

LEADERSHIP ACADEMY (STAGE 3)

LOOKING AT THE IMC OPTION (< 2 HOURS)

Objective:

Learn how to approach the delivery of better local government through inter-municipal cooperation (IMC).

Introduction:

Many municipalities are too small to deliver effective local government; they just do not have the capacity. Nor is amalgamation an easy option. Working together under an IMC arrangement is the best way forward for them.

There are many neighbouring municipalities – both big and small, urban and rural – that share common challenges or could exploit shared opportunities. These range from a joint approach to local economic development to establishing a joint municipal office. Working together under an IMC arrangement is often the best way forward for them.

However, IMC is not easy. While there may be numerous ‘handshake agreements’ between neighbouring Mayors, these tend to be for the more simple activities such as organising a festival together. It is more difficult to set up IMC arrangements for more significant activities, such as sharing schools or managing waste collection and disposal jointly. Such cases must conform to appropriate legal structures.

A key issue is the leadership of the municipalities in setting up and managing an IMC arrangement. The Mayor can only use influence beyond his/her administrative boundaries. He/she must be able to see an IMC initiative from the perspective of the potential partners. Only a ‘win-win’ arrangement can be sustained. Where the organisation culture is one of non-cooperation, the role of the leadership is absolutely critical.

Assignment:

A group of 5 neighbouring mayors want to establish an IMC to improve the transport in the region. One heads a large town while the others represent smaller urban and rural municipalities, each with their own challenges.

Task

1. Participants should read the Romanian case-study below and share their views on critical success factors, risks, leadership requirements etc in a plenary discussion.
2. Divide into 3 groups. One person represents the Mayor of a large town; the others are Mayors of smaller neighbouring municipalities.

3. The Mayor of the larger municipality is facilitating a meeting to which he/she has invited the other Mayors. He/she puts a proposal to them to develop a shared transport system.
4. Prepare a proposal for a shared transport system. Taking account of the different interests and fears of the municipalities, identify the mutual benefits and risks and how they might be overcome.
5. Present your scenario in a plenary session.
6. In groups again, examine the chart 'Moving to an IMC Mindset' and identify key leadership obstacles that would stand in the way.
7. Use the Template below to:
 - a. List the obstacles.
 - b. Consider the effect they would have on the IMC if not overcome.
 - c. Decide what could be done to overcome them.
8. Be prepared to give feedback in a facilitated plenary discussion on the leadership's role in IMC.

Scenario

At the moment, transport services are poor; none of the municipalities could afford to improve their transport system by working alone; but they do believe the transport system could be better developed if the task was shared.

Many people in the neighbouring municipalities work in the town and put pressure on local services. This contributes to unemployment in the town. The town's youth are getting restless at the lack of opportunities.

For villagers in the neighbouring municipalities, it takes a long time to travel to work and it is hard to reach the shops. Buses are few and slow because of poor roads. They have little income and resent paying so much for bus fares. Residents of the larger town don't bother visiting the other municipalities, despite the attractive lakes and mountains some of them contain.

There are economic development opportunities in the neighbouring municipalities that have not yet been developed. There is growing concern at the emigration of young people. But development will only be possible with better transport.

What are the interests of the different municipalities? Who will pay for the expansion of the town's transport? Will the residents of the outlying municipalities be willing or able to afford the fares, as transport in rural areas is more expensive as it has to cover longer distances with reduced demand. Will the town municipality be willing to subsidise the transport system or should all the costs be covered by the level of fares?

Will the Mayors trust each other? Are there transparency and good communications to foster such trust? Are they ready to acknowledge the particular interests of each municipality and seek a win-win solution?

IMC CASE STUDY (ROMANIA)¹

TITLE: Horezu Depression Association (Asociația Depresiunea Horezu)
NO. OF MUNICIPALITIES: 10
LARGEST MUNICIPALITY: HOREZU (pop: 6800)
TOTAL POPULATION COVERED: 40,000
GEOGRAPHY: MOUNTAIN AREA (highest altitude: 1900 metres)
DOMAINS: • tourism infrastructure development and tourism promotion • Planning, coordination, fundraising and project management • Emergency services

1. Need for IMC

Cooperation between these municipalities was triggered by a set of factors:

- Horezu is the administrative centre for the region, concentrating services in the field of health, education, emergency services, fiscal administration, legal services, courts etc. An administrative relationship between the 5 municipalities always existed. The town of Horezu also acts as the economic centre of the region, concentrating services such as banking and insurance, which are absent in the neighbouring municipalities.
- There are some services currently provided by Horezu to neighbouring municipalities, supported only by Horezu municipality funds, including emergency services and the population register.
- Funding for local projects is needed, especially for infrastructure development; roads, sewerage facilities, waste management facilities are all inadequate.
- There is a need to stimulate local economic development, since the unemployment rate is high and local businesses are weak.
- There is a concentration in the area of potential tourist destinations (Hurez Monastery – a UNESCO-protected monument; Woman's Cave; traditional fabrics and pottery workshops; 16 century fortified manors; churches from the 15th - 17th century; 2 nature reservations; mineral water springs; mountain climbing; folk culture festivals).

