

EUROPEAN UNION



Committee of the Regions

A Europe of Regions and Cities

Strategies and Prospects for EU Enlargement
(Part II on Bulgaria, Latvia, Lithuania,
Malta, Romania, Slovakia and Turkey)



A EUROPE OF REGIONS AND CITIES

**STRATEGIES AND PROSPECTS FOR EU ENLARGEMENT
(PART II ON BULGARIA, LATVIA, LITHUANIA,
MALTA, ROMANIA, SLOVAKIA AND TÜRKKEY)**

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Committee of the Regions

Foreword

Since the opening of accession negotiations in February 2000 with six new candidate countries (Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia), as decided by the Helsinki European Council, the Committee of the Regions entered in a pre-accession dialogue with the regions and cities of these countries as well as making initial contacts with those of Turkey.

The CoR has had a key contribution to make to the success of the forthcoming EU enlargement due to its closeness to citizens and to its natural links with the local and regional elected representatives of the applicant countries. Indeed, the CoR first made contact with elected representatives of the candidate countries in 1997. These relations have been formalized through the establishment of a number of joint committees for the Association Council with representatives of local and regional authorities of candidate countries, and the CoR now plans to welcome these colleagues as observers.

The local and regional authorities of the applicant countries have a major role to play in developing modern democracy in their countries and implementing pre-enlargement institutional reforms. In addition, the success of accession to the European Union relies on a better preparation and information of the citizens of these countries, and here again local and regional authorities have high responsibilities. And we know their role will grow further, especially with the process of devolution currently underway in these countries.

Two years after the accession negotiations began in the above-mentioned countries, the aim and focus of this report is to present an in-depth analysis of the development of the decentralisation process in each state. Consequently, it contains a thorough description of the territorial-administrative system and proceeds to an evaluation and comparison of the political powers at national and sub-national level. The driving forces behind as well as the obstacles to decentralisation and regionalisation are clearly put forward for the seven different candidate countries.

This study complements the first CoR study "A Europe of Regions and Cities – Strategies and Prospects for EU Enlargement" on the Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus published in 2000. It highlights significant differences with the countries dealt with in the first study in particular a strong history of centralism.

However, there are positive driving forces to decentralisation and regionalisation to be seen, such as a convergence of regional identities and regional administrative structures.

A. Bore
President of the Committee of the Regions

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CHAPTER I

INTRODUCTION

This study describes the current state of decentralisation/regionalisation in the seven candidate countries for EU membership Bulgaria, Latvia, Lithuania, Malta, Romania, Slovakia and Turkey, reflects expectations of local and regional authorities vis-à-vis EU membership and CoR and gives hints on how the process of decentralisation and regionalisation in the candidate countries and their preparation for membership could be made more efficient. This study continues a project commissioned by the Bureau of the Committee of the Regions (CoR) in early 1999 to deliver an in-depth analysis of strategies and perspectives for the Europe of the Regions in view of the forthcoming enlargement of the European Union. In methodology and content it is closely aligned on a study published in 2000 of the Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus.

The study aims to support the activities of the CoR-EU Applicant States Liaison Group that was set up by the CoR Bureau on 13 May 1998 to promote dialogue with the applicant countries' local and regional authorities by developing future perspectives for the Europe of the Regions in an enlarged European Union from a scientific point of view; it is primarily conceived to serve as basic material for the further work of the Liaison Group. The main tasks of the Liaison Group are to develop cooperation between the Committee of the Regions and the sub-national authorities in the applicant states, to raise their awareness of democracy and the subsidiarity principle within the European Union, to assist local and regional authorities in their country's preparation for accession and to make pre-accession recommendations to the EU institutions.

To enhance active input of the applicant countries' local and regional bodies to the accession negotiations and their preparation for EU membership, a series of

conferences has been held in the countries in question during 2001 (Bratislava, Bucharest, Sofia). From the results of these meetings and numerous other contacts during this year, conclusions were drawn especially as regards accession preparations of the applicant countries, implications of enlargement for EU policies as well as the Europe of the Regions, and pre-accession recommendations for EU institutions.

The study starts with an analysis of the current territorial-administrative system of the individual countries (Chapter II, sections A-G). Country by country it is shown, from which historical background the current system has evolved and how the current system is legally founded, in the constitution, and under normal legislation. The institutional structure is presented by a description of the number and character of administrative units at different sub-national levels, of their executive bodies, their terms of office and how and by whom they are appointed or elected. This verbal description is illustrated by maps showing the regional territorial-administrative tiers of each country and by structure schemes displaying, under a consistent method¹, the legal relations between authorities at all administrative levels in a comparable way. The paragraphs on the legislative and executive competences of sub-national authorities are followed by a glance at finances. Special attention in this context is paid to the proportion between transfer payments from the state and financial resources of the sub-national authority itself, as well as at the financial situation of the sub-national authority, its ability to fulfil its legal functions against the background of finances.

¹ developed by W. BRAUNEDER, F. LACHMAYER and P. JORDAN. See JORDAN, P.; LACHMAYER, F.: A Graphic Verbal Notation of the History of the Austrian Constitution. In: E.W.B. HESS-LÜTTICH (ed.): *Multimedial Communication*, vol. I: *Semiotic Problems of its Notation*, Tübingen 1982, pp. 215-229.

Attention is also focussed on the modes of socio-economic disparity equalisation at different administrative levels, by transfer payments from the state or from superimposed administrative units, or by the means of horizontal equalisation between units of the same administrative level. The paragraph highlighting the implementation of powers has also very much to do with finances, but also with personnel and professional qualifications. The final part of this analysis deals with interactions of sub-national units and authorities with the national level (e.g. through nation-wide associations of sub-national authorities), on and between the sub-national levels of a country and on the international stage, i.e. in the framework of Euroregions, twinnings or other bi- or multilateral cooperation of all kinds. In this context special emphasis is laid on regional planning and regional development, e.g. on planning regions and their relation to territorial-administrative structures.

The following part highlights some of the major driving forces and obstacles for decentralisation and the reorganisation of territorial structures. These include regional identities in the sense of historical and cultural identities, as well as identities constituted by functional coherence, i.e. by gravitation zones of urban centres. Administrative traditions like centralism, the main tradition of this kind in all countries studied, as well as ethnic groups and minorities are also analysed in terms of their significance in the decentralisation context. Also political parties and other political players like churches, the media, chambers of commerce and trade and trade unions are dealt with under this aspect. The last section reviews plans for territorial reorganisation.

The chapter concludes by highlighting country-by-country the major and characteristic shortcomings of the current territorial-administrative system in

respect to decentralisation and subsidiarity and by listing major country-specific driving forces for and obstacles to decentralisation and regionalisation.

Except for the concluding remarks, the country studies have been delivered by national authors, who drafted them according to a common scheme. Due to features specific to individual countries, due to diverging data availability and of course also due to varying professional backgrounds and interests of the authors, the manuscripts delivered were nevertheless quite divergent. Some editing by the coordinator smoothed out the major deviations, but care was taken to preserve valuable and relevant information, even when it had no counterpart in sections on other countries. The authors worked on the basis of published sources, but also received a lot of informal information in discussions with representatives of all administrative levels, as well as with experts from the academic world.

The concluding remarks on each country section have been supplemented by the coordinator, based on the information provided by the country section, but also with a comparative view on other countries.

Chapter III of the study presents the results of a survey carried out during summer 2001. The national authors sent out about 400 standardised questionnaires to politicians, civil servants and experts at all levels of the territorial-administrative system, of whom two thirds have responded. For reasons of comparability, the standardised questionnaire which had already been used for a similar study on the Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus under the direction of Thomas Fischer, was used here too. The results convey an impression of how selected players of all administrative

levels, as well as experts, think about the internal role of sub-national administrative structures, interregional and cross-border cooperation, the “Europe of the Regions” and the Committee of the Regions, but cannot be taken as statistically significant. It has also to be remembered that especially in these countries popularly called the “second wave of enlargement candidates” respondents had considerable difficulties in answering some of the more sophisticated questions without having been acquainted with the wider background. Many answers are therefore rather “polite” or undecided and are subject to modification.

The evaluation and summing up of the questionnaires has been partly done by the national authors, partly by the coordinator. A summary has been added by the coordinator by distilling the national results.

Chapter IV presents conclusions of the analytical work presented in the two previous chapters, tries to find solutions for the individual problem fields identified and finally formulates some recommendations for the further work of the Committee of the Regions. Among the major problem fields explained in the first part of this chapter, the danger that decentralisation and regionalisation will promote spatial and interregional socio-economic disparities is considered to rank first. Other problem fields mentioned are the lack of personal capacities and qualifications in sub-national administration, the harmonisation of regions with regional identities, the harmonisation of regions with functional spatial structures, the implementation of a NUTS-2 level for Objective 1 structural funding, the share of functions and tasks between the regional and the local level, horizontal networking, as well as problems of a more sectoral nature. In brief and avoiding lengthy repetition, problem fields already extensively

discussed in the first study on the Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus are highlighted, insofar as they are relevant for the countries studied here.

The second part of this chapter summarizes the driving forces for and obstacles to decentralisation and regionalisation. Such summaries for individual countries have already been presented in the analytical section. Here, they are extended to the whole group of countries in question, using the methods of comparison, weighting and ranking.

The final part of this chapter formulates recommendations for the work of the Committee of the Regions based on the results of the analytical work done in the framework of this study and bearing in mind the competences and capacities of the Committee of the Regions.

The distribution of responsibilities among the members of the research team has been as follows: analytical work on Bulgaria (Mag. Reinhold Jawhari, Austrian Institute of East and Southeast European Studies, branch office Sofia, Bulgaria; Professor Dr. Petar Stojanov, Climent Ohrid University Sofia, Institute of Geography, Sofia, Bulgaria); Latvia (Dr. Zaiga Krisjane, University of Latvia, Riga, Latvia; M.Sc. Laila Kule, Ministry of Environmental Protection and Regional Development, Riga, Latvia; Dr. Maija Rozite, School of Business Administration Turiba, Latvia); Lithuania (Dr. Elke Knappe, Institute of Regional Geography, Leipzig, Germany); Malta (Univ.-Doz. Dr. Peter Jordan, Austrian Institute of East and Southeast European Studies, Vienna, Austria); Romania (Univ.-Doz. Dr. Peter Jordan; Dr. Claudia Popescu, Romanian Academy of Sciences, Institute of Geography, Bucharest, Romania); Slovakia

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Univ.-Doz. Dr. Peter Jordan, Austrian Institute of East and Southeast European Studies, Vienna, Austria was responsible for coordination of the research team and for editing Dr. Jordan was also responsible for Chapter IV (Conclusions).

CHAPTER II

ANALYSIS OF THE CURRENT TERRITORIAL- ADMINISTRATIVE SYSTEM IN BULGARIA, LATVIA, LITHUANIA, MALTA, ROMANIA, SLOVAKIA AND TURKEY

A BULGARIA²

1 Preface

Tab. 1: Basic data³

Category		Year
Territory (in sq. km)	110,994	
Population in millions	7.7	2000 (estimate)
GDP per capita PPP (USD)	6,200	2000 (estimate)
GDP real growth (%)	+5	2000 (estimate)
Budget balance (% GDP)	-0.1	2000 (estimate)
Inflation per annum (%)	10.4	2000 (estimate)
Unemployment (%)	17.7	2000 (estimate)

The current two-tier territorial-administrative system in Bulgaria (for the regional level see Fig. 1) was implemented in 1998 under the 1991 Constitution. It replaced another two-tier system composed of nine regions [oblast] and 246 communes [obština] which dated back to 1 January 1988. This change after a relatively short period was motivated by the transition to a new political and economic organisation and management of society in Bulgaria. The former 9 regions were considered to be too large for the transfer of competences from central to regional and local authorities. Comparative analysis has also shown that the large regions did not execute their competences effectively.

² The authors of this chapter are very grateful for the support of: Kostadin PASKALEV (Vice-Minister President and Minister of Regional Development of Bulgaria), Ginka CAVDAROVA (Executive Director of the National Association of Communes in Bulgaria), Ginka CAPITANOVA (Executive Director of the Foundation on Reforms in Local Self-government), Anton BRUČKOV (Regional Governor of the Blagoevgrad Region), Crum SOTIROV (Mayor of the Krivodol commune, Region of Vraca), Dimitar DIMITROV (Mayor of the Elhovo commune, Region Jambol), Andrei IVANOV (UNDP, Bulgaria Sofia).

³ The World Factbook 2001.

However, replacing nine by 28 regions at the upper level of the territorial-administrative system, meant a return to pre-1988 structures, when the same number of units existed under the title of districts [okrąg]. Compared to this former district system, legislation of 28 December 1998, brought only minimal changes: e.g. Topolovgrad has been transferred from the former Jambol district to the current Haskovo region; Ivajlovgrad has been transferred from the Kárdžali district to the current Haskovo region; the commune of Läksi has been transferred from the Smoljan district to the Plovdiv region.

Since 1988 a shift from 28 districts [okrąg] to nine regions [oblast] and back to 28 regions [oblast] occurred at regional level, but the local level of municipalities remained relatively stable in size and number as well as in competences. Already in 1988 the municipalities had self-governing functions.

2 Analysis of the current territorial-administrative system

2.1 Legal foundations

2.1.1 Constitutional provisions

The territorial-administrative system in Bulgaria is derived from the Constitution adopted on 13 July 1991. The Constitution regulates the division of the territory on two levels - regional (regional government) and municipal (local self-government).

Article 2, paragraph 1 of the Constitution says: “The Republic of Bulgaria is a unitary state with local self-government.”

Article 20 of the Constitution says: “...the state provides conditions for a balanced development of the different regions in the country and supports territorial administration in its respective activities through its fiscal, credit and investment policies.”

Article 135 divides the country into municipalities [obština] and regions [oblast] and rules that other territorial-administrative units may only be established within the above-mentioned units under a new law.

Article 142 defines a region as a territorial-administrative unit for conducting regional policies, state government policies on local level and procuring compliance between national and sub-national interests.

Under Article 143 the governance of a region is vested in the regional governor, who is supported by a regional administration and whose main function is to conduct state policies in the region. The municipality is defined as a territorial-administrative unit conducting local self-government. As such, it is granted the right to own property, to adopt an independent budget, of merging with other municipalities and the right to define the administrative bodies for its government.

2.1.2 Main legislative texts

In addition Government at sub-national level is regulated by the following acts: Act on Local Self-government and Local Administration, Administration Act, State Administration Act, Communal Budgets and Taxes Act, Act on Territorial-

Administrative Division of the Republic of Bulgaria, Regional Development Act, Act on Territorial Management.

Other acts also indirectly affect sub-national government, i.e. Environment Act, Act on the Ratification of Long Term Financial Agreement between the European Commission and the Republic of Bulgaria (under the SAPARD pre-admission programme for development of agriculture and rural regions.)

Act on Local Self-government and Local Administration (adopted in Parliament in 1991; amendments published in the State Gazette, 31 March 2001): regulates the implementation of local self-government in communes and the functions of local administration. Municipal councils are given competences to develop strategies, forecasts, programmes and plans for local development (art. 21, paragraph 1), the mayor is given the competence to implement long-term programmes (art. 44, al.1).

Administration Act (adopted in 1998; amendments published in the State Gazette, 1 January 2001): regulates structure and main organisational principles of administration, administrative posts and the major financial provisions; it also charges regional governors and communal mayors with executive power and specifies their competences and functions.

State Administration Act (adopted in 1999; amendments published in State Gazette, 16 March 2001): regulates the status of civil servants.

Municipal Budgets and Taxes Act (adopted in 1998; published in the State Gazette, 24 March 1998; amendments published in the State Gazette and came

into force on 3 August 1999): regulates the financial resources of municipalities and transfer payments from the state budget, the implementation of municipal budgets in the municipalities themselves, inter-municipal financial relations and the relations with the state budget as well as the regimes of non-budget funds; it also regulates the annual general subsidies granted by the state. Essential for municipal investment policies are the so-called target subsidies for capital expenditures “granted in particular cases for acquiring long-term assets and for the implementation of regional programmes and projects of national importance” (art. 6, paragraph 2, item 2 of the Act). The Act requires that municipal budgets have to be based both on (a) the council’s strategy and forecast for the development of the respective municipality (art. 11, paragraph 1, item 1 of the Act) and (b) engagement in national programmes and projects (art. 11, paragraph 1, item 9 of the Act).

State Budget Act (adopted by the 37th National Assembly on 25 July 1996 and published in the State Gazette on 6 August 1996; amendments published in the State Gazette, 10 June 1997).

Act on the Territorial-Administrative Division of the Republic of Bulgaria (adopted in 1995, amendments published in the State Gazette 20 July 2000): implements territorial-administrative and purely territorial units and regulates administrative reforms. By amendments to the law of 1998, Bulgaria is subdivided into 28 regions replacing the previously existing nine regions. The regional boundaries and their administrative centres are defined by a presidential decree.

Act on Regional Development (adopted on 23 March 1999, published in the State Gazette 23 March 1999 and came into force on 23 March 1999): regulates the framework of Bulgaria's integrated and long-term oriented policy for regional development, defines the aims and tools of regional development (among which coordination of sector policies and granting access to non-governmental organisations need to be stressed), the distribution of functions among bodies of the executive power; establishes new bodies having consultative and coordinative functions (Council for Regional Development with the Council of Ministers, regional councils for development); defines types of regions for positive actions; defines the legal basis for establishing planning regions comprising of several regions as well as their sources of financing. Special attention is paid to planning (one national and 28 regional plans for regional development), instruments for the implementation of regional policies, their contents and the procedures necessary for their fulfilment. The Act establishes the necessary link between the National Plan for Regional Development and the National Plan for Economic Development.

Urban Planning Act: regulates types of territorial division according to their function, types of planning (national and regional division schemes, general and detailed division plans), contents of planning documentation and the distribution of competences among the respective governing bodies (including the Council of Ministers, the Ministry of Regional Development, the regional governors, the municipal councils and mayors) as well as the establishment of expert commissions, public debates of the plans, etc. The Act will have a direct impact on planning regional development, although the connection between the two types of planning - spatial and regional development - is not properly regulated,

neither in the Act on Regional Development, nor in the Act on Territorial Management.

Environmental Protection Act (adopted in 1991, published in the State Gazette 18 October 1991, amendments published in the State Gazette March 23, 2001): regulates the implementation of measures for environmental protection and conservation under national, regional and municipal plans and programmes for development.

2.2 Institutional structure (see Fig. 2)

Bulgaria is subdivided into 28 regions and 263 municipalities.⁴

The **region** [oblast] is an instrument of devolved state administration represented by the governor. The governor is the official representative of the government and is appointed directly by the Council of Ministers. The governor is assisted by a regional administration including a department for regional development.

The **municipality** [obština] is an institution of self-government. Its executive authorities are the council and the mayor.

The Act on the Territorial-Administrative Division of the Republic of Bulgaria and the Act on Local Self-government and Local Administration stipulate that the population of a newly established commune should be 6,000 people or more,

⁴ State Gazette 12 December 1998.

the distance of its administrative centre from all adjacent municipalities is not to exceed 40 km.

The Council as well as the mayor are elected separately by the population for a four-year term of office by direct universal suffrage. Separate direct elections are held and the mayor and the political majority in the council may well be from different parties.

The number of councillors is determined in proportion to the population of the municipality as follows:⁵

up to 5,000 inhabitants	11 councillors;
5,000 to 10,000 inhabitants	13 councillors;
10,000 to 20,000 inhabitants	17 councillors;
20,000 to 30,000 inhabitants	21 councillors;
30,000 to 50,000 inhabitants	29 councillors;
50,000 to 75,000 inhabitants	33 councillors;
75,000 to 100,000 inhabitants	37 councillors;
100,000 to 160,000 inhabitants	41 councillors;
over 160,000 inhabitants	51 councillors;
Sofia City	61 municipal councillors.

⁵ Act on the Territorial-Administrative Division of the Republic of Bulgaria (adopted in 1995, amendments published in the State Gazette 20 July 2000); Act on Local Self-government and Local Administration (adopted in 1991; amendments published in the State Gazette, 17 September 1991 and 31 March 2001). In 2002 another municipality was established, so currently there are 263 municipalities.

According to the Administration Act, Article 33, the mayor:

- is an organ of the executive power in the municipality.
- The mayor is elected by the population of the respective municipality under statutory conditions. The mayor is elected for a four-year term of office.
- In implementation of his functions, the mayor is governed by the law, the regulations of the council and the decisions of the local population.
- The powers of the mayor are determined by law.

Mayors, deputy mayors and mayors' substitute are banned from participation in the governing bodies of political parties, are banned from undertaking commercial activities and from sitting on boards for the time of their four-year term of office. The mayor appoints for an unlimited term of office a secretary, who organises the activities of the administration.

Each settlement within a municipality has a "Local mayor", who is again elected by the population of the settlement, if this settlement has more than 500 inhabitants. When its population size is below this threshold, the "Local mayor" is appointed by the municipal council. This latter procedure was introduced in 1999 (The Local Elections Law). But it is considered to violate the constitutional right for local self-government and may very well be revoked. "Local mayors" do not have a budget.

In the year 2000, six planning regions were established.⁶ But they are not territorial-administrative units and are not legal persons in their own right. They merely aggregate some of the 28 administrative regions.

⁶ Ministry Council Order No. 145, July 27, 2000, also published in State Gazette July, 2000.

2.3 Exclusive and concurrent legislative competences

Regions as well as municipalities have neither exclusive nor concurrent legislative powers, except the right to pass bye-laws for the purpose of carrying out their functions; otherwise they are totally governed by national legislation. They are, however, empowered to determine the allocation of their budget expenditure.

2.4 Executive powers

2.4.1 Regions

Under Article 31 of the Administration Act, the regional governor:

- conducts state policies in the region, coordinates the work of the executive bodies and their respective administration within the territory of the region and their relations with the local power.
- ensures compliance of national and sub-national interests, organises the drafting and implementation of regional strategies and programmes for regional development, implements coordination with the structures of local self-government and local administration.
- is responsible for the protection of state property within the region.
- ensures the observance of the law within the region and implements administrative control for the observance of legislation and administrative acts.
- controls the implementation of administrative acts and the activities of self-government structures and local administration.

- coordinates and controls the implementation of administrative acts by the executives of the territorial units of central administration and the executive power within the region.
- organises local civil defence, ensures the protection of the population in cases of natural disasters and is responsible for the maintenance of public order.
- implements international contacts at regional level.

