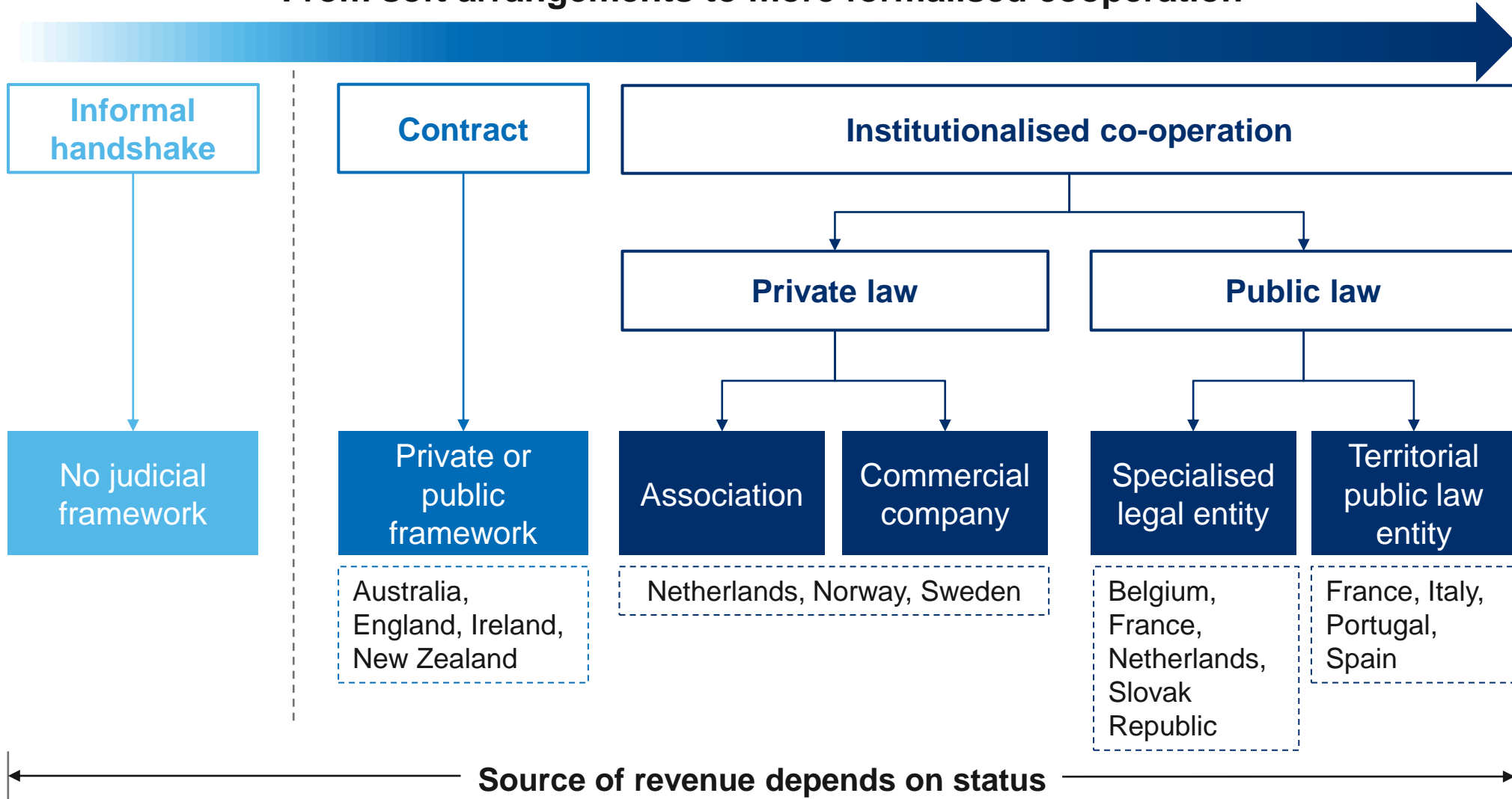
# Primary and secondary fields of cooperation among metropolitan governance bodies in OECD countries





# Formats for inter-municipal cooperation

From soft arrangements to more formalised cooperation





# Inter-municipal co-operation in practice

Objective	Country	Action/Area/Level of activity
<b>Decentralisation of tasks</b>	Iceland The Netherlands	<ul style="list-style-type: none"> <li>• Social services for disabled</li> <li>• Social services, employment, social welfare</li> </ul>
<b>Basic and non-basic service delivery</b>	Czech Republic Finland Norway  Switzerland	<ul style="list-style-type: none"> <li>• 790 IMC structures: education, social care, health, culture, environment, tourism</li> <li>• Health, social care, VET</li> <li>• Crisis service centres for people subject to violence or threats of violence in close relationships</li> <li>• Since 2012 56% of municipalities increased arrangements; almost all cooperate with &gt; 1 peer, in &gt; 1 tasks</li> </ul>
<b>Covid-19</b>	Denmark Italy (Milan) Latvia Sweden Portugal (Lisbon)	<ul style="list-style-type: none"> <li>• Purchase of PPE (created a collaborative for joint procurement)</li> <li>• 14 municipalities created info point (portal) for SMEs</li> <li>• 8 municipalities to share supplies → free PPE to seniors</li> <li>• 4 largest municipalities guarantee a ½ billion line of credit for PPE for all</li> <li>• 24 boroughs + City acquire basic needs for elderly, chronically ill; phone lines and WhatsApp connections for in person and psychological support to isolated; marketplace to match skill demand and supply helping start-ups.</li> </ul>



# *Inter-municipal Co-operation and Estonia*



# Inter-municipal co-operation for Estonia?

## What is the objective?

- Reducing fragmentation?
- Managing decentralised services and administrative tasks?
- Better service delivery?
- Mitigating the fiscal and investment impact of COVID-19?

## Challenges in the Estonian context

- Expense (incentive structures)
- Trust
- Power and resource asymmetries among partnering municipalities
- Data and information to identify actual need and optimal thresholds

## Potential benefits and gains

- Harmonises service type, quality and availability among municipalities
- Eases delivery of “high-ticket” or very specialised tasks: transport, specialised social services, spatial planning
- Can relieve pressure of under-funded mandates, alternative to “up-scaling” tasks





# Conclusions on inter-municipal co-operation for Estonia

## Estonia's advantages

- Existing legal framework
- Existing experience
- Many options to make it work
- Room for a voluntary approach

## What Estonia and Estonians gain

- More effective decentralisation
- Better quality, variety, accessibility and availability of services
- Better crisis management and smoother possible recovery

## Who loses?

## Who wins?

- Government
- Municipalities
- **Citizens**



*Thank you*

Maria-Varinia Michalun  
[mariavarinia.michalun@oecd.org](mailto:mariavarinia.michalun@oecd.org)