¹ Derived from case study prepared by UNDP

2. Description of the IMC

Areas of cooperation

1. Tourism infrastructure development and tourism promotion.

Several projects have been initiated, promoted and implemented jointly. Cooperation started with small scale projects, such as:

- a) The installation of route indicators providing information on all tourism sites in the region;
- b) The affiliation of the Horezu Depression Association to the National Association for Rural, Ecological and Cultural Tourism (ANTREC) and the participation of the Association's representatives in tourism fairs all over Europe;
- c) Training local businessmen in eco-tourism and marketing eco-tourism activities in partnership with a local NGO.

The first large project was planned for the rehabilitation and development of general and tourism infrastructure in the area, including:

- renovation work on several monuments,
- road repairs to facilitate access to some of the tourism sites,
- setting up a joint tourism information office,
- building facilities for the organisation of local festivals.

The estimated value of project was €4.5m. The project was accepted for funding but the contract was not signed because the procurement procedure was not completed in time. However, a major achievement has been the inclusion of the Horezu Depression programme in the European Destinations of Excellence (EDEN) program, 2nd phase Local Intangible Heritage (2007-2008).

2. Strategic planning and institutional development

With funding from the PHARE programme, the first project was successfully implemented; it focusing on several areas:

- drafting, public consultation, and approving a joint development strategy for the 5 municipalities that initially formed the Horezu Depression Association and 5 neighboring municipalities;
- expanding the membership of the Association to 10, by including the neighbouring municipalities;
- training personnel from all 10 municipalities on issues such as local development, fundraising, project management, public participation methods;
- setting up an office and a conference room, and purchasing equipment for the Association.

The main outcome of this process has been (a) agreeing a joint development strategy and (b) training of 3-5 civil servants from each of the 10 municipalities of the Association for their involvement in implementing the development strategy.

3. Emergency services

The municipality of Horezu was already delivering this service for the entire region at its own expense; this was considerable – 200,000 lei out of a total

annual municipality budget of 1.5m lei. The other municipalities were not in a position to contribute to this service due to their limited budgets. Under the umbrella of the Association, Horezu municipality was able to obtain PHARE funding to continue the service and invest in its further development.

3. Legal form of cooperation

In 2005 the Horezu Depression Association was established as an NGO (private law body). This organisation was, according to statute, led by a Council of Directors with 5 members (the Mayors of the 5 original municipalities). According to the statute, the President of the Association is the Mayor of Horezu, while the Mayor of Vaideeni is the Secretary General of the Association (Horezu and Vaideeni being the municipalities that initiated the establishment of the Association).

The municipalities are represented in this Association based on the “one municipality, one vote” principle. Decision-making is majority-based; usually there is a consensus. Some decisions of the Association have to be ratified by each municipal council (eg use of public property, co-financing of projects from municipality budgets).

In 2006, the Association changed its legal status and transformed itself in a Inter-community Development Association (a quasi-public law body) with multiple competences, Abut keeping all other provisions of the statute. Currently a new statute of the Association is under discussion, since there is need for a new structure that will accommodate the 5 new members.

Staff

The Association does not have its own staff; each municipality has delegated staff; some 30 to 35 civil servants work for the Association as necessary (usually part time). All of these civil servants have received training as part of the institutional development project.

Financing

The financing of the Horezu Depression Association comes from grants from governmental and EU sources and the co-financing provided by member municipalities for specific projects. There are no membership fees. The municipality of Horezu is providing an in-kind contribution (office space, communication expenses, working time of some civil servants).

Representatives of the Horezu Depression Association consider that long term sustainability is guaranteed, since the Association has passed the critical stage (immaterial results, failed projects) and can now ensure sufficient funding for its activity and the successful promotion of its projects.

Accountability to citizens

The PHARE-funded institutional development project included a strong public

participation component, focused on training civil servants in (a) citizen information, (b) consultation and public participation issues and (c) the use of public participation instruments in elaborating the joint development strategy (eg public cafes and debates). This component, which also received local NGO support, has increased significantly the degree of citizen information and involvement in the activities of the Association.

Monitoring and evaluation

There is continuous monitoring of the Horezu Depression Association activities by the member municipalities, since civil servants from all member municipalities are directly involved in day to day activities. Evaluation of the work of the Association is carried out by member municipalities on an annual basis, based on annual performance report and financial reports.

