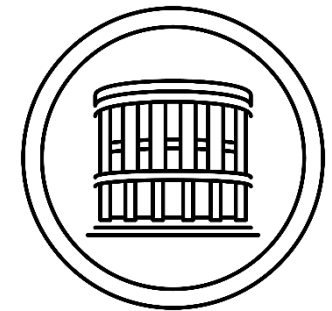


Drivers and obstacles of inter-municipal cooperation in Slovakia from the perspective of local governments

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LPSA Webinar

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Agenda

- Local governments in Slovakia
- Policy making at a local level
- Inter-municipal cooperation

Local governments in Slovakia

A brief overview of milestones

- 1990-1992: renewal of local (self-)government system



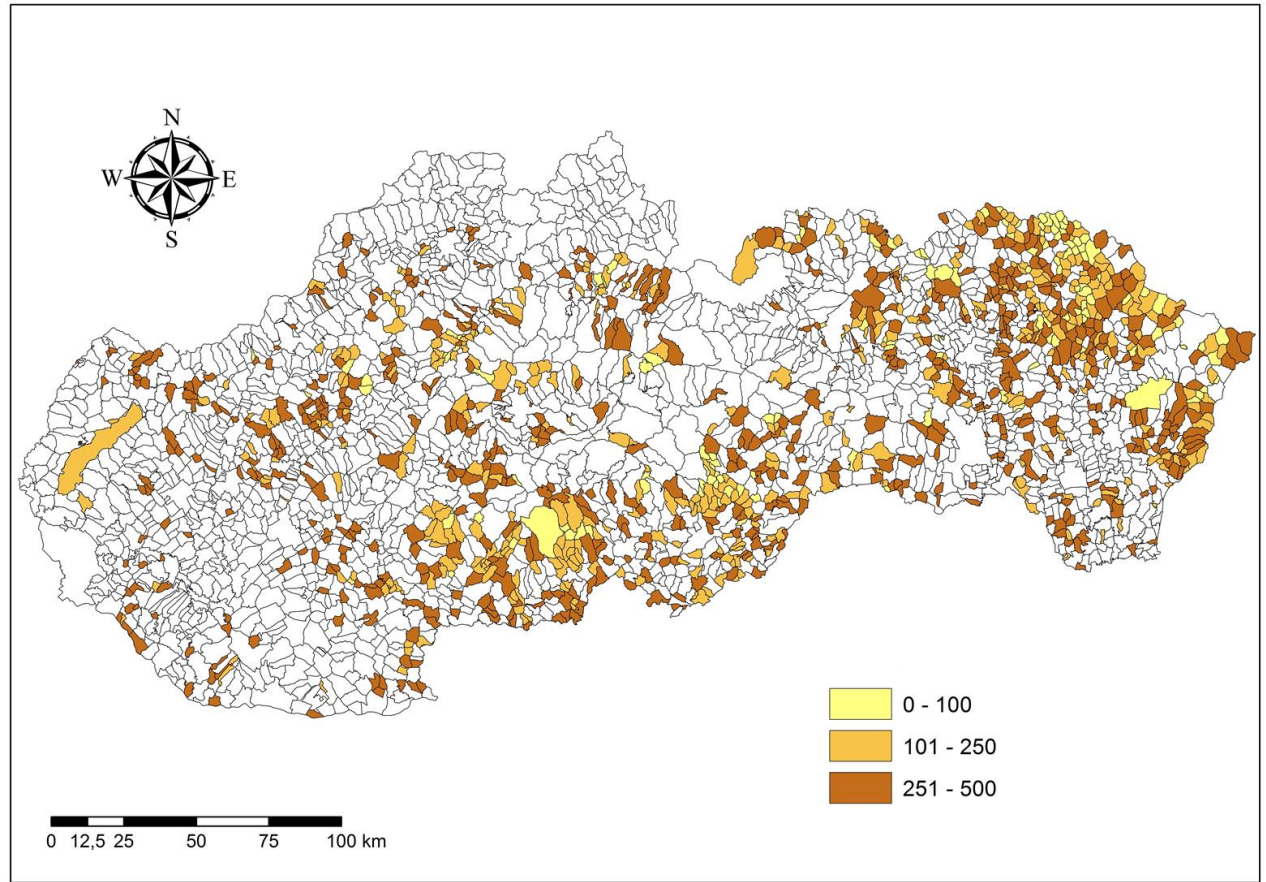
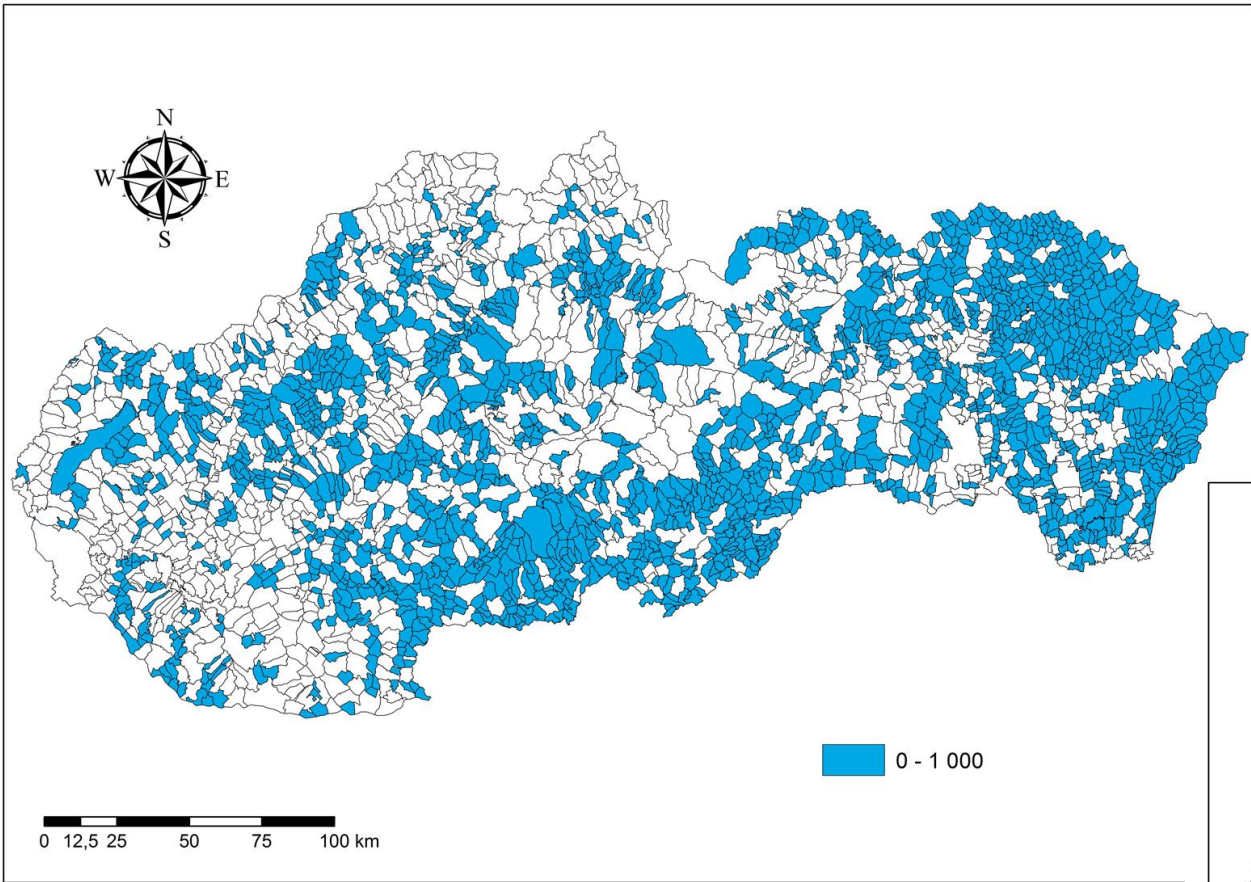
- 2000: European Charter of Local Self-government entered into force
- 2000: free access to public information
- 2001: legal introduction of regional self-government
- 2002-2004: devolution and delegation
- 2005: fiscal decentralization
- 2009: performance budgeting