2.4.2 Municipalities

The council

- formulates policy for building and development,
- establishes permanent expert commissions and defines their number and representatives,
- elects a chairperson of the council,
- appoints and discharges deputy mayor(s), having considered a proposal of the mayor, in large cities with regional divisions (Sofia, Plovdiv, Varna and Burgas) also the regional mayors,
- decides on the annual budget of the commune, implements control and adopts the reports on the budget implementation,
- defines local fees,
- draws up strategies, forecasts, programmes and plans for local development.

The mayor is responsible for

- keeping public order,
- implementing the municipal budget,

- long-term development programmes,
- protection of the population in cases of natural disaster,
- maintaining relations with the political parties represented in the municipality, civil society organisations and other structures of local self-government in the country and abroad,
- the implementation of construction plans and services,
- conducting activities to protect the environment and to protect rural property.
- organising and maintaining the education and health systems of the commune.

2.5 Finances

2.5.1 Financial resources

The activities of the regions are entirely financed from the state budget, while the municipal budgets are composed of transfer payments from the state (differing in percentage) and own resources.

2.5.1.1 Municipal own resources

The Local Budgets Act (3 August 1999), Article 6, paragraph 1, regulates the revenue part of the municipal budget and defines own resources as follows:

- local and shared taxes set by a law: real estate tax, legacy tax, donation tax, real estate purchase tax, vehicle tax, municipal taxes, value added tax

for legal persons with more than 50% participation in the municipality, road tax, corporation tax, patent tax, other local taxes set by law.

- local fees for: household waste collection, for use of markets, commercial use of municipal lands, nursery, recreation camps, social security establishments, other social services, resorts, technical and administrative services, dogs, burial plots, etc.
- revenues from licensing
- revenues from municipal property management;
- revenues from fines and property charges, interest rates.

2.5.1.2 Transfer payments from the national level

The Local Budgets Act grants the following kinds of subsidies and subventions from the state budget:

- General subsidies according to objective criteria and defined by the State Budget Act for the relevant year;
- Target subsidies for capital expenditures: in particular cases these are granted for the acquisition of long-term assets and for the implementation of regional programmes and projects of national importance; and matching subsidies for social welfare;
- Subventions: in particular cases these are granted under given conditions for specific needs from the state budget.

A national fund for regional development, as in Poland or Hungary, has not yet been established. Financial resources from EU structural funds are redistributed to municipalities after they have presented a project.

The distribution of resources to priority regions is to be executed by the Commissions for Economic and Social Alliance from 2002 onwards. This will be a step towards decentralising the distribution of financial resources.

According to the Ministry of Finances, in the last few years, the average share of transfer payments from the state in municipal budgets was between 35 and 39%. According to the same source a couple of municipalities (6-8) hosting institutions of national importance (e.g. nuclear power station Kozloduj) did not receive transfer payments at all. For the remainder the share of transfer payments in the budget varies between 12 and 83%. Other sources, however, say that the share of state transfers is much higher and amounts to two-thirds or even three-quarters.⁷

2.5.2 Financial performance

Regular financial resources of communes are insufficient for most municipalities and do not correspond to their tasks and functions. The central government has devolved many functions without providing for sufficient regular financial coverage. For this very reason budget deficits arise which have to be covered by the state. But this final coverage depends on political consent and makes the municipalities dependent and exposed to external influence and demands.

Financial deficits also mean that municipalities try firstly to comply with their basic financial obligations (depending on size and function of the municipality, this mainly concerns social support, teacher salaries, health care), while additional and facultative tasks are postponed or neglected.

⁷ Source: National Association of Communes in Bulgaria.

Sometimes, there is a disturbing discrepancy between the obligation of the municipalities to cover the salaries of doctors, teachers and other professionals and the inability to appoint them.

State transfers arrive long after deadlines, causing delays in the payment of salaries to local authority officials. This is detrimental to efficiency.

2.5.3 Horizontal mechanisms of fiscal equalisation at the sub-national level

Horizontal mechanisms of fiscal equalisation between regions/municipalities have not yet been established. All transfer payments are executed by the central government.

Socio-economic disparities between Bulgarian municipalities and regions, are, however, remarkable. According to the National Statistical Institute, Sofia, and the Human Development Report, Bulgaria, UNDP Sofia⁸, in 1998 GDP per capita varied between 9,251 USD in the municipality of Čelopeč (Sofia Region) and 285 in the municipality of Kričim (Plovdiv Region), i.e. a ration of 32 : 1. The Bulgarian average of 1,487 USD per capita was exceeded by 57 municipalities, mainly regional capitals, other larger towns and municipalities with power or other strategically important industry like Kozloduj (4,749 USD), Devnja (8,275 USD), Gălăbovo (4,316 USD), Radnevo (5,791 USD) and Čelopeč (9,251 USD). eight of the municipalities exceeding the Bulgarian average are situated in Sofia City and the Sofia Region, while in the regions of Vidin, Gabrovo, Pernik and Sliven, not even the capitals reached the Bulgarian average.

⁸ Bulgaria 2000, Human Development Report, Mosaic of Communes, UNDP, Sofia 2000.

2.6 Implementation of powers

Governors have a significant role in coordinating all public affairs in their region. They not only have a controlling and coordinating function for the municipalities, but they are also in contact with regional delegations for trade unions, employers, social security organisations and NGOs.

At regional level, Local Councils for Regional Development have been established and are chaired by the governor. Members of these councils are the mayors as well as one councillor from each municipality in the region. Council membership also includes elected representatives of devolved state services, NGOs, etc.

Municipalities play an important role in local planning and in implementing regional development policies. They are major generators of ideas, incentives and projects for regional development, as well as partners of central government in drawing up plans for regional development. Their representatives participate in Local Councils for Regional Development, Commissions for Economic and Social Alliance in the planning regions, the National Alliance of Municipalities in Bulgaria, and the Council for Regional Development at the Council of Ministers. They are partners of the private sector and NGOs in planning and implementing regional development projects.

Municipal planning and programme documentation is part of the “bottom-up principle” in regional planning. In 2000, most municipalities had drafted their own development strategies in accordance with the instructions of the Ministry of Regional Development.⁹ Within the limits of these instructions, they are free to define local development plans and to implement, monitor and evaluate them.

They are also entitled to participate in the drafting of regional development plans. But due to very limited financial resources, their inability to co-finance projects and a rather centralised procedure for drafting these plans, their practical influence remains in fact limited.

2.7 Patterns of interaction between authorities at the national and sub-national level

Bulgaria has a unicameral parliament without explicit sub-national interest representation. Deputies are *ex lege* delegated by their constituencies (electoral districts), which, with two exceptions (Sofia, Plovdiv) coincide with the regions. But voting in parliament generally takes place in line with party loyalties, not in accordance with regional or local interests. Within their party networks, however, deputies represent very well the interests of their electorate, i.e. of their constituencies and communes.

Bulgaria does not have a general conference of mayors or governors. But regions are represented through their governors in the National Council for Regional Development at the Council of Ministers.

⁹ Source: Archive of Ministry of Regional Development.

At national level they are represented by the National Alliance of Municipalities in Bulgaria, a non-governmental organisation not governed by the Constitution.

2.8 Patterns of interaction between authorities at the sub-national level

2.8.1 Inter-municipal cooperation

Under the Constitution municipalities enjoy the right of association. Based on this right, the following associations have been established:¹⁰

- **Association of Rhodope Municipalities (ARC):** first registered voluntary association of municipalities (6 May 2000), comprises 11 municipalities (Banite, Devin, Dospat, Zlatograd, Lăki, Madan, Nedelino, Rudozem, Smoljan, Čepelare, Borino), with headquarters in the town of Smoljan.
- **Association of the Danube River Municipalities (ADRC):** established in 1992, comprises 16 municipalities (Kozloduj, Mizija, Orjahovo, Dolna Mitropolija, Guljanci, Nikopol, Belene, Svištov, Borovo, Cenovo, Ivanovo, Ruse, Slivo pole, Silistra, Tutrakan, Sitovo), with headquarters in the town of Belene.
- **Association of the Black Sea Region Municipalities(ABSC):** established in 1992, comprises 17 municipalities (Avren, Aksakovo, Balčik, Beloslav, Bjala, Dobrič, Dolen Čiflik, Devnja, Kavarna, Šabla,

¹⁰ Source: National Association of Communes in Bulgaria.

Burgas, Varna, Nesebăr, Pomorie, Malko Tărnovo, Sozopol, Carevo), with headquarters in the city of Varna.

- **Regional Association of Municipalities “Maritsa” (RAMC)**: established in 1997, comprises 10 municipalities (Ivajlovgrad, Ljubimec, Madžarovo, Mineralni bani, Svilengrad, Simeonovgrad, Stambolovo, Harmanli, Dimitrovgrad, Haskovo), with headquarters in the town of Haskovo.
- **Regional Association of Municipalities “Trakia” (RACT)**: established in 1997, comprises 15 municipalities (Bratja Daskalovi, Gălăbovo, Kazanlăk, Kotel, Măgliž, Nova Zagora, Opan, Părvomaj, Sliven, Stara Zagora, Straldža, Tvărdica, Topolovgrad, Čirpan, Jambol), with headquarters in the city of Stara Zagora.
- **Regional Association of Municipalities “Podbalkanski obštini”**: comprises 13 municipalities (Čelopeč, Zlatica, Mirkovo, Koprivštica, Karlovo, Pavel banja, Magliž, Sliven, Kotel, Karnobat, Nova Zagora, Pirdop), with headquarters in the town of Kazanlăk.
- **Regional Association of Municipalities “Central Balkans”**: comprises five municipalities (Gabrovo, Trjavna, Trojan, Teteven, Aprilci), with headquarters in the town of Gabrovo.

2.8.2 Inter-regional cooperation

Inter-regional cooperation is not wide-scale. On the one hand there is no legal basis for the association of regions, on the other the existing regions are nothing more than devolved state administration, which means that the cooperation of regions is only state activity at a regional level.

2.8.3 Regional policy involving several administrative levels

The Regional Development (1999) Act initiated a dynamic process of regional and communal planning. It includes the drawing up of plans and strategies for regional development.

At national level the responsibility for formulating and implementing regional policies lies with the Council of Ministers. The Council of Ministers adopts the National Plan for Regional Development (NPRD) as well as the National Plan for Economic Development (NPED), the annual report on the implementation of the NPRD and measures for its updating. The Council of Ministers also defines regions for specific intervention. A Department for Regional Coordination at the Council of Ministers coordinates relevant measures within the government as well as with sub-national authorities. A Department of Economic Policies and European Integration with the Council of Ministers coordinates and monitors the National Plan for Economic Development, as well as the national investment programmes and takes part in the preparation of the programmes funded by the EU.

In compliance with the Act on Regional Development and in addition to the formal territorial-administrative units, two complementary territorial divisions have been tasked to implement regional policy: planning regions and regions for specific intervention.¹¹

Planning regions are not territorial-administrative units according to the Act on Territorial-Administrative Division. Under the decree of the Council of Ministers of 2000, they were established for the purpose of regional development and regional statistics. They are to compensate for the shortcomings of the administrative regions [oblast] and to serve as a basis for drafting integrated plans and programmes for regional development on a large territorial scale transcending the regions. They can also be seen as a response to the EU requirements for the implementation of regional policy, which designate regions of the NUTS-2 type as the main frame for planning, programming, implementation and monitoring, particularly as regards Objective 1 of the EU structure funds.

The six planning regions do indeed correspond in size to regions of the NUTS-2 type in the EU. They bring together between three and six of the 28 administrative regions:

- **North-Western Planning Region:** Regions Vidin, Montana, Vrača
- **North Central Planning Region:** Regions Pleven, Loveč, Veliko Tárnovo, Gabrovo, Ruse

¹¹ Established by Ministry Council Order No 145, July 27, 2000, part of the National Plan for Regional Development 2001.

- **North-Eastern Planning Region:** Regions Varna, Dobrič, Šumen, Tărgovište, Razgrad, Silistra
- **South-Western Planning Region:** Regions Sofia City, Sofia, Blagoevgrad, Pernik, Kjustendil
- **South Central Planning Region:** Regions Plovdiv, Stara Zagora, Haskovo, Pazardžik, Smoljan, Kărdžali
- **South-Eastern Planning Region:** Regions Burgas, Sliven, Jambol

Planning and programming in the framework of the NUTS-2 concept started in 1999 with two pilot projects for the North-Western and the South Central planning regions. In 2000, the model was extended to all planning regions in the country.

2.9 Trans-border cooperation at the sub-national level

Sub-national cross-border cooperation involving Bulgarian authorities started in 1990, based on the opening of new border stations.¹²

Bulgaria takes part in the EU PHARE-CBC programme for infrastructure, transport, energy, telecommunication and environmental projects and currently runs joint projects with Greece (an EU neighbour). The Bulgarian Association of Rhodope Municipalities and the Greek Association Border Control DELTA-

¹² Currently there are 23 border stations: 8 at the border with Romania (1 per 76 km), 8 along the western border with Yugoslavia and Macedonia (1 per 63 km), 2 at the border with Turkey (1 per 130 km), 3 along the Black Sea coast (1 per 126 km), 2 at the border with Greece (1 per 246 km). Three new border stations with Greece, 2 with Macedonia and 1 with Turkey will be opened.

RODHOPES signed a framework agreement (20 March 2001) on the implementation of a Euroregion Goce Delčev - Drama.

At the border with **Turkey** cross-border cooperation is still local and sporadic. There is mutual interest as regards environmental protection, agriculture, business relations. Bulgaria and Turkey signed the European Framework Convention on Cross-border Cooperation between territorial communities or authorities. So far no plans for establishing a Euroregion are on the agenda.

Bulgaria and **Macedonia** agreed on a joint "priorities" programme for 1999-2003. The programme complies with EU requirements.

Opportunities for cross-border cooperation between Bulgaria and **Yugoslavia** have for a long time been blocked by the complicated situation in that country. Recently Yugoslavia submitted informal proposals to establish a Euroregion Bregovo - Negotin and Iron Gate in the triangle between Yugoslavia, Bulgaria and Romania.

The PHARE-CBC programme between Bulgaria and **Romania** is a strategic programme for regional development in the border region. Following the decision to construct a second Danube bridge (Vidin - Calafat), the two municipalities opened negotiations on common city planning. Preparations for the establishing of Euroregions are forging ahead for the border regions Vidin - Calafat, Ruse - Giurgiu and Silistra - Călărași.

3 Driving forces behind and obstacles to decentralization and the reorganisation of territorial structures

3.1 Regional identities

3.1.1 due to historical and cultural identities

Although it is difficult to find larger regions with cultural identities in Bulgaria, it might be assumed that the associations recently developed on the basis of mutual interest and readiness to cooperate (see chapter 2.8.1) indicate a certain regional consciousness and identity. According to these criteria seven cultural regions may be defined: Rhodope Mountains, Danube River Plains, Black Sea Coast, Marica Basin, Thracia, Southern Balkan Forelands, Central Balkans.

On a micro-regional scale additional cultural identities may be observed. Nevertheless, it is quite clear that the cultural identities of regions are not driving forces for regionalisation and decentralisation in Bulgaria.

3.1.2 due to functional coherence

A comprehensive and detailed study on catchment areas and the central place system has not yet been undertaken in Bulgaria. But from case studies and casual observation, it can be concluded that the current 28 regions [oblast] coincide very well with the central place system, i.e. they are also functional units in socio-economic terms. This is not so surprising when one takes into account the fact that similar administrative units existed from 1959 to 1987 and

were only interrupted by a different system for 10 years (1988-1998). Thus, the post-war period, which was rather formative economically and in terms of spatial relations, offered sufficient time to adapt catchment areas to the contemporary and current system.

3.2 Administrative traditions

When the modern Bulgarian nation state was established as a result of the Russian-Ottoman War in 1878, the centralised Russian model of territorial-administrative subdivision was transferred to the country. At regional level devolved state administration was introduced, at the local level a kind of self-government by “Councils of Senior Citizens” [săveti na starejšinite] was established. After the army putsch in 1934 local self-government was abolished, but reintroduced by the Communist regime. In the Communist era, however, local self-government was in fact a reflection of the monolithic and hierarchical (top-down) Communist party system.

The current territorial-administrative system roughly corresponds to pre-Communist, rather centralistic Bulgarian traditions.

3.3 Ethnic groups and minorities

According to the 1992 census (data of the latest census of March 2001 are not yet available) Bulgaria's population comprises 85.7% Bulgarians, 9.4% Turks, 3.7% Roma and 1.2% others (mainly Russians, Armenians, Romanians, Greeks,

Jews).¹³ In the context of territorial-administrative division, decentralisation and self-government, the Turkish minority could be of some importance, since it is concentrated in certain parts of the country, the Šumen-Razgrad area in the Northeast and the Kărdžali area in the eastern Rhodopes: Under the 1992 local government arrangements Turks held absolute majorities of 90% and more in two municipalities (Venec in the Šumen-Razgrad area, Černoočene in the Kărdžali area), absolute majorities between 50 and 90% in 24 municipalities (15 in the Šumen-Razgrad area, seven in the Kărdžali area and two in the western Rhodopes) and relative majorities in another three.

At regional level, Turks have a population majority in the Kărdžali Region, when the census results of 1992 are projected into the new division of 28 regions. In the Šumen-Razgrad area, regional boundaries have been drawn in a way that the most compact area of Turkish settlement around Venec has been split into four regions, none of which has a Turkish population majority.

All available sources maintain that a Turkish majority or a major Turkish minority in a municipality or region has neither major influence on its identity, nor any effect in political terms. Even when the mayor of a commune, the majority of councillors in the communal council or the governor of a region is of Turkish ethnic origin, this is not reflected in a stronger share of local or regional self-government, not to speak of regionalism.

¹³ Official preliminary data of the census 2001 define the ethnic structure of Bulgaria as follows: 83.6% Bulgarians, 9.5% Turks, 4.6% Roma, 1.5% others, 0.8% ethnically not declared (Source: National Statistical Institute).

3.4 The party system related to regionalisation and decentralisation issues

The last elections to the unicameral Bulgarian parliament were held 17 June 2001 and had the following results: National Movement for Simeon II: 120 seats, Union of Democratic Forces (SDS) 51, Bulgarian Socialist Party (BSP): 48, Movement for Rights and Freedom (DPS) 21.¹⁴

The National Movement of the former King Simeon II is a typical party dominated by a charismatic “leader” and without a programme that might classify it as belonging to a specific area of the political spectrum. The conservative component, however, dominates. The Union of Democratic Forces may be regarded as a rather heterogeneous platform of anti-Communist forces. The Bulgarian Socialist Party is the successor to the former Bulgarian Communist Party (BCP). The Movement for Rights and Freedoms (DPS) is essentially and in practice the party of ethnic Turks and other ethnic minorities in Bulgaria including other smaller liberal formations, although under the Constitution a political party may not represent an ethnic group. However, legal action on these grounds against this party in the early 1990s was rejected.

Other parties, not represented in the current parliament, are the Bulgarian Business Bloc, Euro-left, the Internal Macedonian Revolutionary Organization, the Kingdom of Bulgaria Federation, the New Civic Party for Bulgaria and the People's Union.

¹⁴Source:

http://www.election.bg/4dab3a197361ad738947977b690ff3eb/htmls/arhiv_parl_new.htm?ir=2001&typ=pr

The central state idea still dominates all political tendencies. None of the political parties gives priority to decentralisation or regionalisation in its manifesto. The Movement for Rights and Freedom (DPS) also refrains from doing so, since this would be interpreted as separatism by all political competitors and could lead to it being banned under the Constitution.

It is true that some parts of the country have a typical political “colour”. It is also true that in some cases closer cooperation between representatives of different administrative levels has evolved, where members of the same party form informal blocs and pressure groups. It has, however, also to be taken into account, that party loyalty is still in its embryonic stage in Bulgaria. This is proved by every new election, when majorities fluctuate between opposing political directions, resulting in frequent, generally premature changes in government. This prevents the formation of stable pressure groups based on party connections.

3.5 Other political players related to decentralisation issues

Due to the dominance of the centralistic nation state, none of the other political players assumes the role of a driving force towards decentralisation.

The media plays a certain practical function in addressing regional and local problems and supporting a regional and local consciousness. Up to 1987, the former regional councils were obliged to launch and support regional newspapers. After 1990, most of these regional newspapers continued to be published, e.g., the regional press of Plovdiv, Varna, Burgas, etc. In addition to

these newspapers, private ones emerged, and currently larger cities have 2-3 newspapers reflecting local or regional problems. Their profile, however, is determined by the political parties supporting them. But in the past few years the circulation of regional newspapers has declined.

In contrast, audio-visual media at regional and local level have expanded considerably. These include private radio programmes, TV channels and cable networks, mainly in medium-sized (over 50,000 inhabitants) and large (over 100,000 inhabitants) towns and cities. They also reflect local and regional political, economic and social life.

3.6 Plans for territorial reorganisation

The current territorial-administrative subdivision into regions and local authorities is regarded in general and by all major political players as complying with (i) the Constitution, (ii) the requirements of transition towards market economy, helping to overcome its adverse consequences, and (iii) the requirements for political and economic integration into Europe, in terms of size, shape and powers.

4 Concluding remarks

The two-tier system of 28 regions and 262 local authorities implemented in 1998 may be regarded as a first step towards decentralisation and regionalisation. While the local level municipalities enjoy self-government, the regional level represents devolved state administration. But so far there are no definite plans to

develop the system further. The systems' main shortcomings are briefly listed below, as are the main obstacles preventing further decentralisation.

4.1 Main shortcomings of the current system

The financial problems of local authorities arise from the fact that additional responsibilities are transferred from the State to the municipalities, but are not accompanied by adequate financial provisions. This results in a growing imbalance between their tasks and financial resources and in rising budget deficits that are eventually, depending on personal and party relations, covered by supplementary state subsidies. Many municipalities are therefore politically dependent on central government. Due to this dependency and since planning is still quite centralised, local authorities are not considered reliable partners in EU structural fund projects.

Lack of self-government at regional level: The regional level, restructured in 1998, represents nothing more than devolved state administration and lacks any kind of self-government.

State-controlled planning regions: The six planning regions, established in 2000 and corresponding in size to category 2 of the EU NUTS system, are exclusively state-controlled and do not meet the subsidiarity principle.

Cooperation on the sub-national level still at an embryonic stage: Internal as well as cross-border cooperation is only at a starting stage, especially at regional level. This is mainly due to the fact that regions represent just devolved State

administration and are rather limited in their practical and legal potential to cooperate.