4. Establishment of the IMC

The Horezu Depression Association was established in 2005, at the initiative of the Mayors of Horezu and the neighboring commune of Vaideeni. The Association was actually built on the structure of an earlier attempt to cooperate in 1994 but abandoned in 1996. The initial concept for cooperation was based on (a) inspiration drawn from some French examples of IMC, (b) information obtained via the affiliation of the Horezu municipality to the Romanian Association of Towns (AOR), and (c) cooperation with an Bucharest-based NGO (Partners for Local Development Foundation (FPDL).

After 3 more municipalities agreed in principle to cooperate, a statute was drafted and the Association was legally registered, having the status of NGO. The statute of the Association contained, along with procedures and decision-making structures, reference to joint development objectives and projects. At this stage, no development strategy had been drafted and no donor was involved in the process. The establishment of the Association was supported by local resources only.

The **main difficulty in establishing this Association** was the reticence of some communes to cooperate, as there were fears that the town will take over the Association and that its activities will not bring much benefit to the communes. Some municipalities declined to join.

The **main factors determining the success** in establishing the Horezu Depression Association were:

- the leadership provided by the municipality of Horezu;
- prior attempts to cooperate – an earlier proposal for cooperation over gas supply failed in term of results but was successful in terms of cooperation;
- the homogeneity of the area - the municipalities have similar characteristics and similar problems and, consequently, seek the same things.

5. Benefits and shortcoming

Benefits

The main direct benefit for member municipalities has been the ability to promote projects they had no financial and staff capacity to do on their own.

The main direct benefits for the citizens have been:

- improved emergency services;
- the increase of tourism in the area resulting from the development of local tourism-related businesses (eg small hotels and private accommodation to let).

Shortcomings

The initial shortcoming of cooperation was the lack of material results in the first 18 months, leading to a certain cooperation fatigue. This was made worse by the memory of earlier attempts to cooperate.

No shortcomings for citizens were identified.

6. Future plans

At this point, there are no plans to change the **legal form of cooperation**.

After the completion of the current process of enlargement from 5 to 10 members, no **expansion of membership** is envisaged, mainly because the current membership already covers the area of influence of the town of Horezu (ie all communities are already linked in terms of public service delivery and the prospects for local economic development).

Expansion of IMC membership outside this area is considered not a very good idea since there will be no common ground (problems and objectives) for cooperation.

The **expansion of the areas for cooperation** is planned in accordance with the newly developed joint development strategy.

7. Main lessons learned

1. Leadership is essential. Even if there is some reluctance to cooperate when a larger municipality takes charge of the process, this leadership is essential for coherence and effectiveness.
2. Homogeneity is important. Municipalities involved in such forms of cooperation should be similar in terms of problems and objectives, so that there is common ground for discussion. Diverging interests resulting from significant differences between municipalities requires the organisation to work in too many directions at the same time, and results may not always be satisfactory.
3. Material results are not immediate. In the first years of cooperation, the results are rather invisible, taking the form of small projects and planning and co-ordination efforts and this may discourage cooperation.

MUNICIPAL LEADERSHIP – MOVING TO AN IMC MINDSET

ASPECT	OLD MODEL	ASSESSMENT 1-2-3-4-5-6-7-8-9-10	NEW MODEL
Management	Control things and people; rely on input measures		Control things but empower people; use outcome measures
Structure	Hierarchical; bureaucratic		Flatter; porous boundaries; flexible
Motivation	External; carrot and stick		Internal; whole person
Performance appraisal	By boss; one-way; finding faults		Self-evaluation; 360%; win-win; supportive
Information	Short term; limited; protected		Accessible; comprehensive; covers sensitive matters like performance results
Communications	Top down; focus on formal		Open; up / down / horizontal; formal and informal
Culture	Rules; protecting position; risk avoidance; lack of trust		Based on principles and values; trust; seeking excellence; team-working
Budgeting	Top down; based on last year		Open; flexible; harnesses external resources; based on need and opportunity
Training, development	Skill-oriented; explanatory; teaching-focused		Action-oriented; whole person; learning-focused
Staff	Seen as expense; focus on efficiency; full capacity not utilised		Seen as investment; empowered; responsible
Staff voice	Generally unimportant; personal initiative difficult		Make strategic contribution; personal responsibility; management listens
Customer / citizen care	Little concern; views not sought; seen only as recipient of public services		Citizen satisfaction is test for effectiveness; contributes to service planning and review

PREPARING A MUNICIPALITY'S CULTURE FOR IMC

	CULTURAL OBSTACLES TO IMC	POTENTIAL RISKS IF NOT CORRECTED	ACTION TO OVERCOME OBSTACLE
1.			
2.			
3.			
4.			