- 2006-2020: central governments' low interest in local government system
- 2022: fiscal weakening of LGs due to measures adopted by the central government and/or the parliament
- 2020-till 2023 general election: attempts to start discussion of public adm. reform

Extremely fragmented country

- Too many small (and micro-)municipalities/LGs
 - 2/3 of municipalities = ca 16% of total country population
- Urban concentration of population
 - 2.5% municipalities = ca 45% of total country population
- All LGs – regardless of their size – are equal in terms of competences (powers) and legal provisions in regard to financial tools are the same
 - in Bratislava (the capital) and Košice (the 2nd largest city), there is a city level and a level of city districts/boroughs



Less than 1,900

How large are municipalities in Slovakia?

A bit more than 640

Policy making at a local level

LGs as local policy actors

- LGs are strong in terms of competences/powers
- LGs have their own fiscal tools, e.g. own taxes and fees

HOWEVER

- Most of LGs remain too small
- Most of LGs depend on state transfers

SOLUTION (?)

- Inter-municipal cooperation

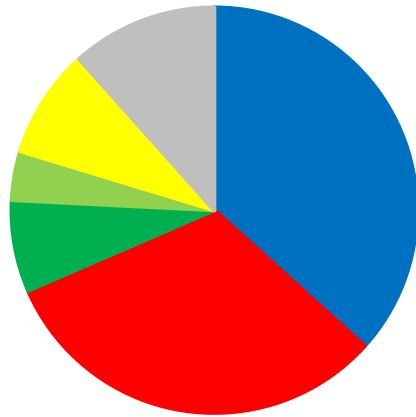
Average revenues of local governments

- Average annual revenues of almost 2/3 of all LGs is less than 700,000 EUR
- In the smallest LGs (39%), annual revenues are very low on average
 - 5% of total population of Slovakia live there

Population size	Number of LGs	Average revenue
50,000 and more	7	85.63 mil.
20,000 – 49,999	35	27.10 mil.
5,000 – 19,999	102	10.86 mil.
1,000 – 4,999	890	2.09 mil.
500 – 999	757	665,000
Less than 500	1 126	206,000

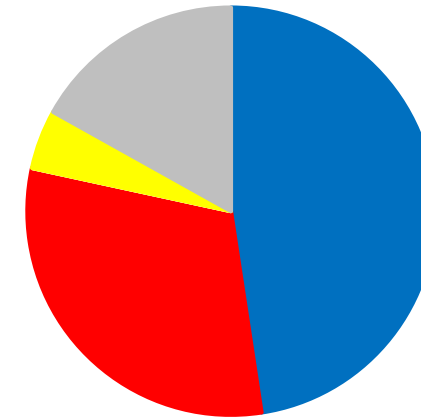
Main revenues of local/regional governments

LGs



- Shared tax (PIT)
- State grants and transfers
- Property tax
- Other local taxes
- Non-tax revenues
- Financial operations

RGs



- Shared tax (PIT)
- State grants and transfers
- Property tax
- Other local taxes
- Non-tax revenues
- Financial operations

Diversity of fiscal autonomy at local level

- The highly fragmented structure of LGs influences diversity of fiscal autonomy at local level
 - larger LGs can use higher own source revenue
 - smaller LGs need more equalisation funds because their own source revenue is significantly lower, and in many cases insufficient
- More precisely
 - LGs in cities with population above 50 thousand collect significant own revenues from local taxes (from property tax in particular)
 - LGs in smaller municipalities with population of 500-5,000 rely more on the non-tax revenues (especially on administrative service fees and rent)

HOWEVER

- In comparison to the OECD countries, revenue raising autonomy of LGs as well as RGs is low in Slovakia and state transfers remain important