4.2 Driving forces behind and obstacles to decentralisation and regionalisation

Lack of civil political participation: Decentralisation requires the involvement of pressure groups and the support of a wider public. When political participation of citizens confines itself to voting in elections, this is not enough. Efforts would be needed to encourage citizens to get involved in their local area and region. Neutral mediators, not subject to party lines would be needed to structure citizens' initiatives.

Lack of information and communication: Public discussion on decentralization and regionalisation issues is practically non-existent. Neither pressure groups nor political parties get involved in these topics.

Lack of regional identities: Bulgaria largely lacks historical and cultural landscapes with cultural identities. Neither the 28 regions, nor the six planning regions have symbolic values in the sense that they could forge communities from their inhabitants, people who are committed to common goals. But identity building on the regional level is feasible in a relatively short term as is proved by examples from Germany (Nordrhein-Westfalen) and Austria (Burgenland). In this respect, some Bulgarian landscapes have potential, e.g. the Rhodope Mountains, the Danube River Plains, the Black Sea Coast, the Marica Basin, Thracia, the Southern Balkan Forelands and the Central Balkans.

Fear of autonomism and irredentism: The ethnic minority of 9.4% Turks (1992) is widely seen as a threat to the country' integrity and it is therefore also a major obstacle to decentralisation, especially at the regional level. This is not so much because of its numerical strength, but by its mode of settlement concentrating on two parts of the country, by its Islamic denomination (in addition 3.7% Bulgarian Roma are Muslims) and by its association to the powerful neighbour Turkey

Driving forces mainly comprise the efforts of the political elite to comply with the requirements of political and economic integration into Europe, as well as the growing number of regional and local media articulating regional and local interests.

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B LATVIA

1 Preface

Tab. 1: Basic data¹⁵

Category		Year
Territory (in sq. km)	64,589	
Population in millions	2.4	2001 (estimate)
GDP per capita PPP (USD)	7,200	2000 (estimate)
GDP real growth (%)	+5.5	2000 (estimate)
Budget balance (% GDP)	+0.3	2000 (estimate)
Inflation per annum (%)	2.7	2000
Unemployment (%)	7.8	2000 (estimate)

2 Analysis of the current territorial-administrative system

2.1 Legal foundations

2.1.1 Constitutional provisions

The Constitution [Satversme] of the Republic of Latvia does not clearly define the legal status of local government in Latvia. However, it states that Latvia consists of Kurzeme, Vidzeme, Zemgale and Latgale (Paragraph 3). Local government is mentioned in some articles - for example Article 101 of Satversme stipulates that local authorities have to be elected.

The unicameral parliament [Saeima] is comprised of a chamber of 100 deputies elected for a term of four years. The Cabinet, formed by a Prime Minister and

ministers, represents the executive power. The government must be confirmed by a vote of confidence of the parliament. The Cabinet manages the State's domestic and foreign policy, coordinates activities of sectors, submits Bills, including the draft national budget, as well as international agreements to the parliament.

2.1.2 Main legal instruments

The legal and economic basis of the activity of local governments, their powers, their institutions, relations between local authorities, regional authorities and the Cabinet of Ministers and individual ministries, as well as the general basis of relations between local authorities are determined by the **Act on devolved government**.

2.2 Institutional structure (see Fig. 3, 4)

According to the Act there are two tiers of the local authorities and the "rajons" (regional authorities).

2.2.1 Local authorities

Local executive power is represented by local authorities – "Republic Cities" (large cities of national importance), towns, civil parishes or rural authorities [Pagasts] as well as amalgamated local towns and rural authorities [Novads].

¹⁵ The World Factbook 2001.

Devolved authorities are not subordinated to the state. Local authorities are not subordinated to districts. "Republic cities" have powers of both – districts and local authorities.

The representative body of a local authority is the council [Dome/Padome]. The council is composed of directly elected deputies. Under the Act on Elections to the Town and "Republic City" Council, *Novads* Council and *Pagasts* Council, the council of the Local Authorities is elected at direct, proportional elections for four years. All resident citizens of Latvia, who have reached the age of 18 are entitled to vote. The number of deputies is defined according to the number of residents:

- up to 2,000 inhabitants 7 deputies,
- 2,000 to 5,000 inhabitants 9 deputies,
- 5,000 to 50,000 inhabitants 11 deputies
- over 50,000 inhabitants 15 deputies.

The Riga City "Dome", however, has 60 members.

The council chair (i.e. the mayor) is elected by a secret ballot and by simple majority of the deputies of the respective council.

2.2.1 Districts

Regional decision-making and executive power at the second tier of local government is represented by districts [Rajons], except for "Republic Cities",

which are not subordinated to a district. These large cities have the rights and functions of both local authorities and districts.

As of 1 June 2001, there were 26 districts (see Fig. 3). Districts, together with "Republic Cities", correspond to the NUTS-4 level.

While councils of local authorities are composed of directly elected deputies, district councils are composed of the chairs (mayors) of local authorities councils.¹⁶

The council of local authorities as well as districts elects the members of standing committees from among its deputies. Two standing committees – financial and social, education and cultural affairs - are compulsory for every local government. Other standing committees may be set up in accordance with the local government statutes. These committees prepare issues for review at council meetings, submit statements on issues that are within their remit, oversee the work of local authority enterprises and organisations, review budget drafts etc.

The council may establish boards, commissions or working groups comprised of deputies and residents of the local authority area.

The chair of the council (mayor) oversees its work, coordinates issues of the committees, represents local governments in all capacities, authorises decisions

¹⁶ In 1997, a new edition of the Act on Local Government defined that the district councils are composed of all heads of the councils of the *Pagasts*, *Novads* and towns of the respective district. The head of a "Republic City" may be included in the district council, if this is demanded by the "Republic City" and by the district council.

of the council and signs agreements and other legal documents on behalf of the local government. He also chairs the financial committee. The chair is a full-time employee of the local government. The chair is an elected representative.

On a proposal from the chair, the council appoints an executive director, who is responsible for the activities of local authority institutions, enterprises and organisations. The executive director cannot be a deputy on the council. The chair of the council can perform the duties of the executive director, if the local authority has less than 5,000 inhabitants.

2.3 Exclusive and concurrent legislative powers

Devolved government bodies have legislative powers, which means that councils have the right to issue binding regulations, which have legal force in the territory of the respective authority.

Areas subject to local and regional governments acts (binding regulations) are determined by law. This means that in the territory of the respective local government area, everyone must agree with the local or regional legislation concerned.

The spheres in which local and regional authorities are entitled to legislate are limited and mainly concern local functions.

2.4 Executive powers

The Act on Local Governments (Paragraph 6) vests the following powers in local authorities:

- The local authority constantly carries out the functions of local and district administration and socio-economic, cultural, and educational functions outlined in the Act;
- For a certain period, the local government carries out the functions of local and district administration and socio-economic, cultural, and educational functions outlined in other acts;
- The local authority carries out those state administration functions which have been passed over to it by law;
- The local authority carries out the functions of other local administrative units which have been passed over to it by law;
- The local authority carries out certain tasks of which state administration institutions have passed over to local administrative units;
- On behalf of their inhabitants' interests, the local authority has the right to take initiatives in any sphere, providing it does not infringe on the powers of other institutions, and provided such activity is not forbidden by law.

While carrying out its duties, local authorities have the following rights:

- To set up the institutions and establishments of local government and take part in business entities using their finances;
- to purchase and sell movable and immovable property, privatise local governments activities, conclude contracts and carry out other activities, while respecting private rights;

- to strike local rates and collect them, make decisions on the amount of such rates and grant tax exemptions;
- to forward a petition and complaints to administrative institutions;
- to obtain information from state institutions.

Local governments have 23 permanent functions (Paragraph 15). The functions stated in paragraphs 1-18, 22 and 23 are carried out by towns, *Novads* and *Pagasts*. The functions stated in paragraphs 18-21 are carried out by districts, those stated in paragraphs 1-23 by the "Republic Cities".

Tab. 2: Permanent functions of local governments

Permanent function defined by the Law on Local Authorities	Type of local government		
	Town, <i>Pagasts</i> , <i>Novads</i>	District	"Republic City"
to provide inhabitants with communal services	X		X
to organise public services and facilities, to maintain sanitation	X		X
to establish rules on use of public forests and water supplies	x		X
to provide people's education	x		X
to protect culture, preserve traditional cultural values and develop cultural activities	x		X
to provide health care, to promote a healthy lifestyle	x		X
to provide social care for inhabitants	x		X
to settle guardianship, trusteeship and adoption cases and arrange fostering	x		X
to provide housing for inhabitants	x		X
to promote business activities, to reduce unemployment	x		X
to issue permits and licenses for business activities, as provided by legislation	x		X
to maintain public order, to curb alcoholism and depravity	x		X

Permanent function defined by the Law on Local Authorities	Type of local government		
	Town, <i>Pagasts,</i> <i>Novads</i>	District	"Republic City"
to determine land use and construction works according to land-use planning	x		X
to monitor building activity	x		X
to maintain the Civil Register	x		X
to compile and publicise data required for national statistics	x		X
to organise the elections of assessors and local elections	x		X
to participate in civil defence	x	x	X
to provide public transport services		x	X
to ensure representation in the regional Sickness Insurance Fund		x	X
to organise further professional training for teachers		x	X
to register children	x		X
to defend children's rights	x		X

Local authorities are responsible for the execution and organisation of these permanent functions. The execution of these functions is financed from the local government's budget. By law, other functions, which are not mentioned in the Act on Local Authorities may be delegated to local authorities for a specified term and funds may be assigned if these additional functions so require. The other functions of local authorities are defined in more than 60 sectoral laws.

By agreement between local authorities it is possible to transfer functions from one local authority to another. The agreement also should include assignment of the finances to fulfil these functions. The local authority, to whom that function is delegated by law is responsible for execution.

A national government authority can delegate functions to local governments by adopting a statutory instrument supervising results and assigning corresponding finances. That national government authority is responsible for the execution of the functions transferred to the local authority.

District councils are expected to coordinate the activities of their local authorities in solving common issues. In addition to their permanent functions, district councils may have functions delegated by their local authorities.

Temporary duties, determined in laws other than the law on devolved governments are an important part of local authority activity. The same concerns regional governments - districts. The number of temporary regional duties is approximately 20 times higher than permanent duties.

2.5 Finances

2.5.1 Financial resources

The revenue of **local authorities** ("Republic Cities", towns, *Pagasts, Novads*) is generated from the following sources:

- shares in state taxes (71.6% of personal income tax, 100% of real estate tax);
- share in State duties;
- duties imposed by local authorities;
- general grants and funds allocated from the state budget;
- grants from the local government financial equalisation fund;
- service charges;

- deductions from profits made by local authorities;
- revenue from renting local authority property;
- revenue from property sale and other revenue stated by law.

Local authorities are thus financed by shared taxes (income tax), State transfers (state grants and targeted funds) and state taxes (real estate tax), as well as by own revenue (charges and fees).

Joint state taxes and state transfers constitute by far the bulk of local Communes' revenue, more than 70% in 1998-1999.¹⁷ Own revenue is composed of charges and duties administered by local authorities can administer.

Local authorities still have limited autonomy to raise their own taxes. Local authorities have the right to collect taxes: such as the real estate tax which is collected in all of them, in addition three local authorities (Riga, Ventspils, Liepaja) also collect personal income tax. Local authorities, however, do not have the right to set the tax rate, to grant tax exceptions, etc. All taxes are set by the central government.

Local authorities receive subsidies and targeted grants from the state budget for the fulfilment of specific tasks assigned to them under the Local Governments Acts and under other specific acts. There are no binding documents to stipulate multi-annually the amount of specific and general grants for local authorities. They are set annually under the National Budget Law.

¹⁷ Fiscal Design 2001.

Local authorities receive targeted grants for the salaries and social security payments for school teachers, for organising cultural events and managing amateur performances, for spatial and development planning, etc.

Districts do not have their own tax revenue. 9/10 of the total revenue of districts is constituted by general subsidies and targeted state grants. This is a result of the finance centralisation practised by the State during 1994-1995. Up till the centralisation period, regional governments had their own shares of the state taxes.

Tab. 3: Local government consolidated budget, 2000 (in 1000 Lats)¹⁸

	1000 Lats	%
Revenue – Total	444,152	100.0
Gross local government <u>basic budget</u> revenue of which:	420,857	
tax revenue	232,238	
non-tax revenue	18,070	
income from market services and other self-earned revenue	25,677	
payments received	144,872	
Payments from mutual settlements (-)	8,622	
Payments received from the local government financial equalization fund (-)	24,575	
Net local government basic budget revenue	387,660	87.3
Local government <u>special budget</u> revenue of which:	56,492	
revenue from targeted resources	50,472	
Revenue from grants and donations	6,020	
Revenue from local government property privatisation (-)	-	
Net local government special budget revenue	56,492	12.7
Expenditure - Total of which:	459,766	
regular expenditure	368,689	
capital expenditure	39,231	
investment expenditure	51,846	

¹⁸ Fiscal Design 2001.

	1000 Lats	%
Financial surplus or deficit (-)	-15,614	
Net lending	-2,552	
Fiscal surplus or deficit (-)	-13,062	

Tab. 4: General government consolidated budget, 1999 (in 1000 Lats)¹⁹

	General government consolidated budget	of which			
		central government budget		local government budget	
		basic budget	special budget	basic budget	special budget
Revenue – Total	1,589,186	636,051	654,222	264,904	34,009
of which:					
tax revenue	1,335,315	532,088	581,681	219,134	2,412
of which:					
personal income tax	239,773	71	68,255	171,447	-
corporate income tax	92,211	92,211	-	-	-
social security contributions	452,622	-	452,622	-	-
value added tax	316,206	316,206	-	-	-
excise duty	155,103	105,583	49,520	-	-
customs duties	16,073	16,073	-	-	-
land tax	1,845	-	-	1,845	-
property tax	24,461	-	-	24,461	-
immovable property tax	20,998	702	-	20,296	-
natural resources tax	10,678	1,198	7,068	-	2,412
domestic taxes on goods and services	5,345	44	4,216	1,085	-
non- tax revenue	126,715	41,556	43,856	17,861	23,442
of which:					
entrepreneurial and property income duties and other	19,947	16,965	2,639	343	-
Payments	26,613	12,072	11,391	3,150	-
finances and penalties	6,717	5,677	761	279	-

¹⁹ Fiscal Design 2001.

	General government consolidated budget	of which			
		central government budget		local government budget	
		basic budget	special budget	basic budget	special budget
revenue from immovable property sale	21,362	4,314	7,676	628	8,744
other non-tax revenue	52,076	2,528	21,389	13,461	14,698
grants and gifts	22,545	-	15,177	-	7,368
income of budgetary institutions from market services and other self-earned income	103,052	62,407	13,508	26,350	787
revenue from other administrative bodies	1,559	-	-	1,559	-
Expenditure- Total by economic classification	1,732,637	528,149	780,177	377,189	47,122
Regular expenditure	1,554,978	475,169	730,057	315,302	34,450
Current expenditure of which:	700,343	313,727	77,350	284,002	25,264
wages and salaries	303,799	149,021	12,986	139,085	2,707
social security contributions	82,277	39,605	3,498	38,490	684
payments on services	172,688	54,020	51,695	47,932	19,041
Interest payments on loans	29,750	25,305	2,650	1,756	39
Grants and subsidies	824,885	136,137	650,057	29,544	9,147
Capital expenditure	177,659	52,980	50,120	61,887	12,672
of which investments	113,020	38,715	31,027	41,382	1,896
Budget lending and repayment	12,497	5,714	3,175	983	2,607
Expenditure-Total (including lending and repayment) by government function of which:	1,745,116	533,863	783,353	378,172	49,728
general public service	13,4591	79,935	488	45,764	8,404

	General government consolidated budget	of which			
		central government budget		local government budget	
		basic budget	special budget	basic budget	special budget
Defence	37,790	37,469	177	144	-
public order and safety	116,925	110,261	766	5,877	21
Education	262,716	73,436	5,129	183,003	1,148
health care	159,561	14,065	138,678	6,737	81
social security and welfare	626,819	77,084	516,992	32,373	370
housing and community amenity, environment protection	79,338	4,199	8,748	60,219	6,172
recreation, sport, cultural and religious affairs and services	51,343	20,516	5,408	24,774	645
fuel and energy	2,663	169	-	2,494	-
agriculture, forestry and fishing	82,800	55,345	27,045	410	-
transport, communication	105,977	8,085	69,773	11,423	16,696
other economic affairs	31,890	19,673	10,149	1,252	816
other expenditures not classified by major group	52,703	33,626	-	3,702	15,375
Fiscal surplus or deficit (-)	-155,930	102,188	-129,130	-113,268	-15,720

As Table 4 shows, local government budgets receive 18.8% of all revenues, 16.6% of all tax revenues, 32.6% of all non-tax revenues and contribute 24.5% to the total of expenditure.

Apart from this regular financing mechanism, there are support programmes for underdeveloped regions, which started in 1996. In 1997, the Act on Specially Assisted Regions was adopted. The Act defines the basic principles for the

determination of specially assisted regions and for the choice of economic instruments. Tax allowances are applied to special assistance regions. It is also possible to receive financial support from the Regional Fund. In 1998 and 1999, the income source of the Regional Fund was the State Property Privatisation Fund. A non-profit association “Regional Development Ltd.” was established in order to manage the Fund. The fund has invested 1.3 million Ls in assistance over the last three years. In 2001 a new list of specially assisted regions was adopted.

2.5.2 Financial performance

Local government functions are funded from the budget of the respective local authorities. The local government budget is comprised of the basic budget and a special budget.

Indirect references show that the total budget of local governments is not too small. Local governments have problems in maintaining educational institutions. Local government benefits are ridiculously low. There is not enough money to launch the promotion of spatial development and economic development centres. Local government budgets year-by-year deficits. The proportion of the budget of local governments in the total consolidated budget is decreasing, but expenditure remains at approximately the same level. In sharp contrast to this deplorable situation, local government functions do not diminish but increase by the adoption of new acts, central government regulations and statutory orders.²⁰

²⁰ KARNĪTE 2001.

2.5.3 Horizontal mechanisms for fiscal equalisation at the sub-national level

To improve and equalise the scope for granting state and local authority services throughout Latvia, equalisation of local government finances was introduced in 1995 in accordance with the Act on Equalisation of Local Government Finances (adopted in 1998). Under a special statutory methodology, chosen “donors” or local authorities pay part of their income into the Local Government Equalisation Fund, and other local authorities receive subsidies. The equalisation system is based on inter-communal financing (horizontal equalisation) and partly on general state grants (vertical equalisation). Local government expenditure and revenue is equalized separately for the three types of local governments: (1) "Republic Cities", (2) rural local authorities (*Novads*, *Pagasts* and towns), (3) districts.

The total amount of equalisation fund depends on political negotiations. Under the corresponding legislation, it is determined as money necessary for execution of (generally) permanent functions. In practice it is a political decision of the Parliament, independent of any calculations. The equalisation system is an instrument for dividing this money among local and regional authorities.

Equalisation of expenditure needs and revenues is done on an integrated basis, where the point of departure is a comparison of expenditure needs with revenues in each of the 552 local and district authorities. Local authorities whose revenue exceeds by more than 10% the calculated expenditures pay 45% of that surplus (but not more than 35% of their revenue to the system). Local authorities with a revenue below the average of the district, below 95% of the calculated expenditure of "Republic Cities" and below 90% of rural authorities

(*Novaads, Pagasts* and towns) receive grants from the Equalisation Fund to bring them up to a coverage level of 100%, 95% and 90%, respectively, of their expenditure needs.

These ceilings mean that local governments whose expenditure needs are covered to the tune of 100%, 95% and 90%, respectively, and 110% neither contribute to nor receive grants from the system (a so-called “neutral zone” with neither payments nor receipts).

In 1999, the total amount of the Equalisation Fund was 30.1 million Lats, broken down between 6.1 million Lats from the central government general purpose grants for the Fund and 24.0 million Lats from local authorities contribution to the Fund. The share of the national government’s contribution to the Fund increases every year.

The system of defining expenditure needs is based on the following main criteria: the type of local authority, the number of inhabitants, the number of children and pupils, the number of retirees and the number of children and elderly people in social care institutions.

2.6 Implementation of powers

Research was carried out between 1994 and 1996 on the size of local government, their income and expenditure. According to this research, local governments with a small number of inhabitants and with a comparatively small income threshold are not able to fulfil their functions rationally and effectively. The administrative expenditure of these local governments is comparatively

high, whereas the expenditure for the social sector and for development is low. The maximum ratio between small and large local governments was 1:20. This research revealed the fact that 21 local governments had not enough income to cover their expenditure. So far, situations and trends have not changed radically.

After their reorganisation, districts passed over several functions to the towns corresponding to district centres, but the latter have not received adequate financing. 262 of all local governments have not established a local social care service, notwithstanding the Social Welfare Act.²¹

2.7 Patterns of interaction between authorities at the national and sub-national level

The supervision of local governments is the responsibility of the Ministry of Regional Development and Local Governments. The Ministry has the following functions:

- to participate in elaboration, coordination and implementation of regional policy, spatial planning policy and habitation policy;
- to make monitoring of implementation of defined tasks of law and regulations in the field of local governments;
- to control whether decisions taken by local authorities are in accordance with legislation;
- to coordinate elaboration of local government development strategies and implementation of local government reform;

²¹ PROKOPJEVA, LIEPIŅA, OZOLIŅA 2001.

- organize and coordinate implementation of laws and regulations in the field of regional policy, spatial planning policy, habitation policy and local government development;
- to carry out other tasks definite in laws and regulations.

The central government cultivates the dialogue with the Union of Local and Regional Governments of Latvia (ULRGL). A minister or a representative of the particular sector represents the Cabinet of Ministers in so-called "local government-central government negotiations". The procedure of these negotiations is defined by the regulations of the Cabinet of Ministers. The negotiations refer to matters of:

- bills and concepts of regulations of the Cabinet of Ministers, which have implications on local authorities;
- amounts of grants, earmarked and general purpose grants to be allocated to local authorities;
- system of local government financial equalisation needs;
- salaries of local government officials;
- finances for functions delegated for a specific term;
- other issues with implications on local authorities.

The Union of Local and Regional Governments of Latvia is a public organisation associating all types of local government (i.e. *Pagasts*, "Republic Cities", towns, *Novads* and districts) on a voluntary basis. It was founded in December 1991. Its main tasks are to solve common problems of local authorities, to elaborate a development policy for local authorities, to protect the interests of local authorities and to represent them in discussions with the

central government and its administrative institutions. The Act on Local Government says that a local government public organisation, which is organised in accordance to law (this Act and the Act on Public Organisations) and statutes and has a membership that unites more than a half of all *Pagasts*, more than a half of all "Republic Cities" and towns and more than a half of all districts, such an organisation has the right to represent local authorities in discussions with the Cabinet of the Ministers. In fact, the Union is authorized to represent all 7 "Republic Cities", 59 of 59 towns, 25 of 26 districts, 397 of 461 *Pagasts* and 13 of 15 *Novads* (May 2003).