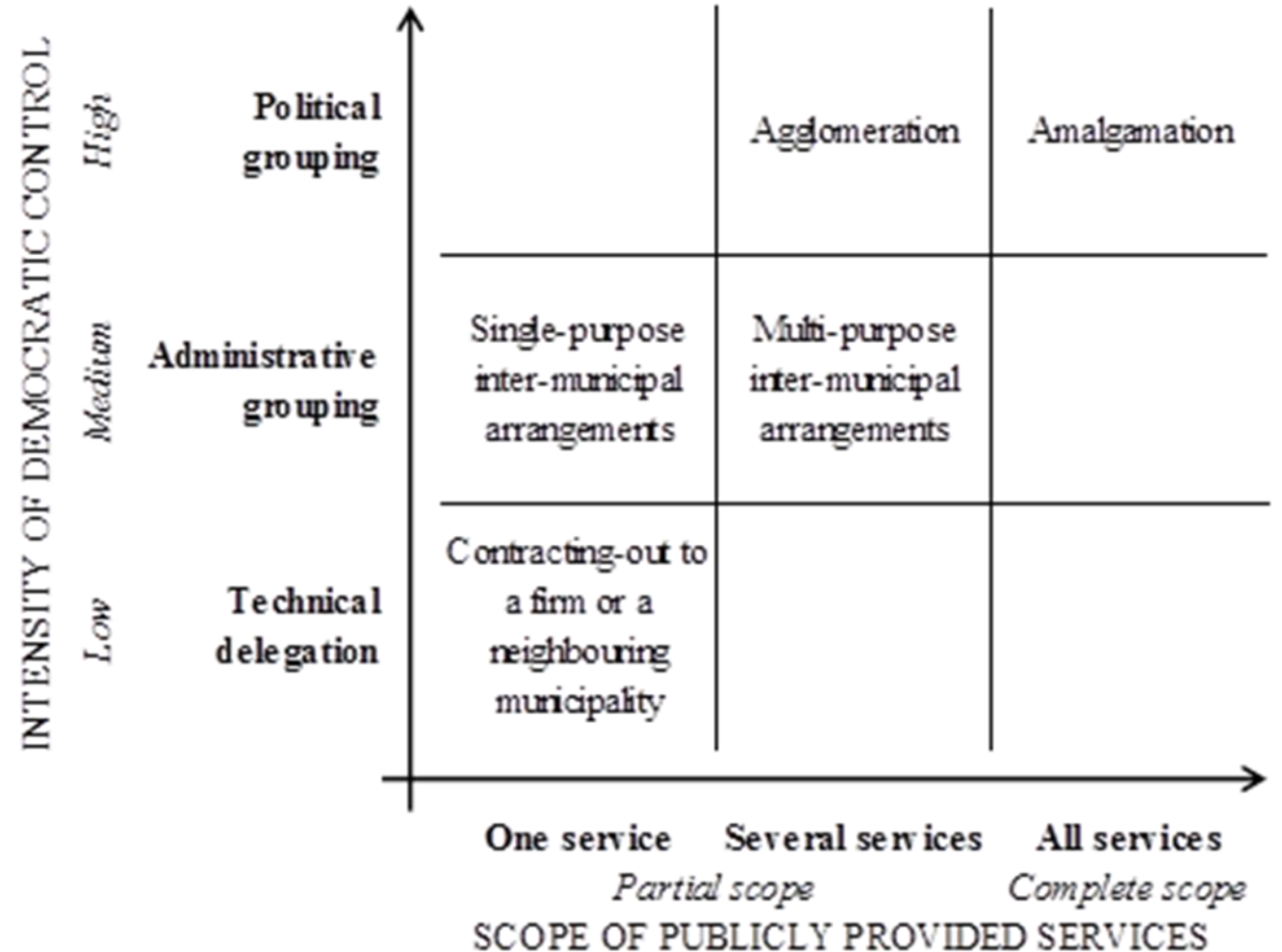
Present challenges

- Highly fragmented municipal structure
- Significant regional differences
- Insufficient fiscal equalisation mechanism and LGs' dependence on state transfers and (often) various ad hoc aid
- Insufficient capacity of many LGs:
 - to deliver local services (the quality vary a lot, and LGs cannot deliver services at all)
 - to use their tools (e.g., they cannot use their local taxes/fees in a proper way)
 - to perform delegated competences (they are insufficiently financed by the state, LGs must subsidize this performance from their own revenues, and they look for other solutions)

Inter-municipal cooperation

Inter-municipal cooperation in theory

- Bottom-up or top-down?
- A step to amalgamation?
- A tool for status quo?



Forms of IMC in Slovakia

- Legal provisions are very vague:
 - agreement on performance of task/s
 - agreement on establishment of joint municipal office
 - agreement on establishment of municipal association
 - agreement on establishment of legal entity
 - agreement on establishment of association of legal entities

Evolution of IMC in Slovakia

- Agreements on IMC in particular tasks were quite common in the 1990s
 - usually: public transport and waste management
- A real IMC-boom was connected with
 - the EU accession (e.g. micro-regions)
 - devolution/delegation of powers in 2002-2004 (e.g. joint municipal offices)
 - governance „fashion“ (e.g. micro-regions and local action groups)
- A new „panacea“: shared services centres
 - originally, they were proposed as „front-offices“ for delegated competences
 - nowadays, especially small LGs want to use them for original competences, too

Microregions (more than 200, ca 75% of all LGs)

- They have not been legally defined
 - usually they are territorially small units involving at a minimum a few municipalities that have a common historical development, economic interests, etc.
 - voluntary associations which do not respect official administrative borders
- Some municipalities are involved in more than one micro-region
- Many micro-regions were established in order to strengthen the “fundraising” capacities of involved municipalities
- Most of them declared a cooperation in the fields of development planning, project management, environmental protection and tourism
- A significant part of them exists only officially and they do not perform any activities at all now

Joint municipal offices (more than 200, and more than 95% of all LGs)

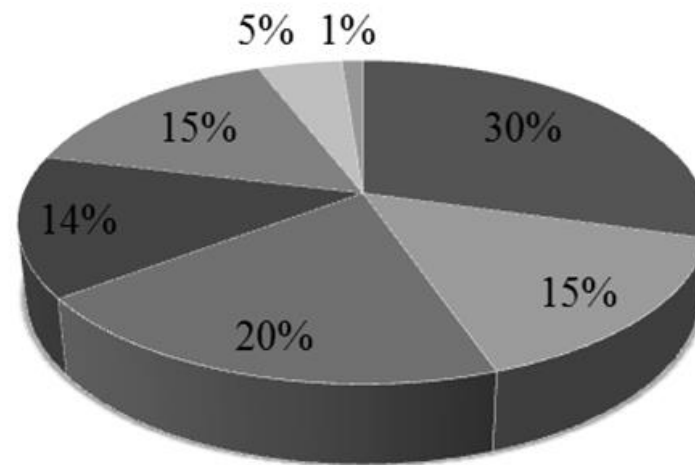
- 1990-2001: ca 20 JMOs were established
- August 2003: 147 JMOs
- Voluntary nature but established JMOs are in certain extent coordinated by the Ministry of Interior
- They are focused on delegated state administration
 - Fields of cooperation: *construction permissions*, primary education, environmental protection, social care and social services, urban planning
- Both single-purpose and multi-purpose JMOs
- Each municipality can belong to different JMOs for performance of different tasks
 - Most of the municipalities belong to the JMOs which consist of several municipalities (the largest one: 80 municipalities)