The Union is the only comprehensive representation of local authorities. Within the framework of the Union there work the Association of Latvian *Pagasts*, the Alliance of Latvian Towns, the Union of Latgale's Towns and the Association of Executive Directors of Latvian Local and Regional Governments and the Trade Union of Latvian Local Government Employees.

The highest decision making body of the Union is the Congress, which convenes at least once a year. A council conducts the business between the Congress meetings. Not more than 92 representatives of local governments are to be elected to the Council in accordance with parity and territorial representation principles. In the case of disagreements the resolutions of the Council or the Congress reflect the divided opinion of all types of local authorities.

Thus, the Union defends interests and rights of local authorities, while the Ministry of Regional Development and Local Government effectuates

supervision and coordination of local authorities on behalf of the state administration.

However, proposals regarding acts may also be submitted to the Cabinet of Ministers by particular local authorities.

Local government pressure groups to push common interests at the national level are established mostly within the framework of sectoral associations or for particular issues at different levels, for example, support of financing the National Rural Road Programme, discussions on national level concerning housing problems, etc.

2.8 Patterns of interaction between authorities at the sub-national level

There have been activities to establish voluntary planning regions and regions for particular project activities since 1997. In 2000, the central government decided that 5 voluntary planning regions - Kurzeme, Latgale, Riga, Vidzeme, Zemgale, which consist of districts and "Republic Cities" and correspond to the NUTS-3 level, will have to become the basis for new regional authorities. Currently, closer cooperation for regional development and establishment of Regional Development Councils and Agencies is promoted by the central government. Besides, there are several other planning regions established for particular purposes.

To decentralise state support measures, local development funds and boards for specially supported regions have been established:

- North East Regional Development Board: comprises the town of Ape and 7 *Pagasts* in the Aluksne district and its neighbouring districts;
- Daugava Regional Development Board: comprises the districts Kraslava and Preili and several Local Communes of the Daugavpils district.²²

According to the Act on Local Government, associations of Local Communes are promoted by state financial support with the aim to prepare common development programmes and spatial plans, to attract and implement common investment projects and fulfil communal functions on by joining financial means. So far the following associations have been established:

- **Bartava** (9 Local Communes in the Liepajas district);
- **Ziemeļkurzeme** (9 Local Communes in the Ventspils and Talsu districts);
- **Ruja** (7 *Pagasts* and Rujiena Town in the Valmieras district);
- **Berzeskrasti** (4 Local Communes in the Dobeles and Jelgavas districts);
- **Engure** (4 *Pagasts* in the Talsu district and 2 *Pagasts* in the Tukuma district);
- **Briede** (3 *Pagasts* in the Valmieras district).

Local government are cooperating in spatial and development planning. The following projects have been acknowledged as spatial planning demonstration projects of nation-wide importance.

- **Northern String:** construction of a 251 km road and the infrastructure connected with it (Districts of Limbazi, Valmiera, Valka and Aluksne).

²² The Report of June 2000.

- **Sustainable Integrated Development Plan of the Latgale Region:** districts of Balvi, Daugavpils, Kraslava, Ludza, Preili and Rezekne, cities of Daugavpils and Rezekne.
- **The Vidusdaugava Regional Development Plan:** districts of Aizkraukle, Madona and Jekabpils.

2.9 Trans-border cooperation at the sub-national level

2.9.1 Regional border committees

Within the framework of the CREDO programme, regional border committees have been established on the Latvian-Estonian, Latvian-Russian, Belorussian and Latvian-Lithuanian borders with the purpose of passing common decisions on cross-border cooperation priorities within the programme. The committees comprise representatives from regional and local government of the border area.

- **Latvia-Estonia-Russia Cooperation Council:** a voluntary alliance, established in 1996 by regional and local governments of Latvia, Estonia and Russia. Cooperation partners are the Viru, Pilva and Valga counties (Estonia), the Aluksne, Balvi, Ludza and Valka districts (Latvia) and the Palkino, Pečoru, Pitalovo and Pskov districts of the Pskov region (Russia).
- **Latvia-Lithuania-Belorussia Cooperation Council:** a voluntary alliance established by local and regional governments of Belorussia, Latvia and Lithuania in 1998. Cooperation partners are the Braslava, Verhnedvinsk, Miori and Postava districts and the Vitebska county (Belorussia), the Daugavpils and Kraslava districts, Daugavpils City, Kraslava Town and the Development Council of the Latgale Region

(Latvia), the Ignalina, Zarasu and Utenos districts and Visagina city (Lithuania).

2.9.2 Examples of project-based activities

- The **ESTLA project** of the Valka-Valga region has the aim of developing cross-border cooperation between the twin towns Valka (Latvia) and Valga (Estonia). Cooperation partners are also the Council of Tornio Valley (Sweden) and the Council of Tornio (Finland).
- The **Development Project of Latvia and Estonia Borderland** which involved local governments along the north-western section of the Latvian-Estonian border with the aim of defining perspectives of economic development in the Valmiera district (Latvia) and the Viljandi region (Estonia) and initiating a cooperation programme.
- The **drawing up of a management plan for the Svetaya river valley** on the Latvian-Lithuanian border with the objective of promoting cooperation between communities, with particular emphasis on cultural and natural heritage. The partners are local authorities in both countries in the Svetaya river valley.
- The **Lithuanian-Latvian Regional Border Committee** consisting of 14 members was established in 1997.

2.9.3 Euroregions

- The **Baltija Euroregion** was been established in 1998. This Euroregion, one of the largest, associates towns and regions from 6 countries: Klaipeda county (Lithuania), Liepaja City and district (Latvia),

Stowarzyszenia Commune (Poland), Bornholm County (Denmark), Kalmar County (Sweden) and Kaliningrad Region (Russia). The main cooperation areas are industry, agriculture and forestry, transport and communication, "know-how" exchange, technology transfer, environmental protection and crime prevention.

- The **Saule Euroregion** was been established in 1999. The partners involved are the border regions of the Saulai and Taurege counties (Lithuania), the Jelgavas district and City (Latvia), Nemana and Slavskas districts and Sovetsk City in the Kaliningrad Region (Russia), and Skane county (Sweden) located along the trans-national highway *Via Hanseatica*. The cooperation within the Saule Euroregion seeks to improve the living conditions, promote mutual contacts, reinforce links between local communities, eliminate possible historical and other prejudices, to plan sustainable development activities and to promote actions of cooperation between regional and local authorities.
- The **Country of Lakes (Ezerzeme) Euroregion** in the Lithuanian-Latvian-Belorussian border region was established in 1998. Lithuanian is represented by 4 local authorities in Utena County - Ignalina, Zarasai, Utena and Visaginas. The Verčnedvinskij, Braslavo, Miory and Postavo regions (Belarus) and the Kraslava, Daugavpils and Rezekne districts as well as the Latgale Region (Latvia) are also members of this Euroregion. The aim is cooperation in such areas as culture, education and sport, social issues, environment, tourism, business and infrastructure, regional development and cross border travel.

2.9.4 Interreg-II projects

Latvia has been involved in the European Union Interreg-II C Programme and takes part in 13 transnational projects.

- **High-Quality Tourism:** focuses on boosting tourism and sustainable development in regions with a large proportion of protected areas. Partners: Germany, Sweden, Poland, Latvia (Cesu district).
- **SEABIRD:** focuses on securing sustainable and efficient air transport in the Baltic Sea region, to improve the accessibility of peripheral regions, the efficiency of regional air transport and to minimise environmental damage. Partners: Germany, Finland, Denmark, Sweden, Poland, Russia, Norway, Latvia (Ventspils City).
- **Via Baltica:** focuses on developing common strategies for spatial development of the regions along the Via Baltica, to promote sustainable development measures, to create opportunities for spatial development, to intensifying cooperation between the participating regions and thus help to integrate the three Baltic States and Poland into the EU. Partners: Finland, Germany, Estonia, Lithuania, Poland, Latvia (Riga district on behalf of some Local authorities).
- **Waterfront Urban Development (WUD):** focuses on finding solutions for downtown and dock areas in ports and small towns located on hinterland waterways, to create a network for the exchange of experience

gained from other projects. Partners: Germany, Denmark, Sweden, Finland, Poland, Russia, Estonia, Latvia (Riga Region).

- **Network of Regional Information Management:** focuses on establishing a regional network for planning cooperation which contributes to the competitiveness of the region at international level and achieving stabilisation and development of regional labour markets. Partners: Germany, Sweden, Finland, Latvia (Daugavpils district).
- **Baltic Palette:** aims at creating a close, permanent and active relationship among the regions and cities shaping the central Baltic Sea region in order to market the area to enterprises and the general public, increase the political and social stability of the entire region, help prepare Estonia and Latvia for EU membership and create an action plan for further joint activities. Partners: Sweden, Finland, Russia, Estonia, Latvia (Riga Region).
- **Baltic Chain:** aims at creating new energy production solutions in devolved regional spatial development strategies, to transfer Nordic experiences in the energy sector to the Baltic states by promoting devolved cross-border regional development strategies. Partners: Denmark, Germany, Finland, Russia, Norway, Estonia, Lithuania, Poland, Latvia (The Latvian Development Agency).
- **SEBTrans:** focuses on transport corridors, transport modes and technologies and regional development in the South-East Baltic. Project A: Transport patterns and intermodal solutions for short maritime routes

and combined transport. Project B: An impact study in the TEM/TER development zone. Project C: A forecast of passenger traffic in the South-East Baltic. Project D: A regional impact study of the traffic development and trade flows at local and regional level. Partners: Sweden, Denmark, Poland, Lithuania, Latvia (The Liepaja Special Economic Zone).

- **Urban Systems:** focuses on documentation concerning the functions of urban systems, and documentation on future prospects for urban networking and integration. The project will be carried out in close cooperation with all countries in the Baltic Sea region and thus provide basic input to VASAB 2010+. Partners: all (11) Baltic Sea region countries. Latvia is represented by the Ministry of Environment Protection and Regional Development.
- **MATROS:** initiates and carries out a common strategy and methodology for spatial development of maritime transport and port-hinterland connections in the Baltic Sea region by creating workshops, conferences and project teams. Partners: 10 Baltic Sea region countries (except Norway). Latvia is represented by the Ministry of Environment Protection and Regional Development.
- **SuPortNet:** focuses on the cross-border network of water-based tourism, integrated with land-oriented transport infrastructure, regional and urban development and harmonization of the economic development. Partners: Germany, Sweden, Finland, Poland, Lithuania, Estonia, Latvia (The Association of Small Harbours, 9 local authorities).

- **Sustainable Urban Patterns around the Baltic Sea (SUPERBS):** focuses on Baltic cooperation concerning guidelines for sustainable urban planning and community development strategies. Partners: Finland, Sweden, Germany, Estonia, Lithuania, Poland, Latvia (Jelgava City, Livani Town).
- **VASAB 2010+:** focuses incorporating of the Interreg-II C, Phare, and Tacis projects and the Baltic-21 action plan into the VASAB 2010 strategy and on creating a basis for developing an action-orientated framework for Interreg-III. Partners: all (11) Baltic Sea region countries. Latvia is represented by the Ministry of Environment Protection and Regional Development.

3 Driving forces behind and obstacles to decentralization and reorganisation of territorial structures

3.1 Regional identities

3.1.1 due to historical and cultural identities

Before the loss of independence in 1940, Latvia was divided into 4 regions (Vidzeme, Kurzeme, Zemgale and Latgale) and the capital Riga; these were further subdivided into 516 *pagasts* and 59 towns.

Historical differences are well preserved in Latvia. The lifestyle of Latvian inhabitants reveals their inherited identity. 50 years of Soviet occupation, with a domination of intentional equalisation politics concerning ethnic differences,

several waves of deportation, emigration and immigration, did not eradicate this heritage.

Kurzeme: Nearly all of the Kurzeme region is located in the Kurzeme Peninsula bordered by the Baltic Sea and the Gulf of Riga. Therefore fishing and seafaring have played a major role in the development of the region. In 1561, the Duchy of Kurzeme was established, covering much of Kurzeme and a part of Zemgale. The Duchy developed rapidly and even established its own colonies in Africa (Gambia) and in the Caribbean (Trinidad and Tobago), as well as possessions in Norway. National costumes and jewellery of the citizens of Kurzeme are unique and very rich and are influenced by West Europe. Many words of the Cours are still preserved in modern Latvian. The farmhouses of Kurzeme are large and rich. The Lutheran Church is the dominant religion in Kurzeme, but there are some enclaves of Catholic traditions. The inhabitants of Kurzeme are characterised as proud, obstinate and enterprising people.

Zemgale: Jelgava, the centre of Zemgale, became the capital of the Duchy of Kurzeme in the 16th century. In the 1940s, the Zemgale region underwent forced collectivisation and the deportation of farmers to Siberia, because in the 1930s the most up-to-date and affluent farms were located in this region. Zemgale is the flattest, warmest and the most fertile region in Latvia and it is also called the granary of Latvia. Trees and vast orchards surround farmhouses. The most widely spread denomination in Zemgale is Lutheranism, but some Catholics live close to Lithuanian border. Typical character traits of the inhabitants of Zemgale are individuality, profoundness and pride.

The historical region of **Vidzeme** also comprises Riga. Swedes have played an important role in the development of the Vidzeme region as it was under Swedish domination in the 17th and 18th centuries. Later, Vidzeme and the southern part of Estonia formed one province within the Russian Empire, establishing stable economic and cultural ties between Estonians and Latvians. In the mid-19th century, some of the inhabitants of Vidzeme converted from Lutheranism to Orthodox Christianity for economic reasons. Rolling and hilly terrain has promoted development of cattle breeding as well as craft industries. Vidzeme differs from other regions by the fact that there is no major regional centre. Vidzeme has the highest level of education in Latvia - many famous writers, composers, scientists come from Vidzeme. The inhabitants of Vidzeme are bright, frank and joyful people.

From its foundation in the early 13th century, **Riga** developed as a port and merchant town and a member of the Hanseatic League. For nearly five centuries Riga was under the domination of German bishops and the Livonian Order. For a short time at the end of the 16th century the region came under Polish rule. In the 17th century, Riga was under Swedish rule but in 1710 it became a part of the Russian Empire. Due to the rapid growth of industry in the early 20th century, Riga became the third-largest industrial centre of the Russian Empire. Since ancient times Riga has been characterised by its international community and business environment. It has a unique historical heritage.

The historic development of the **Latgale** region differentiates it from other regions. The long rule of Poland and Russia has left its traces in the economy. Latgale has not yet reached the economic level of other regions. The Latvians of Latgale in general preserved a typical Latvian culture and lifestyle, but many

Slav cultural elements were introduced into their culture. These were reflected in dress, building traditions, life style in the villages. As to the language, there is a different dialect and spelling in the Latgale region. The farmhouses in Latgale are smaller, but families larger. Traditionally, Latgale has been the most densely populated region. The people are extremely hospitable, sincere and helpful. In contrast to other regions, Catholicism predominates in Latgale, but here and there are pockets of old-Orthodox congregations.

3.1.2 due to functional coherence

Pending the completion of the Latvian territorial-administrative reform, the current division into five regions remains in force. They are even mentioned in the Constitution as Latvia's constituent parts. Under the protocol signed by the Ministry of Environment Protection and Regional Development and the Central Statistical Bureau in 1999, these are the Riga region (it includes the cities of Riga and Jurmala and the Riga district), the regions of Vidzeme, Kurzeme, Zemgale and Latgale. Each of these statistical, not territorial-administrative regions is formed by several districts and Republic cities.

Three of the regions (Kurzeme and Latgale) have two large urban centres each, Vidzeme has no large centre at all, and Zemgale has only one important urban centre (Jelgava). This creates a central place system, which is in general not in line with the statistical and cultural regions with socio-economic characteristics (see below) and vital identities: Kurzeme is split into the catchment areas of its two largest cities, although Liepaja is the more important and overshadows to some extent the North of Kurzeme; Latgale and Vidzeme are divided into

several catchment areas; all of Zemgale as well as all of the Riga region gravitate to the centrally located capital Riga.

This discrepancy between the current centralist system and the strong cultural identities of the regions poses some problems in the context of decentralisation and regionalisation.

The **Riga region** has a favourable geographical location. It is situated in the central part of the country, at the node of important transit ways. The region is characterised by a concentration of industry, with light industry and food industry, engineering industry and chemical industry dominating. As it is the capital region it has a well-developed service sector, especially financing and trade services. Riga is the largest educational, cultural and scientific research centre in the country. Latvia's most important tourist centres are Riga and the nearby resorts of Jurmala and Sigulda. The Riga region has attracted so far almost 2/3 of foreign investment.

The **Vidzeme region** is characterised by comparatively high business activity. A wide network of small and medium-sized towns has been developed. The largest town in this region, Valmiera, has not only industry, especially food industry, but is also an important cultural and educational centre. At the seashore, fishing and fish processing industry are widely developed. Due to the large forest tracts, there are many woodworking industrial concerns.

Industry in the **Kurzeme region** is connected with the development of the ports of Ventspils and Liepaja. Ventspils is one of the largest ports on the eastern shore of the Baltic. The port specialises in oil products, mineral fertilisers and

chemicals. The larger industrial enterprises are situated in Liepaja. Fishing and fish processing industry are well developed in the smaller ports. There are vast forests with a timber processing industry. Regional institutes of higher education are located in Liepaja and Ventspils.

The **Zemgale region** is a traditionally well-developed agricultural region with a well-developed processing of agricultural and timber-processing industry. There are comparatively rich mineral deposits – dolomite, sand, clay, peat, gypsum. Jelgava, the largest city in the region, is an important educational and industrial centre; many industrial enterprises, however, were closed down in the 1990s. The hydroelectric power station of Plavinas generates half of Latvia’s total hydroelectric power.

The **Latgale region** is economically the least developed in the country. During the Soviet period, industry (engineering, chemical industry, food industry) was well-developed in the largest cities of the region, Daugavpils and Rezekne, producing for the Soviet market. Due to the loss of this market, it reduced its production or was closed down. Unemployment rapidly rose both in urban and rural areas. Institutes of higher learning are located in Rezekne and Daugavpils.

Tab. 5. Key indicators of Latvia's regions

	Riga region	Vidzeme region	Kurzeme region	Zemgale region	Latgale region
Resident population (in 1000, 2000)	994.6	362.6	329.8	350.9	386.2
Population density (inhabitants per sq. km, 2000)	287.0	18.3	24.2	26.6	26.5
GDP (% distribution over the country, 1998)	60.7	8.5	13.6	8.6	8.5

	Riga region	Vidzeme region	Kurzeme region	Zemgale region	Latgale region
GDP per capita (at current prices, LVL, 1998)	1,578	820	1434	863	687
Average gross monthly wages and salaries at the main job (LVL, 2000)	170.1	117.6	139.0	118.6	106.8
Registered annual average unemployment rate (% of economically active population, 2000)	4.7	8.3	10.2	10.1	16.8
Share of agriculture in gross value added (% distribution, 1998)	1.2	9.6	4.3	16.9	5.8
Foreign investment stock in the fixed assets of enterprises registered in Latvia (total in 1000, LVL, 1999)	442,571.3	21,080.9	52,493.6	5,700.9	59,584.0

3.2 Administrative traditions

Regional reform in Latvia meets keen resistance, mainly for traditions of centralism. The way of thinking of politicians and officials is still shaped by centralised and planned economy. This mental background explains their negative attitude towards the transfer of planning and development functions. Thus, they do not believe that districts are to be included into the regional development process.²³

But the tradition of centralism cannot only be traced back to the Soviet period, Latvians also still remember the model of centralised administration (the

²³ PŪKIS 2001.

authoritative president's rule) which promoted the prosperity of an independent Latvia in the 1930s. The traditions of centralism were only strengthened in the Soviet period, especially by the different sectoral administrations.

Centralism is also conserved by the geographical peculiarities of Latvia, such as the extreme focus on Riga with its high concentration of human, economic and political resources.

It also cannot be denied that the central government does not trust local and regional level administrators and believes to some extent that they are incompetent and that they waste finances. Frequently they are blamed for preferring short-term needs and interests over long-term goals.

3.3 Ethnic groups and minorities

In early 2000, ethnic Latvians accounted for only 43% of the overall population of the Riga region. Ethnic Latvians represent only 39% of the total population of Riga City.

Tab. 6: Resident population by nationality, 2000

Nationality	Riga region %	Vidzeme region %	Kurzeme region %	Zemgale region %	Latgale region %
Latvians	42.91	82.03	69.94	68.40	40.58
Russians	43.84	12.71	19.18	19.61	43.57
Belorussians	4.35	1.73	2.45	4.08	5.85
Ukrainians	4.11	1.22	3.21	2.18	1.76
Others	4.79	2.31	5.22	5.73	8.24

When these figures are examined, it has to be taken into account, that most of the Russians and Belorussians in the Latgale region and the Russians in the Vidzeme region are pre-Soviet and indigenous ethnic minorities, while all Ukrainians, as well as most of the Russians and Belorussians in the other parts of the country are immigrants from the Soviet period. This makes a difference to their self-government and regionalisation. While a non-Latvian ethnic majority in the capital region of Riga is not significant in this context, the high proportion of ethnic Russians in Latgale (44%) and also the Belorussian minority (6%) in this region is at least potentially important.

3.4 The party system related to regionalisation and decentralisation issues

Tab. 7: Composition of the 7th Saeima by parties

Parties	Number of representatives
Total	100
TB/LNNK	17
JP (New Party)	8
LSDP	14
LC	21
TP	24
TSP (People's Party for Harmony)	16

The **Latvian Social Democratic Party (LSDP)** supports the need for territorial-administrative reform and considers that the district councils should be elected (not composed of local delegates as it is now). LSDP is against radical pruning of the number of local authorities (from 552 to 102), which would “ignore the principle of voluntary mergers” (Resolution, 1 May 2001). The party programme stresses the need to smooth socio-economic spatial

disparities and offers the solution to work out regional development policies, to implement the Act on Specially Supported Regions, to improve the regional development fund and the use of finances. Besides proposing two tiers of elected self-government, LSDP suggests abandoning the term "Republic City".