Other important cooperation forms

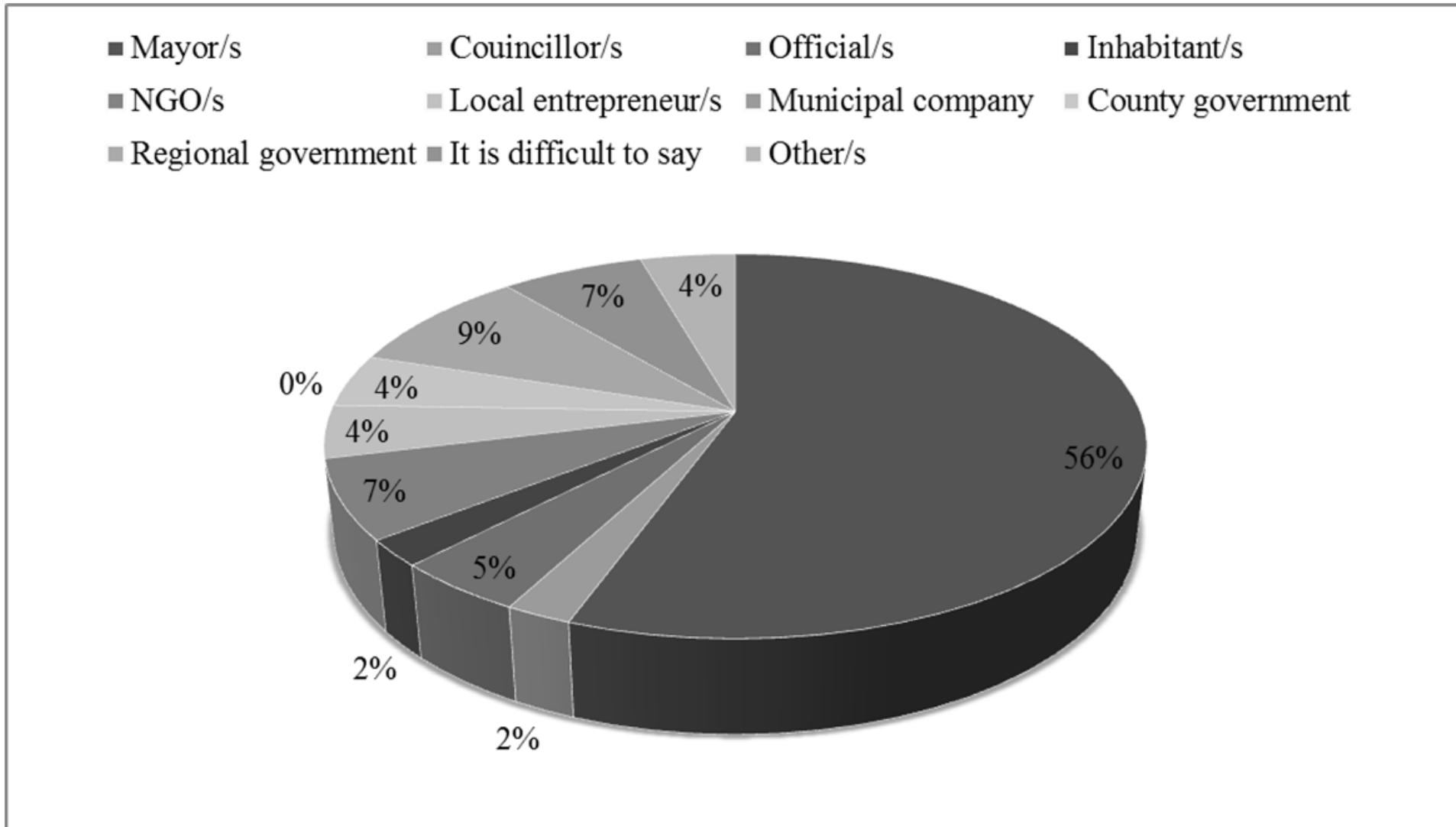
- Municipal associations:
 - ZMOS (Association of Towns and Communities of Slovakia)
 - ÚMS (Union of Towns and Cities of Slovakia)
 - political and personal tensions, cooperation between both associations is „complicated“
 - ZMOS has a rich network of regional sub-associations and some of them are very active
- Local action groups:
 - LGs representatives used these entities for their own „domination“
 - in many cases influential mayors were involved in the bodies of these groups as representatives of various NGOs (e.g., folklore ensembles, local football clubs, volunteer firefighters)
 - they see an opportunity to achieve some extra funds