Latvia's Way (LC) aims at strong, financially powerful, competent and responsible local governments; it is in favour of elected district councils and the merger of *Pagasts* and towns; regional reforms should be carried out in view of EU integration; it supports balanced, sustainable regional development.

"For Fatherland and Freedom" (TB/LNNK) approves local administration that are elected by the citizens; suggests more support of local authorities in the promotion of economic activities; supports the opinion that delegating functions to local governments means providing them with the necessary financing; supports the promotion of organised sub-national interest representation at the national level; favours disparity equalisation; proposes establishing a regional policy mechanism in accordance with the potential of the regions, as well as with the EU policy to make Latvia capable of exploiting regional development funding.

The Council of Ministers, formed by a coalition of LC, TB/LNNK and TP (People's Party), declared that it the government seeks to develop rational and efficient central and local government. Thus, the central government will prepare a Bill on the establishment of larger regional units.

3.5 Other political players related to decentralisation issues

Leading mass media (national TV, radio, the leading newspapers “Diena” and “Neatkarīga Rita Avīze”) cover local and regional affairs in a different way. They mainly highlight problems and processes in local authorities and districts. Regional processes and problems attract interest only on special occasions, for example, if regional reform is discussed, if decisions on investments, transport development, important cultural and social projects are made.

The magazine “Logs”, issued by the Union of Latvian Local and Regional Governments, is mainly devoted to matters of local government. Local mass media (regional and local TV and radio, newspapers) pay most attention to entrepreneurship, spatial development, housing, as well as social and cultural processes in local governments.

Mass media foster discussions on regionalisation problems, thus ensuring wider public participation. In 1999 the mass media launched a lively discussion on a proposal to create nine regions. In the course of this discussion, it became clear that the majority approved the formation of five regions.

The mass media provide wide coverage of the political discussion on the territorial-administrative reform, and provide information on the models proposed, while reflecting different points of view.

3.6 Plans for territorial re-organisation

So far, no official or final decision on territorial reorganisation has been adopted. It is still unclear, which of the models will be supported – greater centralisation or greater decentralisation.

The current division of the country at the regional level into 26 districts and seven "Republic Cities" is generally regarded as not satisfactory. This is due to several reasons: between 1994 and 1997, the districts lost their permanent tax basis and several important functions, which were passed over to local authorities; their councils are not elected, the subdivision into districts is not able to ensure equal regional development; the distribution pattern of devolved units of state administration (e.g. Environment Protection Boards, Regional Sickness Insurance Funds, State Revenue Service, Rural Support Service) differs due to the divergence of administrative, planning and statistical regions. On the other hand, it is evident that the role of regions in Latvia is growing. Districts have acquired sound experience in spatial planning, road and public transport maintenance and other spheres. These factors suggest that the establishment of larger self-governing regions with more powers would be favourable.

Discussions on a territorial-administrative reform started in 1991. In 1998, the Act on Administrative Territorial Reform was adopted. It is aimed to create at local and regional units capable of promoting economic development and performing administrative services of high quality. The reform envisages the creation of a two-tier system. According to this Act, regions are to fulfil the functions of

- regional self-government
- delegated state administration
- regional planning and development
- cooperation with state administration institutions.

Due to the fact that the cultural and historic identities of regions are strong in Latvia, the dominant political opinion is that it was preferable to divide the country into five planning regions. If the need arose to establish self-government at the regional level, it would also be acceptable to create nine units in order to smooth socio-economic disparities.

In April 2000, the Cabinet stated that the reform would be completed by March 2005.

In spring 2001, two models were introduced into the public debate. The first model involves the formation of 102 local governments and the abandoning of districts in favour of planning regions. It runs counter to the Law on Administrative Territorial Reform, seeks to establish a two-tier system. The second, the so-called "Lithuanian model", suggests the transformation of the 26 districts and seven "Republic Cities" into 33 local governments or local authorities. The latter is supported by most of the central government institutions and by the "Republic Cities".

On 25th March 2003 the Cabinet of Ministers approved the project of Administrative Territorial Reform developing system of Novadi which is based on 102 local governments.

4 Concluding remarks

The two-tier system of four different types of 552 Local Communes (seven "Republic Cities" are directly subordinated to the state) at the local level and 26 districts at the regional level is seen as an intermediate stage in a reform process, which started in 1991 and is to be completed in 2005. None of the major political players considers this process as completed.

4.1 Main shortcomings of the current system

Incomplete regional self-government: While the authorities of the districts are not appointed by the central government, they are also not elected, but just composed of representatives of the local level. This gives them only delegated power and a coordinating function linked to the local level. Their weak position also is also reflected in the fact that districts do not have financial resources of their own, but depend almost completely on transfer payments from the State.

Subdivision at the regional level does not ensure homogenous economic development: The subdivision into 26 districts and seven "Republic Cities" at regional level has not proved to be an appropriate means of ironing out regional disparities and ensuring a more homogeneous economic development.

Local governments depend heavily on state transfers: Local authorities have less than 30% of their expenditure covered by their own financial resources and very limited financial autonomy. Districts depend on state transfers to the tune of 90%. Transfer payments from the state are defined annually according to the state budget, which means that it is difficult for the recipients to plan. However,

a mechanism of horizontal fiscal equalisation between local governments is unique among the countries covered in this study.

Financial resources do not correspond to the tasks of local authorities:

While functions and tasks of local authorities kept increasing throughout the reform period, financial resources lagged behind. This resulted in growing budget deficits. Small local authorities, which cannot fully execute their legal functions, e.g. local social care, have the greatest difficulties.

4.2 Driving forces behind and obstacles to decentralisation and regionalisation

Driving forces:

All major political parties as well as the government, promote in principle decentralisation and regionalisation. They intend, albeit via different models, to introduce a functional, new regional self-governing tier of government.

The mass media pay special attention to the regionalisation issue and have already initiated a wide public discussion on this matter.

Obstacles:

No cultural-functional correspondence at regional level: The five planning regions established in 2000, which are to be developed into a layer of proper regional self-government, and which profit from the fact that they coincide with the traditional cultural regions of Latvia do not correspond to functional spatial structures in the sense of catchment areas of larger urban centres.

Compact autochthonous minority region: Linguistic ethnic minorities of 44% Russians and 6% Belorussian in the easternmost cultural and planning region Latgale foster Latvians' uneasiness, about any extension of self-governing powers at regional level.

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C Lithuania²⁴

1 Preface

Tab. 1: Basic data²⁵

Category		Year
Territory (in sq. km)	65,200	
Population in millions	3.6	2001
GDP per capita PPP (USD)	7,300	2000
GDP real growth (%)	+2.9	2000
Budget balance (% GDP)	-0.8	1997
Inflation per annum (%)	1.0	2000
Unemployment (%)	10.8	2000

Preconditions for independent activities of the governing bodies and decentralisation were set in 1988 by the development of a democratic movement, *Sajūdis* as under the Soviet regime Lithuania had strictly centralised administrative structure. On 11 March 1990, the Supreme Council of the Republic of Lithuania, proclaimed the Act on the Re-establishment of the State of Lithuania. The democratically elected Supreme Council adopted the Provisional Basic Law, which, among other things, provided for the transition from centralised party administration to a democratic state with decentralised government. The law on the Basics of Local Self-government of 12 February 1990 granted the right of local self-government to local government bodies.

The approval of a new Constitution (in 1992) was followed by the adoption of a new law on Local Self-Government, on 7 July 1994. Currently there are two

²⁴ The part on Lithuania was drafted in cooperation with Mrs Daiva LABANAUSKAITE and Vytautas JUSCIUS, Ph.D., from the Klaipeda University; it was revised by Mrs Auste TAMULYNAITE, Association of Local Authorities in Lithuania.

²⁵ The World Factbook 2001.

territorial-administrative levels: 10 Counties *Apskritis* as the upper or regional level, and 60 Municipalities *Savivaldybes* as the lower or local level.

2 Analysis of the current territorial-administrative system

2.1 Legal foundations

The basics of institutional structure and the activities of local authorities are set in the Constitution, Law on Local Self-government as well as other legislation. The main legal provisions regulating the activity of local authorities are provided for in Chapter 10 of the Constitution, *Local Governments and Administration*:

- administrative units provided by law on State territory shall be entitled to the right of self-government (Art. 119);
- the right of self-government shall be implemented through local government councils, elected for a four- year term on the basis of universal, equal and direct suffrage by secret ballot (Art. 119);
- local governments shall act freely and independently within the limits of their competence which shall be established by the Constitution and laws (Art. 120);
- local government councils shall have the right within the established limits and according to the procedure provided by law to establish local dues, and to provide for the leverage of taxes and duties at the expense of their own budget (Art. 121);
- local government councils shall have the right to appeal to court regarding the violation of their rights (Art. 122);

Law on the Territorial Administrative Units and their Boundaries No I-558 (1994) established 10 counties representing state administration at the regional level. The scope of powers delegated to the counties by the State government is defined by the Law on the Governing of the County (1994). In order to further enhance regional dimension, the Law on Regional Development No. VIII-1889 adopted in 2000 (amended 2002, No.IX-1285) provided for the establishment of Regional development Councils.

The structure, procedures and activities of local authorities are stipulated in the Law on Local Self-government No.I-533 (1994). The Law defines the foundations, general procedure for the organisation and activities of self-government institutions; divides the competence of self-government institutions into autonomous and delegated by the State, establishes different degree of freedom and independence for self-government institutions; provides for the municipal property as the basis of the economic activities of the local authority, as well as establishes general requirements for handling financial resources of the local authority; provides for relations of local authorities with state institutions and provides for legal guarantees for the activities of local authorities.

According to the Law No. VIII-73 (1998) on Administrative supervision of Local Authorities representatives of the Government in the counties are appointed to supervise that local authorities act in compliance with the Constitution, laws and Government resolutions.

Other Legislation Regulating Local Self-Government:

- Law on Elections to Municipal Councils;
- Law on the Status the Councillor of the Municipal Council;
- Law on Public Service;
- Law on Public Administration;
- Law on the Temporary Direct Rule of Towns and Regions of the Republic of Lithuania.

Other legislation related to the activities of local authorities includes laws on economic issues of municipalities (see: finances), education, health, environment.

In 1999, Lithuania ratified the European Charter of Local Self-government.

2.2 Institutional structure (Fig. 5, 6)

The administrative-territorial reform took place upon the restoration of Lithuania's independence. During the first stage of the reform, its legal basis was laid. Pursuant to the Law on the Territorial Administrative Units of the Republic of Lithuania and their Boundaries, the territory of the country is divided into two levels of administrative units:

- counties
- municipalities.

The municipality is a lower (level I) administrative unit, which is governed by institutions of local authorities, elected by the local community pursuant to the Law on Local Self - Government and other legislation. After the administrative reform in March 2000, the number of municipalities increased to 60 (from 56).

The law grants the right to local authorities to divide their territory into yet smaller units, wards, which do not have the status of a territorial administrative unit and are governed by a warden. The establishment of boundaries, organisation of government of wards and the appointment of a warden is the prerogative of municipal councils.

Higher administrative units (level II) are counties (10), which implement the regional policy of the Government.

Tab. 2: Administrative division of Lithuania²⁶

County	Population (as of 2002)	No. of municipalities
Alytus	187,397	5
Kaunas	699,314	8
Klaipeda	385,005	7
Marijampole	188,298	5
Panevezys	298,958	6
Siauliai	369,192	7
Taurage	134,051	4
Telsiai	179,599	4
Utena	184,879	6
Vilnius	848,890	8

²⁶ Lithuanian Department of Statistics, 2002

2.2.1 Counties

The county is the upper tier of territorial administration representing State administration at the regional level. The prime minister proposes the governor and the State Government appoints and discharges him/her.

On 20 July 2000, Lithuanian Parliament adopted Law on Regional Development No.VIII-1889, which constituted new regional policy in Lithuania and provided for the establishment of *Regional development Councils*. The Council consists of the Governor, Mayors of the County municipalities, and the Municipal Council members (from 1 to 3 depending on the size of the municipality).

2.2.2 Municipalities

The *Municipal Council* is elected by the residents of the municipality for four years by direct universal suffrage with a secret ballot. The *Mayor* and the *Deputies* are elected by the *Council* for four years in a secret ballot. Administration is headed by the director of administration appointed by the Council decision on the proposal of the Mayor.

Municipal controller is appointed for 5-year term according to the Law on Civil Service.

2.3 Exclusive and concurrent legislative competences

All legislative competences rest with the national level.

The state power falls into three branches:

- legislative,
- executive,
- judiciary.

	Legislative	Executive			Judiciary
National level	<u>Seimas</u>	<u>President</u> <u>Government</u> Government bodies Ministries County Governor			<u>Courts</u> Constitutional Court Supreme Court Appeal Court Administrative courts County courts District courts
Local level		Local Self-Government			
		Elective representative	Executive	Control	

Institutions of local self-government belong to the executive power. The right of local self-government is by lower administrative units, municipalities. Higher administrative units, counties, are part of State Government. The county governor and his or her administration are not considered as a separate group of

power. Thus, in general terms, Lithuania has two separate groups of authority, state authority and local authorities.

2.4 Executive powers

2.4.1 Counties

The tasks and powers of the 10 counties are defined by Laws No. I-707/1994 and No. VIII-896/1998 and are executed by the County Government. The tasks of the County Government are:

- Implementation of state policy at regional level
- Drafting of programmes for regional development
- Submission of proposals to the government concerning regional development
- Administration of national and international contacts in connection with common programmes

In accordance with state policy the county at the regional level has specific responsibility for:

- Social security
- Vocational and technical training
- Culture
- Health
- Spatial planning
- Protection and maintenance of monuments
- Land-use planning

- Environmental protection
- Execution of national and inter-regional programmes

2.4.2 Municipalities

According to the Law on Local Self-government, local authorities, within the limits of the autonomous competence ascribed to them, are entitled to free activities, initiative, and adoption of decisions to the extent permitted under law. While making decisions within the competence delegated by the State, self-government institutions must act in compliance with laws, Government resolutions and other subordinate legislation.

1. Autonomous competence includes:

- municipal budget;
- kindergarten, extracurricular and vocational education, provision of alimentation in primary education institutions;
- social care establishments;
- creating employment, organisation of re-skilling, public and seasonal works;
- ensuring public safety;
- tourism and recreation, development of sport;
- development of small and medium-sized business;
- establishing municipal parks and protected areas.

2. Assigned functions (competence of limited autonomy):

- education (general education, transportation to schools in distant areas);
- promotion of culture; libraries, museums and local cultural centres;
- social policy (support, care, attendance, social integration);

- primary health care and disease prevention for residents;
- **environmental protection;**
- housing; issuing of licences, permissions;
- local road building and maintenance; public transportation via local roads;
- provision of public utilities (water supply, heating), functions of environment and public sanitation (water treatment, refuse collection and disposal, looking after of cemeteries), trade in market places, etc;
- local development;
- spatial and urban planning, protection of landscape, public areas.

3. Functions delegated by the state:

- civil registration;
- keeping the registers, archives; provision of statistical data;
- organisation of civil security and fire safety;
- management of state parks;
- participation in mobilisation;
- Social welfare (compensations, social benefits);
- documents for obtaining citizenship; children and youth right protection;
- restoration of ownership (land, real estate);
- agricultural questions, rural development.

2.5 Finances²⁷

2.5.1 Financial resources

2.5.1.1 Counties

The counties have no revenues of their own. They receive funds from the state government to finance public institutions like schools, hospitals etc. and some other organisations and enterprises. The Klaipeda County, e.g., runs 45 such institutions.

2.5.1.2 Municipalities

Laws regulating economic and financial issues of local authorities:

- Law on Budgeting;
- Law on the Methodology of Determination of Municipal Budgetary Revenues;
- Law on the Privatisation of State-Owned and Municipal Property;
- Law on the Transfer of State-Owned Property to Municipalities.
- Financial resources of the local authority are comprised of the municipal budget and non-budgetary resources.

The municipal budget revenues are formed from the income received for the use of property which is in the ownership of the local authority, from the taxes paid

²⁷ Lietuvos Respublikos 2001. Metu Valstybės Biudžeto ir Savivaldybių Biudžetų Finansinių Rodiklių Patvirtinimo, Istatymas. 2000 m. gruodžio 19 d. Nr. IX-89. Vilnius.

by enterprises, institutions and organisations which are on the territory of the respective local authority, and from other sources of income ascribed to local authorities by laws.

According to the Law on the Methodology of Determination of Municipal Budgetary Revenues, the municipal budgetary revenues consist of:

- 1) tax revenue;
- 2) non tax-derived revenue;
- 3) grants;
- 4) credits or loans.

Tax revenue

Rights of Local Authorities provided for in Tax Laws and other Legislation

No	Taxes, duties, fees	Municipal councils have the right to
1.	Personal income tax	<p>reduce income tax or to entirely exempt from income tax certain sole proprietorships not having the rights of a legal person, and partnerships;</p> <p>reduce income tax for certain taxpayers or to exempt them from income tax;</p> <p>reduce income tax or to exempt from it separate individuals who derived miscellaneous income (e.g., income from the lease of property, selling property, etc.);</p>
2.	Obligatory patent fee for natural persons	set concrete rates of the patent fee in accordance with minimal and maximal patent fees established by the Government
3	Land tax	reduce the amount of land tax or to grant exemption from the payment of land tax compensating the sums from their respective budgets

No	Taxes, duties, fees	Municipal councils have the right to
4.	Lease fee on state land stock and water bodies belonging to the state water stock	reduce the amount of the fee or to grant exemption from the payment of the fee compensating the sums from their respective budgets.
5.	Real estate tax of enterprises and organisations	reduce the amount of the tax or to grant exemption from the payment of the tax
8.	Inheritance or gift tax	suspend deadlines for the payment of the tax, but for no longer than one year after the registration of the property, issuance of inheritance documents or concluding gift contracts.

Non tax-derived revenue

Local authorities may regulate the amount of non-tax derived revenue, by setting prices and rates. Pursuant to the Law on Local Self-Government, the autonomous competence of the council includes to:

- set prices and rates for services rendered to residents by municipal enterprises, established by municipal boards;
- establish the size of payment or compensations for plots of land which are being bought out, utilisation of the municipality equipment, facilities, and natural resources;
- set local fees, their tariffs, concessions in accordance with the procedure established by the Law on Local Fees.

Non tax-derived revenues that are paid by natural and legal persons to state tax inspectorates are transferred into the municipal budgets. Other non tax-derived revenues are paid directly into the municipal budgets.

Financial resources of municipal non-budgetary foundations (which make up 1-5% of revenues) are stipulated in the regulations on the financial resources of special-purpose, non-budgetary foundations. These resources are comprised of:

- individual payments of natural and legal persons;
- target financial resources provided by natural and legal persons;
- bank credits and interest for keeping money in the bank;
- other.

Grants

a) Compensation in state grants is allocated when:

- municipal expenditure rises due to the decisions taken by state authorities;
- the budget calculated according to the Law on the Methodology of Determination of Municipal Budgetary Revenues decreases.

b) special purpose grants to various target programmes (this amount over 50 % of municipal budgets).

In the course of the debates on the state budget, the national parliament decides in principle every year, the overall volume of payment that is to be transferred to the municipalities, based on the expected tax revenue and the expected state expenditures.

Wealthier municipalities with higher resources of their own (e.g. from income tax) receive less transfer payments from the state than those with revenues below the average.

Municipal Loans

Municipal budgets may avail themselves of loans from the state budget, in instances when they are temporarily in need of funds and according to the procedure and conditions established by the Government.

Upon the decision of their councils, municipalities may take loans aimed at:

- financing projects provided for in state investment programmes;
- financing municipal investment programmes;
- covering short-term budgetary expenditures provided for in the municipal budget of the current year;
- paying loans (no interest).

However, the total amount of the loan should not be bigger than 35 % (for Vilnius City Municipality it is 50 %) of the approved revenue of that year. In special cases, the Ministry of Finance may permit to increase this limit.

2.5.2 Financial performance

At the level of municipalities, most of the financial resources are required to carry out tasks that have been transferred to them by the state government. The Law on the Methodology for Determination of Municipal Budgetary Revenues provides that in case expenditures of municipalities increase due to the new regulations of central institutions, the adequate state grant should be given to municipalities. Every year, the Parliament defines extra allocations, when municipalities have to execute special tasks on behalf of the State Government.

2.5.3 Horizontal mechanisms of fiscal equalisation at the sub-national level

The Law on the Methodology of Determination of Municipal Budgetary Revenues provides the system of financial equalisation. Part of revenues from personal income tax is redistributed and municipalities having weak fiscal capacity are supported.

2.6 Implementation of powers

It is obvious, that the counties, lacking financial resources of their own, depend heavily on the state. They can draw proposals and inform the government, but they are not in the position to develop and represent strong interests of their own. It is only in the field of culture that the counties play such a role, representing regional interests at the national level e.g. by applying for funds for cultural purposes in their region. Counties also organize cultural cooperation between municipalities (e.g. joint programmes, meetings, workshops).

2.7 Patterns of interaction between authorities at the national and sub-national level

The Association of Municipalities [Lietuvos Savivaldybiu Asociacija] is the most important factor in interaction between the national and sub-national level. Article 25 of the Law on Local Self-government states that in the Parliament, in the relations with the President, in the Government and international organisations local authorities are represented by the Association of Local

Authorities. On 28 March 1995 the Law on Basic Regulations of the Association of Local Authorities in Lithuania was adopted and on 5 June 1995 the Association was established. All 60 municipalities (districts and cities) are voluntary members of the Association.

The Association is very active in promoting the distribution of financial funds and local and regional development.

Regulation on the work of the Government foresees, that drafts of all legal acts, concerning activities or common interests of local authorities have to be coordinated with ALAL or the separate opinion on these statements has to be submitted. Accordingly, the decision was taken that committees of the Seimas (Parliament) have to ask ALAL's evaluation and propositions on the corresponding drafts of legal acts. Representatives of Association are usually present in the meetings in the most important related committees in Seimas. In practice, representatives of local authorities are usually present at all meetings of government, ministerial secretaries' meetings and different working groups.

Furthermore according to the bilateral agreement on co-operation, signed between the Lithuanian Government and Association, a bilateral commission consisting of Government and ALAL representatives was established. Commission negotiate the interests and positions between central and local government in all difficult issues, which are not solved during usual procedures.

One more important instrument in the system of negotiation between local authorities and central government is negotiations concerning municipal budgets. Here the negotiation process is regulated under the decision of

Lithuanian Government "On confirmation of system of negotiations on indicators determining the size of municipal budgetary revenues and their equalization.