Reasons

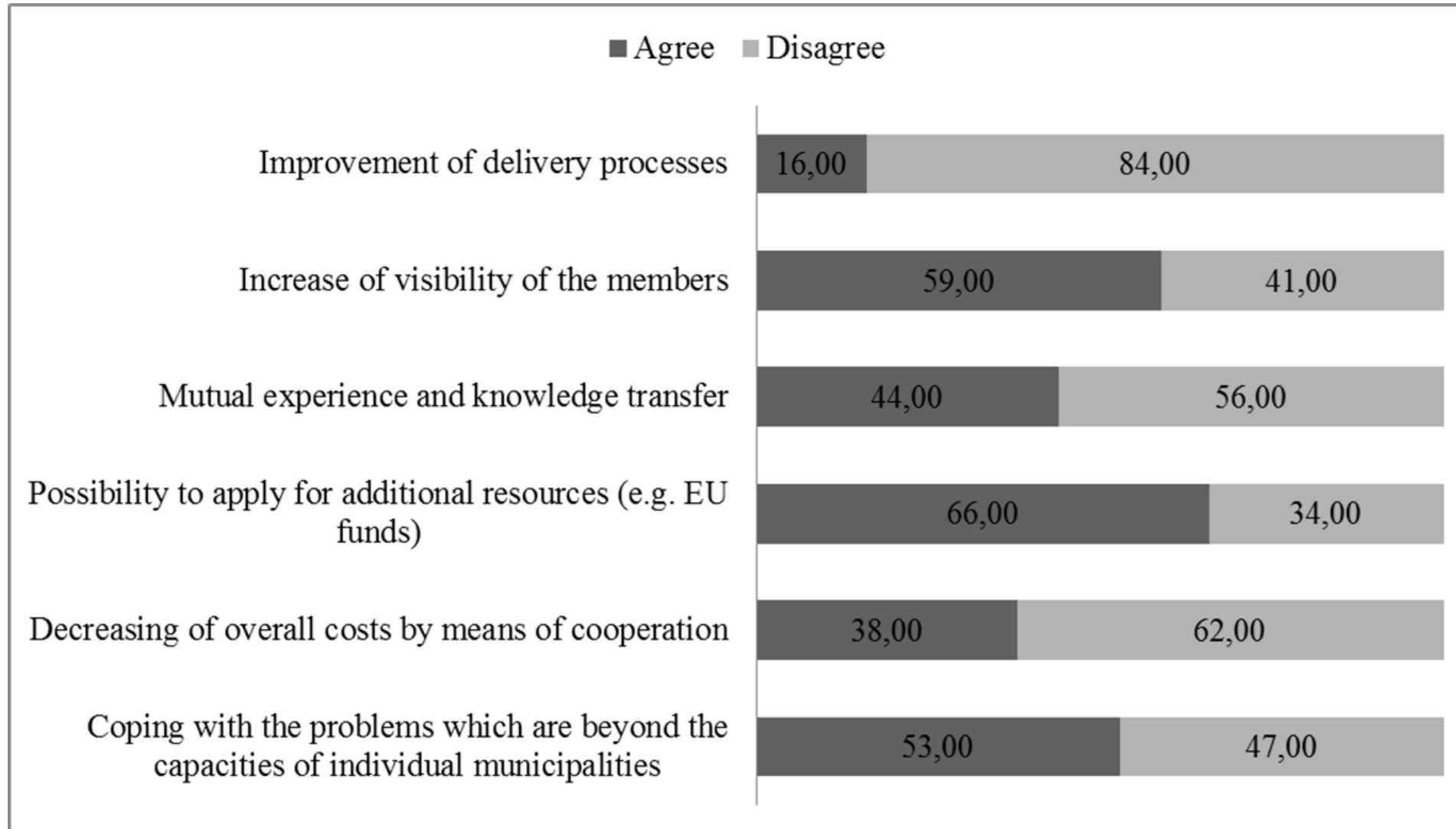
- Solution to a problem which goes beyond the limits of a single municipality
- Lowering costs through cooperation
- More chances to obtain external financing (e.g. EU funds)
- Willingness to learn from one another, to learn from the experience of other municipalities
- Desire to increase visibility of municipalities (stronger marketing effect)
- Willingness to participate in a project initiated by another municipality (or municipalities)
- Other