The National Business and Employers Confederation [Lietuvos nacionaline verslo ir darbdaviu konfederacija] is another instrument to promote regional and local interests at the national level, of course mainly in the economic field. Members of the Confederation are the Association of Small Businessmen and Traders [Lietuvos Smulkiuju verslininku ir prekybininku asociacija] and the Association of Small and Medium Enterprises [Smulkaus ir vidutinio verslo asociacija]. The Association of Small Businessmen and Traders operates at the national level, but has branches in all larger cities. The association is politically linked to the party of Social Liberals. The Association of Small and Medium Enterprises is regionally organised and has branches in large cities like Klaipeda, Kaunas, Vilnius. It is politically linked to the Liberal Party.

2.8 Patterns of interaction between authorities at the sub-national level

2.8.1 Inter-municipal cooperation

The Association of Municipalities also plays an important role in inter-municipal cooperation. The Association seeks to implement in Lithuania the provisions of the European Charter of Local Self-Government, organise and coordinate activities of its members in the areas of investment attraction, development of municipalities economic base, improvement of legal base, business support, crime prevention; culture, education, science, health care,

social care and protection, improvement of services to people, as well as relations with foreign municipalities and international organisations.

2.8.2 Inter-regional cooperation

There is informal cooperation between the counties on cultural issues.

2.8.3 Regional policy involving several administrative levels

Agencies for Regional Development [Regionines plėtros agentūra] have been established at country level. They are responsible for coordinating plans and strategies of regional development.

The National Regional Development Agency, established in 1999, coordinates national and regional planning and development interests. Shareholders include the Ministry of Public Administration and Local Authorities, the Governmental European Committee, the Ministry of Economy, the Ministry of Agriculture and the Lithuanian Association of Chambers of Commerce, Industry and Crafts. Partners include all regional authorities, and in particular, mainly officials of the target regions of the PHARE Social and Economic Cohesion Programme from Utena, Klaipėda-Taurage and Marijampolė.²⁸

The main objectives of the agency are to implement national regional development policy, to initiate and foster local and international cooperation between the regions, to assist national, regional and local authorities in implementing devolved regional development instruments and to provide

technical assistance and training in relation to the implementation of EU-supported regional development instruments. The agency cooperates closely with the county administrations and their regional development agencies.

There is little inter-regional cooperation between regions on promoting their own interests at national level.

2.9 Trans-border cooperation at sub-national level

Although Lithuanian sub-national units participate in three Euroregions, popularity of Euroregions is low. Studies of the Institute of Regional Geography, Leipzig, show that only 1% of the population is well informed about Euroregions. An assessment of the measures included in the programmes of the Euroregions indicates that more than 50% are concentrated in the cultural and scientific sphere.

Municipalities in border regions are keenly interested in trans-border cooperation. Residents of cities near the border are extremely interested and well informed about possibilities for cross-border cooperation. Nevertheless, economic cooperation needs similar structures and competences on both sides of the border. Since the competences at the local level in the neighbouring countries Belorussia and Russia are very limited, cross border cooperation is extended mainly to the fields of sports, cultural exchange and social events.

Lithuanian counties and municipalities participate in 5 Euroregions.

²⁸ www.lida.lt (20.08.2001)

Examples for cross-border cooperation at the sub-national level:

- **1991:** The city of Klaipeda became a member of the Baltic Ports Organisation
- **1991:** Six Lithuanian cities became members of the UBC (Union of Baltic Cities): Kaunas, Vilnius, Panevezys, Vilnius, Palanga, Klaipeda, Siauliai. The city of Klaipeda is even a member of the UBC executive board.
- **1994:** Ignalina and Zarasai started to cooperate within a trilateral project on cross-border cooperation with Latvian (Daugavpils, Kraslava) and Belorussian (Verhnjedsvinsk, Miori, Braslav, Polotsk-Novopolotsk) regions. Due to significant differences in structure and competences between the administrative units of the three countries the project was not successful.
- **1996:** Five Lithuanian chambers of industry and commerce started to cooperate with Germany.
- **1997:** Implementation of the Neman Euroregion comprising the Lithuanian counties Alytus, Marijampole and Vilnius, the Polish voivodships Podlasia and Masuria, the Belorussian Oblast Grodno and the Russian cities Nesterov, Osersk, Černjahovs'k and Gusev in the Kaliningrad Oblast.
- **1998:** The county of Klaipeda joined the Euroregion Baltci together with the Danish island of Bornholm, the Latvian district Liepaja, the Polish voivodships Pomerania and Ermland-Masuria, the Russian oblast Kaliningrad and the Swedish counties Kronoberg, Kalmar and Blekinge.
- **1999:** Implementation of the Euroregion Saule comprising the Lithuanian counties Siauliai and Taurage, the Latvian city Jelgava, the Russian city Sovetsk and the Russian districts Neman and Slavsk as well as the Swedish county Skane.

These examples illustrate the dominant role of economically strong and active cities like Klaipeda, Siauliai, Kaunas in trans-border activities. The Free Economic Zones established in these states, which are open to domestic and foreign investors and offer corporate tax holidays, exemption from custom taxes and VAT. In contrast to the capitals of Latvia and Estonia, Lithuania's capital Vilnius has not generated a growth belt around the city. This may partly be due to its hinterland location, which does not provide the same advantages for transit trade as the other Baltic capitals on the Baltic Sea coast.

In the field of environmental protection, Lithuanian and Russian administrations cooperate successfully in the Curonian Spit National Park. They have drafted a joint plan for the further development of this park.

The Integrated Coastal Management Plan for the Lithuanian and Latvian coast includes environmental, social and economic objectives.

The foundation in 1991 of the Baltic-Scandinavian Academy in the Lithuanian city of Panevezys was one of the most important steps regarding scientific-cultural cooperation.

3 Driving forces behind and obstacles to decentralization and the reorganisation of territorial structures

Administrative devolution and a drift towards self-government at local, not at regional level are underway. But there are still shortcomings and barriers.

One of the severest obstacles is the fact that limited financial resources frequently prevent the municipalities from implementing their own programmes. Another problem is the insufficient experience and training of local decision-makers.

Regional self-governance looks unattractive to a majority of the population and opinion makers, since it is considered as widening the gap between economically better and less developed parts of the country. Disparities in economic development are distinct and as long as this situation prevails, it is preferable to preserve some kind of centralism in order to avoid further polarisation and the marginalisation of poorer regions.

Major driving forces in the devolution process are the cities, first of all the economically successful cities. By using their own financial resources, they are not only developing their economic potential but also promoting the cultural and scientific development of the city and their region.

3.1 Regional identities

3.1.1 Historical and cultural identities

Lithuania has a long tradition as an independent state. Between 1230 and 1240, King Mindaugas united the Baltic tribes and founded the The Grand Duchy of Lithuania. It existed as an independent state until 1569, when it was merged with Poland in a personal union of two states (Rzeczpospolita). After the first Polish division (1792), Lithuania became a Russian province and remained so until 1918. After World War I Lithuania proclaimed its independence and remained independent until Soviet occupation in 1941. This history of long-term, albeit occasionally interrupted and at many occasions threatened self-determination shaped Lithuanian public consciousness very strongly. Unlike Latvia and Estonia with much shorter periods of independence in their history, national identity in Lithuania is rather strong, based on a proud history and dominates regional identities.

Nevertheless, regional identity can be attributed to four cultural regions covering the entire national territory, i.e. Zemaitija, Aukštaitija, Suvalkija and Dzūkija. These identities are carved into the minds of their residents and express themselves in traditional costumes, other cultural traditions, dialect and, to some extent, also in the character of their inhabitants. Frequently, the traditional and historical main occupation of the inhabitants formed the focus of cultural traditions and customs. In Aukštaitija, e.g., agriculture predominated and therefore cultural traditions are shaped by the rural environment.

The largest region is Aukštaitija in the northern and central parts of Lithuania. Agriculture and forests dominate the landscape. Dzūkija in the southern part of Lithuania has a rural character. Suvalkija derives its name from the city of Suvalki, in former times belonging to Lithuania and now located in Poland. Traditions in this region therefore resemble those in the Polish neighbourhood.²⁹

The strongest traditions and the most distinct regional identity can be found in Zemaitija, in the western part of Lithuania. This may be attributed to the fact that Zemaitija played a specific historical role among the cultural regions of modern Lithuania: in the late Middle Ages it was a county and the westernmost part of the Lithuanian Principality, when much of the rest of modern Lithuania was ruled by the Teutonic Order. Zemaitians are therefore very proud of their history and emphasize that their region has “never been suppressed by foreign powers”. Today Zemaitians have their own societies and, e.g., unofficial passports in addition to their Lithuanian passports.

While tailoring administrative structures according to the cultural regions may have some popularity in the rural space and among the elder, the urban population, as well as the political and intellectual elite are much more inclined to adapt administrative structures to economic situations.

3.1.2 Functional coherence

The current administrative subdivision into 10 counties is very well supported by the central system, i.e. they are in most cases also functional units, in sharp

²⁹ Acquaintance with Lithuania, Vilnius 1995.

contrast to the cultural regions mentioned above. This is a strong argument against tailoring administrative structures according to cultural identities. Another barrier against harmonising administrative structures with cultural regions is the differing scale of the cultural regions: while Aukštaitija is very large, Suvalkija and Dzūkija are small.

3.2 Administrative traditions

The current territorial-administrative division into counties and municipalities is in terms of number and shape very much a revival of the interwar period, when Lithuania was independent. In terms of decentralised competences, however, the current state of affairs is certainly an advance on the inter-war period and even more so on the Soviet period, when Lithuania shared the typical centralist Soviet structure and administration.

Apart from these rather centralist traditions, further obstacles to regionalisation and decentralisation include the fact that national identity overshadows regional identities and regional identities do not coincide with functional regions.

3.3 Ethnic groups and minorities

Lithuania has much less national and ethnic minorities than Estonia and Latvia.

In 2000, the Lithuanian population was ethnically composed of:³⁰

Lithuanians	81.6%
Russians	8.2%

Poles	6.9%
Belorussians	1.5%
Others	1.8%

The Constitution and the Law on National Minorities of 1989, amended in 1991, protect minority rights. Members of national minorities have the same rights as ethnic Lithuanians and can obtain Lithuanian citizenship without difficulty. They can also use their traditional costumes and their language. A department of regional problems and national minorities in the Lithuanian government has executive responsibility for protecting and supporting national minorities. 223 schools (primary and secondary) do not use Lithuanian as the main language for teaching. They are attended by 11.5% of all pupils in Lithuania. Members of 19 minorities have founded their own organisations and more than 200 NGOs promote cultural activities specific to minorities. They receive state subsidies for this.

The **Russians** are the largest minority group. 304,800 live mostly in the eastern part of Lithuania and in the cities Vilnius, Klaipeda and Visaginas (nearby Visaginas is the Ignalina nuclear power station). Most of the Russians are well integrated into Lithuanian society. Being mostly urban immigrants during the Soviet period without separate ethnic roots, they are not interested in autonomy and do not even get involved in territorial self-government more than the Lithuanian average. Younger people speak Lithuanian and believe in their future in Lithuania.

³⁰ Statistical Yearbook of Lithuania 2000, Vilnius 2001.

The situation is different as regards the **Polish** minority. Due to conflicts about the Vilnius region between Poland and Lithuania, some kind of mental reservation can be observed in the relationship between Poles and Lithuanians. Between 1988 and 1991, local authorities in the eastern provinces repeatedly proclaimed autonomous Polish regions. Some declared the new Lithuanian constitution illegal and stressed that their region belonged to the Soviet Union. Poland was never mentioned in these declarations reflecting the distant relationship between the “mother country” and the Polish ethnic group in Lithuania. Poland on its side supported the Polish movement in Lithuania rather half-heartedly and formally. Finally, the Lithuanian government dissolved the local administrations in the regions with Polish majority and installed a new administration for several months. After this, much of the conflict potential surrounding the Polish problem disappeared. Today, the Polish minority coexists peacefully with the Lithuanians.

Poles as well as Russians have their own political party and two Poles are deputies in the state parliament. In two municipal councils (Vilnius district and Salcininkai district) in the Vilnius county Poles hold the majority. Thus, it has to be admitted that the Polish minority question has a certain meaning in the regionalisation and decentralisation context.

The other minorities are too small to play any role apart from folklore and culture. They are completely integrated into Lithuanian society.

3.4 The party system related to regionalisation and decentralisation issues

Results of the last elections to Local Government Councils held on December 22, 2002 brought the following distribution of mandates between the main political parties:

Party	%	Number of mandates
Lithuanian Social Democratic Party	21.28%	332
Homeland Union – Lithuanian Conservatives	12.37%	193
Union of Farmer’s Party and New Democracy Party	12.18%	190
Lithuanian Liberal Union	10.26%	160
Lithuanian Centre Union	10.00%	156
The New Union (Social Liberals)	8.85%	138
Liberal Democrats Party	8.27%	129
Lithuanian Christian Democrats	7.44%	116
Lithuanian Poles’ Electoral Action	3.21%	50
Lithuanian Union of Political Prisoners and Deportees	1.54%	24
Moderate Conservative Union	1.03%	16
Others:	3,59	56
Total	100	1,560

The most significant party in the regionalisation context is the Lithuanian Poles’ Electoral Action. It is very popular among the Polish minority and represents their interests, although non-voters are more frequent among the Polish minority than with ethnic Lithuanians (ca. 60% and 50%, respectively). This is why they have only two deputies in the parliament. The two MPs are Mr Minczewicz (member of the Committee on Education, Science and Culture and Member of the Parliament’s Delegation to the Assembly of the Parliaments of the Republic of Lithuania and the Parliament of the Republic of Poland) and Mr Tomaszewski (member of the Committee on State Administration and Local

Authorities, member of the Commission on Family and Child Affairs, also in the same Parliamentary Delegation as Mr Minczewicz).

The Polish minority has a higher profile in local elections. Therefore its party holds the majority in the Vilnius and Salcininkai districts. Currently, however, regionalisation and decentralisation issues rank second to efforts to improve the economic situation of the Polish minority, first of all in rural regions.

3.5 Other political players related to decentralisation issues

Local newspapers (mostly two in each commune) highlight local problems, in this way supporting local identity. Local newspapers of larger cities are consumed also in their wider catchment area, since developments in the cities are interesting also for the rural population in their hinterland. The newspapers in minority languages support the interests of these minorities, but contribute also to their integration into the Lithuanian society, since they are frequently the most important communication channels between rural ethnic minorities and the outside world.

3.6 Plans for territorial reorganisation

Lithuania is a small country with a long centralist tradition and a strong national identity. The Lithuanians are primarily interested in maintaining their own state. Nevertheless, in view of EU-membership the government's political programme for 2000-2004 included plans to grant self-government to the regional level, to enlarge the counties or to replace them by a new regional structure (5 regions) and to transfer additional responsibilities to the existing municipalities. This

government programme has been approved by the Lithuanian parliament in November 2000.

4 Concluding remarks

Since 1994 Lithuania has implemented a new administrative tier at regional level composed of 10 counties representing devolved state administration in addition to 60 self-governing municipalities at local level. The large municipalities enjoy a high extent of financial autonomy (on average only 37% of their income is contributed by transfer payments from the state). A reform programme approved by the parliament in 2000 intends to reduce the current number of counties, i.e. to enlarge them in size, to implement genuine self-government at regional level and to boost the functions of communes.

4.1 Main shortcomings of the current system

No regional self-government: The county authority is composed of the governor appointed by the central government and the heads of the county's municipalities. Governors are frequently changed when a new central government takes office. Counties have no financial resources of their own and depend completely on government allocations. They are mainly mediators of state transfers to municipalities. Besides, they have coordination functions, mainly in the field of culture, and play some role as a platform for regional planning.

Imbalance between municipal tasks and financial resources: Many tasks have been devolved to the municipalities, but not the adequate financial resources to cover the expenditures.

Insufficient training and experience of local decision-makers.

Little activity in trans-border cooperation: Trans-border cooperation at sub-national level suffers from insufficient powers at the regional level in Lithuania and from a general lack of sub-national self-governance in the neighbouring countries of Belorussia and Russia (Kaliningrad oblast).

4.2 Driving forces behind and obstacles to decentralisation and regionalisation

Driving forces:

Larger cities: Larger cities, due to their economic advantages in the transformation process, are financially independent and play a very active role within the Association of Municipalities, which represents local self-government at the national level.

National Business and Employers Confederation: This association, representing Lithuanian enterprises, is regionally and locally organised and a strong advocate of local and regional interests in the economic field.

Some political parties (Lithuanian Liberal Union, 17.2% according to the last parliamentary elections, Lithuanian Centre Union, 5%) are in favour of decentralisation.

Counties coinciding with functional regions: The 10 counties coincide very well with functional regions in the sense of catchment areas of their urban centres. This is a good starting point for the development of regional identity and the evolution of regional self-government.

Obstacles:

Cultural regional identities do not correspond to functional regions: Lithuania comprises four historical and cultural regions with strong cultural identities. These cultural identities are, however, not in line with functional regions and with the current system of counties.

A strong national identity combined with a tradition of centralism undermines any effort of region building and tends to portray it as dissident behaviour.

Fear of autonomism: The autochthonous Polish ethnic minority (6.9%), concentrated on the Vilnius county in the Southeast of Lithuania, strove for autonomy between 1988 and 1991 and voted against leaving the Soviet Union. The minority is politically well-organised and has access to regional media.

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D MALTA³¹

1 Preface

Tab. 1: Basic data³²

Category		Year
Territory (in sq. km)	316	
Population in millions	0.388	1999
GDP per capita PPP (USD)	14,300	2000
GDP real growth (%)	+3.4	2000
Budget balance (% GDP)	-2.3	1999
Inflation per annum (%)	2.5	2000
Unemployment (%)	4.5	2000

The Republic of Malta obtained full independence from the United Kingdom on 21 September 1964. Prior to British rule from 1814 to 1964 Malta was culturally and politically shaped by its affiliation to the Kingdoms of Naples and Sicily (till 1530), the long period under the Knights of the Order of Saint John (1530-1798) and a short French occupation by Napoleon. Mainly Catholic and British traditions, coupled with a historiography characterising the Maltese as descendants of the Phoenicians and a vernacular language, Semitic in structure and morphology puts Malta in the cultural sense at the crossroads of the Mediterranean, where it always had the position of a maritime trading post and

³¹ The author of this chapter owes special thanks for information and materials to Emanuel DELIA (Policy Coordinator, Ministry of Justice and Local Government), Marlene BONNICI (Director, Regional Policy Directorate, Office of the Prime Minister), Alfred CAMILLIERI (Director, National Statistics Office), John O'DEA (International Affairs Coordinator, Association of Local Councils Executive Secretaries, Executive Secretary Pieta Local Council), Dr. Ian MICALLEF (President, Local Councils Association), Dr. Paul BORG OLIVIER (Mayor, Valletta Local Council), Frank PSAILA (Permanent Secretary, Ministry for Gozo), George SALIBA (Electoral Office).

³² The World Factbook 2001.

fortress. Maltese as the vernacular and English are both official languages. Malta applied for European Community accession already in 1990. The application was, however, “frozen” in 1996 under a Labour government. When the Nationalist Party returned to power in 1998, the application was “reactivated” and accession negotiations between the European Union and Malta started on 15 February 2000.

Investigating the administrative system of a very small state like Malta means – compared to the other countries – looking at it through a magnifying glass.

Based on an Act of 1993, from 1994 onward 68 Local Councils/Kunsill Lokali were set up to conduct functions devolved to them by the central government. Before that there were no structures of local or regional self-government. Even in cities like the capital Valletta municipal tasks like the maintenance of sports fields and theatres were not handled by public bodies, but by private resident associations, district clubs or church clubs, without a legal basis. From 1994 onward (with significant steps in 1995, 1996, 1999, 2000 and 2001) the functions and activities of Local Councils have evolved.

2 Analysis of the current territorial-administrative system

2.1 Legal foundations

2.1.1 Constitutional provisions

Under Act No. XIII of 2001, an Act to amend the Constitution of Malta, with effect from 24 April 2001, Article 115A has been inserted in the Constitution of

Malta reading: "The State shall adopt a system of local government whereby the territory of Malta shall be divided into such number of localities as may by law be from time to time determined, each locality to be administered by a Local Council elected by the residents of the locality and established and operating in terms of such law as may from time to time be in force." For the first time in Malta's history, devolved local government was enshrined in the constitution by this article.

2.1.2 Main legislative texts

Eight years before the introduction of devolved government into the Constitution, the Local Councils Act 1993 (Act XV of 1993) which was published on 30 June 1993, stipulated that "The Council shall be a statutory local government authority having a distinct legal personality and capable of entering into contracts, of suing and being sued, and of doing all such things and entering into such transactions as are incidental or conducive to the exercise and performance of its functions as are allowed under the Act." The 1993 Act was modelled on the European Charter of Local Self-Government, which the government, as the promoter of the initiative, had signed and ratified.

The Local Councils Act defines inter alia, by reference to maps attached to it the legal boundaries of each Local Council, constitution, functions and finances of Local Councils, as well as items excluded from the responsibility of Local Councils. Such items are trunk and minor roads determined by the national structure plan, national monuments, national parks or gardens, industrial estates, ports, the airport and other national territories, establishments, buildings and special items listed in a schedule to the Act.

The Act has been amended several times (1995, 1996, 1997, 1998, 1999, 2001) and figures currently as Cap. 363. Most amendments referred to the further devolution of powers from the central government to Local Councils.

2.2 Institutional structure (Fig. 7, 8)

Malta is subdivided into 68 municipalities titled Local Councils/Kunsill Lokali.³³ They are linked to six districts and three regions (see Map 1). While the Local Councils are territorial-administrative units and have devolved self-powers, the districts are merely statistical units. Regions serve to formulate the composition of the representative association of Local Councils.

Surface area

- 48 Local Councils (or 70.6% of all Local Councils) cover less than five sq. km,
- 14 (20.6%) cover between five and 10 sq. km,
- 2 (2.9%) cover between 10 and 15 sq. km,
- 2 (2.9%) cover between 15 and 20 sq. km
- 2 (2.9%) cover over 20 sq. km.

The largest Local Council in terms of area is Rabat (Malta), with 26.4 sq. km, the smallest Isla, with 0.16 sq. km. The average area is 4.4 sq. km per Local Council.

³³ The name variant behind the slash is the Maltese version. It will not be repeated in the further text.

Population

- Six Local Councils (or 8.8% of all Local Councils) have less than 1,000 inhabitants,
- 31 (45.6%) have between 1,000 and 4,999 inhabitants,
- 19 (27.9%) between 5,000 and 9,999 inhabitants,
- 12 (17.7%) 10,000 and more inhabitants.

The average population number of Local Councils is 5,591.

The distribution of Local Councils over districts and regions and by population size categories is shown in Table 2. The population size categories determine the number of councillors in the Local Councils.

Table 2: Local Councils by spatial distribution and population

Malta Southeast Region/Malta Xlokk (25 Local Councils, 64 sq. km, 135,211 inh.)	
Southern Harbour District/Distrett tal-Portijiet tan-Nofsinhar	
2 Local Councils	10,000-15,000 inhabitants
6 Local Councils	5,000-10,000 inhabitants
5 Local Councils	1,000-5,000 inhabitants
1 Local Council	<1,000 inhabitants
South Eastern District/Distrett tal-Portijiet tax-Xlokk	
1 Local Council	10,000-15,000 inhabitants
3 Local Councils	5,000-10,000 inhabitants
7 Local Councils	1,000-5,000 inhabitants
Malta Northwest Region/Malta Majjistral (29 Local Councils, 163 sq. km, 215,641 inh.)	
Northern Harbour District/Distrett tal-Portijiet tat-Tramuntana	
1 Local Council	20,000> inhabitants
1 Local Council	15,000-20,000 inhabitants
3 Local Councils	10,000-15,000 inhabitants
5 Local Councils	5,000-10,000 inhabitants
3 Local Councils	1,000-5,000 inhabitants

	Western District/Distrett tal-Punent	
	2 Local Councils	10,000-15,000 inhabitants
	2 Local Councils	5,000-10,000 inhabitants
	5 Local Councils	1,000-5,000 inhabitants
	1 Local Council	<1,000 inhabitants
	Northern District/Distrett tat-Tramuntana	
	1 Local Council	15,000-20,000 inhabitants
	1 Local Council	10,000-15,000 inhabitants
	2 Local Councils	5,000-10,000 inhabitants
	2 Local Councils	1,000-5,000 inhabitants
Gozo and Comino Region/Ghawdex u Kemmuna (14 L.C., 66 sq. km, 29,349 inh.)		
	1 Local Council	5,000-10,000 inhabitants
	9 Local Councils	1,000-5,000 inhabitants
	4 Local Council	<1,000 inhabitants

Source: CLEWS 2001, pp. 215ff

The deliberative body of the Local authority is the **Council**. The number of councillors for each Local Council is determined as follows:

<5,000 inhabitants	5 councillors
5,000-9,999 inhabitants	7 councillors
10,000-14,999 inhabitants	9 councillors
15,000-19,999 inhabitants	11 councillors
20,000> inhabitants	13 councillors

In line with the latest population figures of 31 December 1999 37 Local Councils have five councillors, 19 Local Councils have seven, nine Local Councils have nine, two Local Councils (Qormi, Mosta) have 11 and just Birkirkara has 13 councillors. This gives a total of 434 councillors for all Local Councils in Malta.

The council is elected every three years by the inhabitants of the local authority area. The minimum age limit for councillors is 18 years. Members of the House of Representatives (the Maltese parliament) and persons employed by the council are not eligible for election.

All councillors serve on a voluntary basis and retain their full-time employment during their term of office. They are entitled to claim expenses connected with their council activities.

Seminar programmes for councillors and council executive secretaries are run periodically by the Local Councils Department of the government. Several of these programmes are organised jointly with the Local Councils Association and/or the Local Councils Secretaries Association.

Council meetings are held at least once a month and are open to the public. Meetings can be held either at the council's own initiative or at the request of at least one-fifth of the electorate in Local Councils with more than 3,000 inhabitants, and by a quarter of the electorate in other Local Councils.

The executive body of the Local Council is the executive secretary, who is appointed by the council. The executive secretary is the executive, administrative and financial head of the council. The basic statutory duties of the executive secretary are: (a) to issue all notices, prepare the agenda in consultation with the mayor, and attend all meetings; (b) to draw up the minutes of all council and committee meetings; (c) to submit a detailed annual administrative report to the mayor; (d) to ensure that the council receives the

annual estimates for the next financial year; (e) to carry out any other duties that may be detailed or delegated to him by the mayor or council.

The council appoints the council's executive secretary on a contract basis for a period of three years, after consulting the minister responsible for Local Councils. The council may also appoint such other employees as it considers necessary for the efficient discharge of its functions, but it may not employ more than one person per 3,000 residents. Council employees are also appointed under a three-year contract. Councils may, however, contract out their service requirements.

The **mayor** is the political head of the Local Council, he/she supervises all functions of the council and presides over all councils meetings.

The mayor and the deputy mayor are elected at the first council meeting from amongst the councillors by separate open ballot. Only the mayor (or the deputy mayor or a councillor assuming the functions of the mayor) is paid an allowance. This is authorised by council resolution and cannot exceed 33% of the remuneration payable to members of the House of Representatives.

Although three regions of Malta (Southeast, Northwest, Gozo and Comino) are just statistical, not territorial-administrative units, for the Gozo and Comino Region, i.e. for the island of Gozo, plus its smaller sister island Comino, an individual ministry of the central government, the **Ministry for Gozo**, was established in 1987. During the rule of the Labour Party (1996-1998) the Ministry for Gozo was officially dissolved, but in practice only downgraded. Instead of a minister, a parliamentary secretary in the Office of the Prime

Minister took charge of the Gozo and Comino Region, while the ministerial structures on Gozo persisted. An official paper of the Ministry states that the re-appointment of a Minister for Gozo in September 1998 re-confirms “the need for having Gozo autonomous as far as possible” and declares that “the overall mission of the Ministry for Gozo is to promote economic, social and cultural development in Gozo while retaining the island’s natural environment and identity.” (p. 293)

Unlike all other ministries, the Ministry for Gozo is located on the island of Gozo (in Victoria). It executes all governmental business for the Gozo and Comino Region.

This ministry should not be understood as a kind of devolved government for this region (it is actually just a branch of the central government), but it can on the one hand be taken as a concession to the very distinct identity of Gozo and it represents on the other hand the interests of the Gozitans, in close cooperation with the Local Councils and private associations of Gozo. It has more regional powers than most subsidiary authorities of federal provinces (e.g. in Austria), but it is in fact not an institution of devolved government. Tensions may arise, when Gozitan interests run counter to those of the central government.

2.3 Exclusive and concurrent legislative competences

Local Councils being the only sub-national territorial-administrative units of Malta have neither exclusive nor concurrent legislative powers, except the right of passing by-laws for the purpose of carrying out their functions; otherwise they are totally subordinate to national legislation. They are, however,

empowered to decide on the allocation of their budget expenditures. Participation of Local Councils in spatial planning is limited to "make recommendations to any competent authority for or in relation to any planning or building scheme."

2.4 Executive powers

2.4.1 Local Councils

The Local Councils Act 1993, and its later amendments, cover functions that have been delegated *in toto* and exclusively to Local Councils, or which can be carried out by Local Councils in conjunction with public or private partners. It also makes provision for the delegation of functions pertaining to the central government, after informal and formal approval by the minister.

Functions of the Local Council according to most recent legislation (Section 33/1 Local Councils Act 1999):

- maintenance and improvement (not reconstruction) of public roads and footpaths, excluding trunk roads ;
- refuse collection and removal;
- maintenance of public conveniences;
- establishment and maintenance of children's playgrounds, public gardens and sport, culture or other leisure centres;
- road signs and road markings;
- establishment and maintenance of pedestrian and parking areas;
- protection of school children in the vicinity of schools;
- consultation on traffic schemes;

- recommendations in relation to planning or building schemes;
- co decision in naming and renaming of streets;
- guidelines for facade design;
- information of citizens on matters of public interest;
- consultation on any decision directly or indirectly affecting the Local Council area and its residents;
- establishment and maintenance of *creches*, kindergartens and other educational services or buildings;
- establishment and maintenance of health and rehabilitation centres, government dispensaries, health district offices and homes for senior citizens;
- appointments of chairpersons for primary school councils;
- any other function delegated by the competent State authority.

Local Councils have the right to challenge in court any decision which in any way interferes with the free exercise of these powers and functions. On the other hand, as legal persons, they may be sued by any party which feels aggrieved by their actions.

Under the terms of reference for an “Operations Review of Local Government 2001”, drawn up by the central government, during the next two years, local Councils are to take over the following functions from the central government:

- Setting up and maintaining existing street lighting;
- front office responsibilities for Central Government’s
 - examination application system
 - civil status certificates system
 - land registration system

- will searches system
- customer care system
- issuing licences on behalf of central government authorities;
- front office for “eGovernment” initiatives;
- establishment and maintenance of social welfare support;
- establishment and maintenance of parking arrangements for residents and clients of commercial outlets.

2.4.2 Ministry for Gozo

The official website of the government describes the functions of the Ministry for Gozo as follows: “The main objective of the Ministry for Gozo lies in representing the island of Gozo in Cabinet, being the highest administrative level, represented by the appointed Minister whose responsibilities include Education, Health, the Environment, Tourism, Agriculture, Sport, Culture and Youth. The Ministry for Gozo is committed towards providing the best possible service in the least time possible, ensuring quality and efficiency in the provision of its services for Gozitans, residents and visitors to the island. [...]. The Ministry for Gozo, believing in the island's particular characteristics and needs, seeks to support sustainable development in Gozo, further promote the island as a distinct tourist destination whilst enhancing the preservation and promotion of Gozo's unique rural characteristics of tranquillity and peace very much sought after by many tourists and locals alike”³⁴.

³⁴ <http://www.magnet.mt/ministries/gozo/gozo4.htm> (15/6/2001).

The Ministry for Gozo is responsible for all government and central administration affairs in the Gozo Region except police, army, taxation and foreign relations. The Ministry's current priorities are

- to improve cooperation between the Local Councils in Gozo;
- to create work opportunities for Gozitan government employees in Gozo;
- to market Gozo as a separate tourist destination within the Maltese archipelago;
- to arrange Institute of Tourism Studies in Gozo;
- to strengthen the ferry services between the islands;
- to ensure that inter-island transport benefits from assistance which the European Union provides in this field;
- to ensure that the Gozo University Centre expands its activities;
- to provide financial assistance for non-governmental organisations which contribute to the social and cultural fabric of the island.

2.5 Finances

2.5.1 Financial resources

2.5.1.1 Resources of the authority itself

Local Council areas are not empowered to collect their own taxes or to own assets. Section 60 of the Local Councils Act, however, empowers Local Councils to "raise funds by means of any scheme [...] provided that such schemes shall be instituted by bye-laws." But so far no Local Council has enacted bye-laws enabling it to charge rents.

To raise loans, Local Councils need the consent of the minister responsible for Local Councils with the agreement of the Minister for finance. The local commercial banks are the main sources of council borrowing. Borrowing by local authorities from foreign public or *para*-public agencies is subject to similar provisions. But so far Local Councils have not raised a foreign loan. There are no provisions regarding guarantees given by the state or by other bodies.

These rather limited legal possibilities of raising own financial resources explain that on average only 16% of budget incomes originate from own resources.

2.5.1.2 Transfer payments from the national level

Local Councils are funded by the central government on the basis of a funding formula³⁵ contained in the Local Councils Act (Article 55, Local Councils Act

³⁵ The formula in full: S_n (allocation received by the Local Council n) = $(G_t \times ([0.38 \times G_{an}/G_{at}] + [0.51 \times G_{bn}/G_{bt}] + [0.06 \times G_{cn}/G_{ct}] + [0.05 \times G_{dn}/G_{dt}])) + (V_t \times ([0.5 \times H_{vn}/H_{vt}] + [0.5 \times S_{on}/S_{it}])) + (K_t \times ([0.13 \times U_{1n}/U_{1t}] + [0.17 \times U_{2n}/U_{2t}] + [0.43 \times U_{3n}/U_{3t}] + [0.27 \times U_{4n}/U_{4t}])) + (R_t \times P_n/P_t) + (B_t \times P_n/P_t) + (S_{kt} \times P_n/P_t) + (W_t \times P_n/P_t) + (M_t \times ([0.42 \times U_{an}/U_{at}] + [0.37 \times U_{bn}/U_{bt}] + [0.21 \times U_{cn}/U_{ct}])) + (L_t \times C_n/C_t) + (N_t \times N_{un}/N_{ut}) + (T_t \times ([0.7 \times U_n/U_t] + [0.3 \times N_{un}/N_{ut}])) + (X_t \times ([0.04 \times X_{an}/X_{at}] + [0.378 \times X_{bn}/X_{bt}] + [0.316 \times X_{cn}/X_{ct}] + [0.266 \times X_{dn}/X_{dt}])) + (S_{lt} \times ([0.386 \times U_n/U_t] + [0.043 \times N_{un}/N_{ut}] + [0.571 \times S_{en}/S_{et}])) + (B_{st} \times S_{hn}/S_{ht}) + (G_{rt} \times ([0.5 \times K_{gn}/K_{gt}] + [0.5 \times K_{kn}/K_{kt}])) + (A_t \times E_n/E_t)$

G_t = total allocation for the maintenance of parks and gardens

$G_{an}, G_{bn}, G_{cn}, G_{dn}$ = four types of areas in parks and gardens of a Local Council areas

$G_{at}, G_{bt}, G_{ct}, G_{dt}$ = four types of areas in parks and gardens of all Local Councils added together

V_t = total allocation for the maintenance of soft areas of all Local Councils added together

Hvn = area of soil for the soft areas of a Local Council
Hvt = area of soil for the soft areas of all Local Councils added together
Sin = number of trees in the soft areas of a Local Council
Sit = number of trees on the soft areas of all Local Councils added together
Kt = total allocation for street sweeping and weed cutting of all Local Councils added together
U1n, U2n, U3n, U4n = road lengths by 4 categories of a Local Council
U1t, U2t, U3t, U4t = road lengths by 4 categories of all Local Councils added together
Rt = total allocation for refuse collection of all Local Councils added together
Pn = number of properties of a Local Council
Pt = number of properties of all Local Councils added together
Bt = total allocation for bulky refuse collection of all Local Councils added together
Skt = total allocation for the use of skips of all Local Councils added together
Wt = total allocation for the use of bins on wheels of all Local Councils added together
Mt = total allocation for the maintenance of road signs and markings of all Local Councils added together
Uan, Ubn, Ucn = road length by 3 categories of urban roads of a Local Council
Uat, Ubt, Uct = road length by 3 categories of all Local Councils added together
Lt = total allocation for the maintenance of public conveniences of all Local Councils added together
Cn = number of urinals and WCs in the public conveniences of a Local Council
Ct = number of urinals and WCs in the public conveniences of all Local Councils added together
Nt = total allocation for the cleaning of roads in the non-urban zone of all Local Councils added together
Nun = road lengths of the non-urban zone of a Local Council
Nut = road lengths of the non-urban zone of all Local Councils added together
Tt = total allocation for the maintenance of roads of all Local Councils added together
Un = road lengths of the urban zone of a Local Council
Ut = road lengths of the urban zone of all Local Councils added together
Xt = total allocation for the cleaning of beaches and coastal areas of all Local Councils added together
Xan, Xbn, Xcn, Xdn = areas by 4 categories of beaches and coastal areas of a Local Council
Xat, Xbt, Xct, Xdt = areas by 4 categories of beaches and coastal areas of all Local Councils added together
Slt = total allocation for new street lamps and the maintenance of existing street lamps of all Local Councils added together
Sen = number of existing street lamps of a Local Council
Set = number of existing street lamps of all Local Councils added together

1993, amended and updated version as of 2001). This formula distributes funds for all Local Councils, subject to an annual government decision according to a range of infrastructure and administration indicators (see footnote) in the individual Local Councils. Thus, while the mechanism for distribution in the 68 Local Councils is regulated and relatively stable (although in principle open to amendments), the total amount of money available for distribution depends on an annual political decision taken by central government.

Apart from the money which the central government allocates to Local Councils on the basis of this funding formula, Local Councils may be allocated funds "for special needs of a locality or localities". These funds are made available after a resolution by the House of Representatives. Local Councils which are granted funds for the special needs of a project are normally expected to provide an equivalent sum out of their surplus funds in order to complete the project covered by the fund. This is not, however, a statutory obligation. The relevant provision of the Act is Section 58, which provides as follows: "Payment for special needs of a locality or localities shall only be made exceptionally and after a Resolution to that effect has been carried by the House of Representatives." Current government policy has, however, de facto abolished "special needs funds".

Bst = total allocation for the maintenance of bus shelters of all Local Councils added together

Shn = number of bus shelters of a Local Council

Sht = number of bus shelters of all Local Councils added together

Grt = total allocation of all Local Councils collecting government property rents

Kgn = number of government property rents in a Local Council

Kgt = number of government property rents of all Local Councils added together

Kkn = total number of Local Councils collecting government property rents

At = total allocation for the administration costs of all Local Councils added together

En = number of councillors of a Local Council

Et = number of councillors of all Local Councils added together

In 2001 this resulted in a total of ML 9,646,872 (about 23.44 million EUR) of transfer payments from national level to a total of 68 Local Councils. Transfer payments contributed an average of 84% to the budget income of the Local Councils. The range varied between 64% (San Ġiljan, Northwest Region) and 99% (Għasri, Kerċem, both Gozo and Comino Region). 20 Local Councils received a lower than average share of government transfers, 48 Local Councils were equal to or below the average. Among those below the average were most of the economically better-off and larger Local Councils, while all but one (i.e. Rabat) Local Council in the socio-economically peripheral Gozo and Comino Region, ranked among those, which received a higher share than the average.³⁶

This, however, is not an indication of socio-economic disparity equalisation. It just shows that “wealthier” Local Councils receive additional money from own financial resources. Similar per capita transfer payments would indicate disparity equalisation. But there is no correlation between transfer payments and population numbers. This shows that socio-economic disparity equalisation by transfer payments rarely occurs.

2.5.2 Financial performance

The distribution of budget expenditures by Local Councils over fields of competence provides the best picture of financial performance. Between April 2001 and March 2002,³⁷ the total amount of budget expenditure of 10,240,000 ML (about 24.88 million EUR) to be spent by all 68 Local Councils is distributed over individual posts in the following way:

³⁶ Source: Ministry of Justice and Local Government.

³⁷ Source: Ministry of Justice and Local Government.

Administrative costs	2,272,596	22.2%
Urban + non-urban road maintenance & resurfacing	2,194,762	21.4%
Refuse collection	1,600,000	15.6%
Street sweeping	1,205,425	11.8%
Public conveniences	467,701	4.6%
Parks and gardens	455,000	4.4%
Cleaning of non-urban roads	431,150	4.2%
Road signs and markings	417,872	4.1%
Street lighting	350,000	3.4%
Soft areas	255,000	2.5%
Beach cleaning	185,544	1.8%
Open skips	157,486	1.5%
Bulky refuse	85,000	0.8%
Bins-on-wheels	82,463	0.8%
Government rents	50,000	0.5%
Bus shelters	30,000	0.3%

This shows that the bulk of expenditure is allocated for maintenance and cleansing of the public road and street network (45.2%) and refuse collection in the broad sense (20.5%).

While the average expenditure of the 68 Local Councils is ML 150,588 (about 365,929 EUR), the expenditure of individual Local Councils ranges from ML

41,609 (27.6% of the average)³⁸ to ML 385,782 (256.2% of the average)³⁹. 41 of the 68 Local Councils figure below and 27 above the average.⁴⁰

Expenditure per capita of the population ranges from ML 13.6 per capita⁴¹ to ML 190.2 per capita⁴². There is a close correlation between the population of a Local Council and budget expenditure per capita: the smaller the number of inhabitants, the larger the expenditure per capita. This corresponds to the fact that per capita infrastructure costs are higher in smaller settlements.

Another important factor is the distance of a Local Council from the conurbation in the Northeast of Malta. While Local Councils within the conurbation tend to have the lowest expenditures per capita, some of the Local Councils with the highest expenditures per capita are rural (especially on the island of Gozo).

2.5.3 Horizontal mechanisms of fiscal equalisation at the sub-national level

Horizontal mechanisms of fiscal equalisation between Local Councils do not exist.

³⁸ Fontana in the Gozo and Comino Region.

³⁹ San Pawl il-Bahar in the Northwest Region.

⁴⁰ 12 of the 14 Local Councils in the Region of Gozo and Comino, 16 of the 25 Local Councils in the Southeast Region and 13 of the 29 Local Councils in the Northwest Region.

⁴¹ Fgura in the Southeast Region.

⁴² Mdina in the Northwest Region.

2.6 Implementation of powers

In addition to functions attributed to them explicitly by law, Local Councils have also launched a number of voluntary initiatives: language courses, crafts courses, computer courses, courses in parenting, dancing, the arts, first aid and sports education, talks, educational tours, summer schools and access to the Internet. A few Local Councils have also opened local museums and other permanent exhibitions, or provide specific services to certain sectors of the population e.g., the very young and senior citizens.

Increasingly, Local Councils are turning into front offices for the central government, where citizens can pick up forms, and into local tourist information offices. The idea of making the Local Council the one-stop-shop for many public services is unduly promoted by the current government.

But while devolution of powers from the government to the Local Councils has indeed advanced significantly and is still continuing, while the citizens feel the benefits of decentralisation and increasingly regard the Local Councils as the first and basic points of reference in public matters, the Local Council system is still mainly a top-down approach initiated by the government, in which Local Councils play the role of local agents for the government (“one-stop-shops”) rather than that of the devolved government of a local community. Progress towards real subsidiarity would mean:

- expanding budget security and financial autonomy by
 - stable or only slightly varying transfer payments from the government. To date the government has decided (according to the state of finances, political and party preferences) the annual

amount of government funding. Funding levels may vary annually and Local Councils cannot count on receiving a specific amount the next year. This makes it difficult to plan budgets and to implement activities. Only the distribution of transfer payments over Local Councils is regulated by law (see below).

- enlarging the scope for raising own financial resources: So far Local Councils are not allowed to levy own taxes - neither independently, nor according to national regulations. They may develop other schemes for raising own incomes (e.g. fees), but these schemes have to be approved by the central government.
- establishing policy fields not in line with government prerogatives: up to now all Local Councils powers are shared with the government according to the principle of “checks and balances”. This reduces the Local Councils’ flexibility for policy making.
- enlarging and improving personal capacities
 - in number: In order not to create another layer of civil servants, the staff of Local Councils has been kept low. Local Councils feel that it is in fact too small for many activities. Many are forced to employ sub-contractors (e.g. city cleansing), but here again they are restricted by limited financial resources.⁴³
 - in qualifications: The only “professional” in many Local Councils is the Executive Secretary, while very often council members lack adequate qualifications.