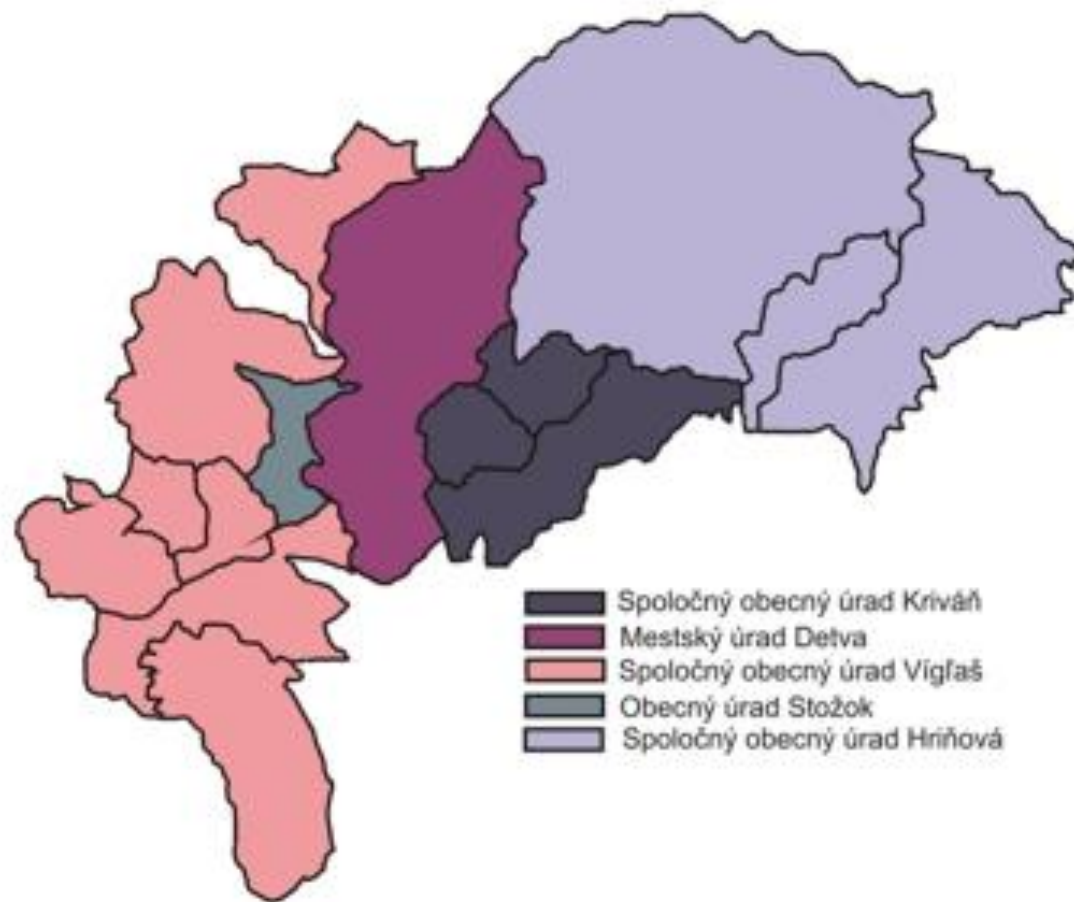
Initiators



Effects



Joint municipal offices in the Detva District



Thank you for your attention!

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