⁴³ A recent operations review carried out by independent consultants has, however, concluded that Local Councils will be able to take up all added functions planned by the central government for the coming years with the added staffing of a maximum of one extra employee.

- to extend the short (3 years) term of office: the three year term prevents radical and sustained reform processes and has thus the effect of conserving structures. Mayors and councillors, wishing to be re-elected, put forward projects which they expect to have tangible results within their period of office.

2.7 Patterns of interaction between authorities at the national and sub-national level

Under the 1993 Act on Local Councils an Association of Local Councils was established in 1994 including the membership of all mayors, deputy mayors and councillors and is run by an Executive Committee of six councillors elected for two years. The electoral system provides for the representation of the three regions (Southeast, Northwest, Gozo and Comino) by at least one member of the Executive Committee. An Executive Secretary (employed by the association itself), an Executive Officer and one clerk from the staff.

The association's main task is to represent all Local Councils protecting and promoting their common interests vis-à-vis the central government, but also in European and other international forums. The association is represented in the Congress of Local and Regional Authorities of Europe (CLRAE) within the Council of Europe, is affiliated to the Council of European Municipalities and Regions (CEMR) of the Council of Europe and is a member in the International Union of Local Authorities (IULA). Any twinning between a Local Council in Malta and a partner in another country in practice needs the consent of the association.

The association participates in meetings with ministries, government departments and other organisations on matters of common interest to the Local Councils and is directly involved in meetings on devolution of power to Local Councils. It also represents the common interests of Local Councils vis-à-vis enterprises. A prominent case in point was the backing of a Local Council, when it cancelled the contract with a waste disposal company serving the majority of Local Councils on grounds of inefficiency. When the company responded by a strike, the association backed the Council, the strike ended and this large firm was split up. Now there is more competition accompanied by better services and lower prices.

The association has also taken on an important role in providing Local Councils with consultancy services and training. But due to its very limited staff it has limited clout. It is not only the association's, but also the government's intention to strengthen the role of the association, to make it a backbone of local government autonomy – to a certain extent replacing the Local Councils Department of the Ministry of Justice and Local Government. It is envisaged that the association should coordinate all matters connected with legal advice to Local Councils, the training of local politicians and staff, supervision of the Local Councils' action, performance monitoring, contract work coordination, etc. It is also expected that the association will take a more pro-active role in local government issues. The government's attitude to strengthen the association's role is also in its own interest, since it is easier for the government to negotiate with one reliable partner than with every individual Local Council.

The association is the only institutionalised sub-national interest representation at national level. A special chamber of the parliament for sub-national interest

representation does not exist. Local interests are partly represented by deputies to the parliament originating from 13 electoral districts⁴⁴ and are also communicated through the networks of the political parties on an informal and non-institutionalised basis.

2.8 Patterns of interaction between authorities at the sub-national level

Section 37 (1) of the Local Councils Act, 1993, provides that "two or more Local Councils may discharge any of their functions jointly and they may also arrange for the discharge of these functions by a joint committee of theirs or by an officer of one of them". The same article, sub-section 2, provides also that "Local Councils having an arrangement as provided in sub-section 1 may meet in joint session to discuss the discharge of the functions to which the arrangement relates and all Councillors shall be entitled to participate and vote where required unless the arrangement otherwise provides". These legal provisions are implemented in many cases. There are 10 groups of Local Councils cooperating mainly on planning of law enforcement on a regional basis and managing local tribunals. Only five Local Councils do not take part in any inter-communal cooperation.

⁴⁴ Each of the 13 electoral districts with an almost equal population number (variations by 5% are tolerable) delegates five deputies to the parliament. The boundaries of the electoral districts are changed, when population changes exceed 5% (last shift in September 1995). Electoral districts do not necessarily coincide with the boundaries of Local Councils or other spatial structures.

2.9 Trans-border cooperation at the sub-national level

The Local Councils Association Regulations make provisions for twinning between Local Councils and local territorial-administrative units in other countries. Twinning requires the approval of the minister responsible for Local Councils, after the Local Councils Association had been consulted. A major criterion for twinning is the status of the territorial-administrative units to be twinned. Thus, the current capital or former capitals of Malta can only be twinned with capitals or former capitals of other countries, and a city is only to be twinned with another city.

In most cases, twinning has developed from personal contacts and covers the fields of cultural and tourism relations. Twinning arrangements exist with Bavarian and Greek municipalities. Local Councils on the island of Gozo intend to twin with communes in the Italian province of Naples [Napoli]. Since 1990, the island of Gozo, represented by the Ministry for Gozo, is a member of the Conference of Peripheral Maritime Regions of Europe (CPMRE). Gozo has also a partnership with the Swedish island of Gotland involving, inter alia, joint craftsmen's seminars and youth camps. It also takes part in the Partnership of Mediterranean Islands IMEDOC and in the Leonardo da Vinci programme.

3 Driving forces and obstacles for decentralization and the reorganisation of territorial structures

3.1 Regional identities

3.1.1 Historical and cultural identities

Malta is formally divided into three regions Malta Southeast/Malta Xlokk, Malta Northwest/Malta Majjistral, as well as Gozo and Comino. But these regions have no administrative function except for statistics and for the purposes of electing members of the Executive Committee of the Local Councils Association. They are, however, firmly rooted in public consciousness, have different dialects and have socio-economic characteristics. This is also true for mainland Malta: while Malta Southeast is shaped by industrial zones and harbours, Malta Northwest is – at least outside the urban conurbation of Hamrun-Birkirkara-Gzira-St. Julian's – rather rural and touristic. This reflects itself in societal attitudes, e.g. in preferences for certain political parties. While according to the last local elections (at different dates) municipalities in the rather industrial Malta Southeast are with a few exceptions (e.g. Valletta) dominated by the Labour Party, Malta Northwest is a stronghold of the Conservatives (Nationalist Party).

Even more than on mainland Malta, regional identity expresses itself on the smaller island of Gozo. This is primarily a consequence of its natural individuality, but has strongly been supported by its historical development. During the period of the Knights of the Order of Saint John, who ruled the Maltese islands from 1530 to 1798, mainland Malta was intensively developed

and fortified, while Gozo remained just a military outpost. Under British rule from the early 19th century to 1964, only a small British occupation force was stationed on Gozo, no industrial and seaport developments took place. This resulted in much less exogenous influence and in a preservation of traditional structures. Not only was the rural character better preserved, but the structurally semitic Maltese language was also much contaminated by English and other foreign words. From the 19th century onward Gozo was – due to its economic backwardness – the primary source of emigration from the Maltese archipelago and many a Maltese emigrant community around the Mediterranean (e.g. Marseille, Alexandria), as well as overseas, and further afield, has a disproportional share of Gozitans. In the 1990s many of them returned⁴⁵, engaged themselves mainly in small business, underlining once again Gozo's individuality. Since 1864 Gozo has a bishopric of its own (affiliated to the archdiocese of Valletta). Two opera houses (the only ones in Malta) on a small island of less than 30,000 inhabitants and run by private associations with just marginal public subsidies are additional proof of a strong cultural consciousness and individuality.

In economic terms, Gozo ranks about 10% below the Malta average of GNP per capita due to less industrial and service sector activities and just a marginal role in tourism. It was always difficult for the island to attract investors because of transport problems.⁴⁶ The peripheral economic situation also forces many

⁴⁵ Overall, emigrant returns to Malta totalled 6,561 from 1990 to 1999, peaking in the first half of the decade due to a re-migration wave from Australia (CLEWS 2000, p. 220).

⁴⁶ Gozo is connected with Malta mainland only by a car ferry, departing 33 times a day. The crossing takes 25 minutes, and is overcrowded during rush hours and in the tourist season.

Gozitans to work and study on mainland Malta.⁴⁷ Politically, Gozo's rather rural structure is reflected by a predominance of the Conservatives (Nationalist Party) in most of the Local Councils.

Gozo's strong cultural identity as well as its special economic situation requires special solutions also in the territorial-administrative sphere. The Ministry for Gozo may be regarded as a first response, but Gozo will certainly function as a catalyst for greater regionalisation in Malta.

3.1.2 Functional coherence

Malta is not divided into two or more central catchment areas for the following reasons: the small size of mainland Malta (246 sq. km, maximum length 27 kilometres, maximum width 14 kilometres), the absence of a distinct relief in the sense of mountain barriers for traffic and of a divided coastline forming larger peninsulas, the existence of a dense road and public bus network, and the fact that everywhere on mainland Malta can be reached from any other within a maximum of one hour. Commuting to work and to school and higher education as well as for shopping, culture and sports events is possible from everywhere on mainland Malta. Roughly speaking, the whole island is the catchment area of the conurbation in the Northeast around Valletta, where most central functions and activities in the industrial and service sectors are located, although efforts are made to de-concentrate central functions⁴⁸. Thus, the statistical subdivision

⁴⁷ Around 700 commute to work daily and around 100 commute for school. Commuting from the island of Gozo to the conurbation on the Northeast of mainland Malta takes about two hours. In government offices in Valletta working time for Gozitan commuters is one hour shorter than normal.

⁴⁸ The new National Stadium has been placed near Rabat.

of mainland Malta into the regions Malta Southeast and Malta Northwest is not based on functional criteria, since more marginal settlements of both regions gravitate towards the same conurbation (in turn divided by region limits).

In contrast to mainland Malta, the Gozo and Comino Region (66 sq. km)⁴⁹ is undoubtedly also a functional region in terms of central location. Although many Gozitans commute for work to mainland Malta (see above) and thus include Gozo also into the catchment area of the Northeast agglomeration, more than 90% of the employees find work on the island itself, most of them in the city of Victoria, its distinct and centrally located urban centre.

While a regionalisation of mainland Malta is thus not at all supported by functional criteria, this is clearly the case with Gozo.

3.2 Administrative traditions

A unitarian and centralized administrative tradition was founded by the short but significant French occupation (1798-1800) and even more by Malta's long lasting affiliation with the British Empire (1800/13-1964). Thus, in 1993 for the first time since the 18th century⁵⁰, self-government at the local level was implemented. Mental reservations vis-à-vis decentralisation and the initial idea of not extending self-government to the capital city of Valletta can be explained by this very late change of direction.

⁴⁹ The very small island of Comino has only a few permanent residents.

⁵⁰ During the rules of the Kingdom of Naples and Sicily (up to 1530) and the Knights of the Order of Saint John (1530-1798) a kind of local self-government ("universitas") existed in Malta.

To some extent, administrative structures of the Roman Catholic Church, in particular the territorial subdivision into parishes, have influenced the new territorial-administrative structures. Parishes and Local Councils are almost equal in number (65 parishes, 68 Local Councils), in many cases they coincide also spatially.

Administrative traditions definitely do not support decentralisation in Malta and must rather be regarded as strong mental barriers.

3.3 Ethnic groups and minorities

According to the last population census (1995), Malta has no ethnic minorities of any importance. More important are denominational minorities: a share of 7% of the overall population is non-Roman Catholic. Most of them are Anglicans and members of the Church of Scotland, a heritage of the period of British political domination. Another more significant group is the Muslim community, mainly immigrants from Lybia in the 1970s and 1980s, when Malta was on good political terms with this country. While Anglicans and members of the Church of Scotland are scattered, the Muslim community is locally concentrated in parts of the conurbation in the Northeast of mainland Malta, i.e. Gzira, Saint Julian's, where it has a school, and Paola, where it has a mosque. It is also the only minority which is not fully integrated into Maltese society. Islam contrasts with the popular and widely practised Catholicism, which forms a major ingredient of Maltese national identity. Furthermore, younger male Muslims tend to become social outsiders. But the Muslim community is too weak to shape a local identity and to have any practical meaning in the context of decentralisation.

3.4 The party system related to regionalisation and decentralisation issues

Malta has *de facto* a two-party system composed of the Nationalist Party/Partit Nazzjonalista (PN) with a basically conservative programme and the Malta Labour Party/Partit Laburista (MLP) with a basically social-democratic programme. There is also the Democratic Alternative/Alternattiva Demokratika, a party with a green and basic democratic programme, but it has no parliamentary representation..

Following the last elections to the parliament (i.e. House of Representatives) on 5 September 1998, PN holds the majority of seats (35 of 65), MLP holds 30. During the previous legislative period (1996-1998) MLP held the majority (35:34).

3.4.1 Attitudes of political parties vis-à-vis regionalisation and decentralisation

While in principle, both major parties (and certainly the Democratic Alternative) are in favour of decentralisation, their attitude differs as regards intensity of commitment and focus of interest. When the Nationalist Party was in government (before 1996 and from 1998 onward), it initiated and strongly advocated local self-government by Local Councils. It gives the impression that the Local Councils are “its own project”, wants to keep local self-government developing and to have it protected from any detrimental influences, e.g. by regionalisation, if this is used to undermine Local Councils, as appears to be the Labour Party’s strategy.

The Labour Party, in contrast, not opposing self-government at the local level in principle, is more interested in regionalisation. During its term of government (1996-1998) the Labour Party reduced transfer payments for Local Councils and has not expanded their powers. But it has also replaced the Minister for Gozo by a parliamentary secretary in the Office of the Prime Minister. These initiatives may be interpreted as indicators of a generally more centralistic attitude than the Nationalist Party's.

3.4.2 Representation of political parties at the local level and the impact on decentralization

Since the last elections to Local Councils (at different dates) 34 of the 65 Local Councils have majorities from the Nationalist Party and 31 of the Labour Party. While Southeast Malta and also its two constituent districts (Southern Harbour District, South East District) are clearly in the hands of the Labour Party, Northwest Malta and all of its three districts, especially its Northern District, are dominated by the Nationalist Party. The latter is also true for the Gozo and Comino Region (not subdivided into districts).

The fact that the Labour Party does not have a majority in most of the Local Councils, and would not politically dominate a majority of districts (only two of six) and regions (only one of three), should they be developed into self-governing units with an elected body, may help to explain this party's lukewarm attitude to decentralization issues. Furthermore, a significant change in the political climate of Malta in favour of the Labour Party, as for example occurred in 1996, would not reverse majority proportions at sub-national levels.

3.5 Other political players related to decentralisation issues

Decentralisation to the local level has wide support also from other political players. Cultural communities, NGOs, environmental groups, social workers, afforestation groups are among the strongest supporters, since Local Councils offer convenient platforms for their activities.

Farmers' and fishermen's associations tend to use those rural Local Councils, where they play a certain role in exerting pressure on the central government. Similar behaviour has not been noticed with the Chamber of Commerce and trade unions.

The Catholic Church, still a backbone of Maltese society, displays an ambivalent attitude. Occasionally, mayors get into conflict with parish priests, who were the unchallenged heads of the local communities before the advent of local self-government. The higher echelons of the ecclesiastical hierarchy, however, show no objection to decentralisation.

The media adopts a similar attitude. Some are even spearheads of subsidiarity and criticise the government for its prevailing top-down approach. But they report rather about events at national level, while reports on local politics are relatively rare. Some village radio stations do exist, but otherwise the media are not decentralised in the sense that they feel responsible for, or propagate the interests of a certain region or locality.

3.6 Plans for territorial reorganisation

Government and Local Councils agree that after a period of devolution from the central government to Local Councils from 1993 to 2001 which stretched financial resources of the Local Councils to the extreme, a phase of consolidation should follow. During this phase lasting a couple of years, no new powers are to be transferred from the government to the Local Councils. But the powers already vested in Local Councils should be expanded and made exclusive.

While self-government at local level is widely accepted, by the general public as well as by all major political groups and players, consensus on regionalisation is still evolving. The government, as well as the political parties, are aware of the fact that to meet the requirements of EU accession, in particular as regards the establishment of a NUTS-3 level eligible for Objective 2 and 3 structural funding, and in order to widen the facilities for trans-border cooperation at the sub-national level, regionalisation would be appropriate. It is also widely accepted as an argument in favour of regionalisation that the island of Gozo is – by the establishment of the Ministry for Gozo – in fact already an essential step forward in this field, while mainland Malta is still in a disadvantaged state. But it has also been agreed that the Local Councils will not have to cede powers to regions. Furthermore, it has been government policy in recent years to develop the Local Councils into “one-stop-shops” for all administrative tasks. And it is also largely accepted that it was not desirable to introduce strong political units that compete with local and national authorities. This prompts the question, which powers should be devolved to regions in a

small state like Malta and which could not be devolved to the level of Local Councils.

As can be concluded from the paragraph on regional identities, it would not be difficult to define regions according to existing identities, all the more so, since regions already exist in the existing territorial-administrative structure (Local Councils cover six statistical districts and three regions). But the question of whether cultural identity and community spirit are categories to be taken into consideration when it comes to regionalisation still has to be answered.

Public statements by government and opposition, as well as local councillors and mayors from all political factors indicate a broad consensus that regionalisation is the way forward, though details about how this process is likely to take shape are still embryonic.

4 Concluding remarks

Starting from a tradition of centralism without any subsidiarity in territorial-administrative terms, Malta took its first steps towards decentralisation in 1994 by establishing 68 Local Councils. The process is considered by all participants to be in its initial stages and far from being completed. Establishing a regional tier is under discussion, but no distinct plan has taken shape so far.

4.1 Main shortcomings of the current system

Limited self-governing powers: Powers of Local Councils are more or less confined to keeping the village or town clean and pretty. Local Council have only minimal influence on land management plans.

A top-down prevailing approach: Local Councils play the role of local government agents (“one-stop shops”) rather than the function of performing self-government of the local community.

Many shared powers: Most powers of Local Councils are just shared with the central government.

Very limited financial autonomy: Local Councils are not empowered to levy own taxes or to own assets. On average only 16% of their budget incomes originate in own resources, in some Local authority areas near to zero.

Limited budget income security: The central government decides annually on the amount of transfer payments to Local Councils. Funding may therefore vary annually and it is difficult for Local Councils to plan budgets.

Socio-economic disparities are not smoothed by transfer payments.

Lack of personal capacities in number and qualifications.

Symbolic trans-border cooperation at sub-national level: Due to the island situation of Malta and the limited powers and small size of the Local Councils, international cooperation remains more or less restricted to symbolic twinings.

4.2 Driving forces behind and obstacles to decentralisation and regionalisation

Driving forces:

The Nationalist Party: This political party with a conservative programme has so far been the main promoter of decentralisation. When it was in government, decentralisation proceeded. With majorities in most of the Local Councils and also in a majority of all potential regions, it can only benefit from devolution.

Some of the media are spearheads of subsidiarity and criticise the government for its prevailing top-down approach.

Regional identities: In spite of the small size of the state, regional identities are distinct and form a basis for regionalisation. Gozo, the smaller sister island of Malta, with its very specific identity, and the establishment of a special ministry responsible for Gozitan affairs, is already a step ahead, and this poses a challenge to mainland Malta.

Obstacles:

Tradition of centralism: The long tradition of centralism under British rule and the domination of the Order of Saint John has left its traces and still constitutes a strong mental barrier.

Small size of the state: In a small state like Malta it is difficult to implement a multi-tier territorial-administrative system, in which the layers have their definite and complementary functions.

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E ROMANIA⁵¹

1 Preface

Tab. 1: Basic data⁵²

Category		Year
Territory (in sq. km)	237,000	
Population in millions	22.4	2001
GDP per capita PPP (USD)	5,900	2000
GDP real growth (%)	+2.2	2000
Budget balance (% GDP)	-0.5	2000
Inflation per annum (%)	45.7	2000
Unemployment (%)	11.5	1999

In 1866 the first constitution of the Principality of Romania, which in 1859⁵³ had been formed by the unification of the Danube principalities Moldavia and Walachia, was shaped after the unitarian French model and created a system of *départements* or counties [județ]. This system was expanded to Dobruja [Dobrogea], when this region was awarded to Romania in 1878, but remained otherwise relatively stable till 1918. The system divided Romania into 32

⁵¹ The authors of this chapter are very grateful for the support of (in alphabetical order): Emil CALOTĂ (Mayor, Ploiești, President of the National Federation of Local Authorities), Dorin CIOMAG (Director, Ministry of Public Administration), Florea COSTACHE (Vice-president, Argeș County Council), Gabriela FRENTZ (Director, Ministry of Development and Prognosis), Gabriel FRIPTU (Director, Ministry of Development and Prognosis), Claudia IONESCU (Director, Regional Development Agency Bucharest-Ilfov), Ion MIHĂILESCU (President, Argeș County Council), Romeo-Paul POSTELNICU (Secretary of State, Ministry of Public Administration), Aurel Gabriel SIMIONESCU (President, Brăila County Council), Constantin TĂMAGĂ (Prefect, Argeș Prefecture).

⁵² The World Factbook 2001.

⁵³ The Principalities of Walachia and Moldavia were unified in 1859, but unification was only acknowledged by the Ottoman Empire and the European powers in 1861.

counties. By competences, these counties were no more than a kind of devolution of state administration.

When Romania (“The Old Kingdom”, elevated from a principality to a kingdom in 1881) was enlarged in 1918 by parts of the former Austro-Hungarian Empire and Russia, the Hungarian county [megye] system in the territories inside the Carpathian arc was taken over with only slight changes. This was easy, since the Hungarian system resembled the Romanian in size and powers. The Romanian system was extended to Bukovina and Bessarabia. Between 1918 and 1940, the territory of modern Romania was thus divided into 58 counties [județ] (ȘTEFĂNESCU et al., 1996).

After the first Communist constitution of 1948, the 1950 administrative reform fundamentally changed the administrative-territorial system of Romania. Following the Soviet example, it created for the first time in Romania a three-tier system, composed of 28 regions [regiun] plus Bucharest as the upper tier, 177 (183 in 1952, 192 in 1956) rayons [raion] as the medium and more than 4,000 communes [comună] and towns [oraș] as the lower. The regions’ powers were again confined to the transmission of central decisions to the regional level. The only concession to regional self-government was the establishment of an Autonomous Hungarian Region [Regiunea Mureș Autonomă Maghiară in the eastern part of Transylvania in 1952. By 1960 their number has been several times reduced to 16 regions and 142 rayons.

Based on the 1965 constitution, which stressed national individuality and historical references, the 1968 administrative reform brought a return to the traditional Romanian two-tier system by establishing 39 counties [județ] and

more than 2,700 communes [comună], towns [oraș] and municipalities [municipiu]. Apart from the intention to return to traditional, Romanian structures, the main goal of this reform was to promote a more homogeneous socio-economic development of the country. This was to be achieved by distributing central functions over a larger variety of cities and towns and by shaping the counties according to core criteria. Compliance with historical and cultural identities and the former county system ranked second to this major goal. Thus, reform resulted in a pattern quite different from the one before 1950, not only because of a reduction in the number of counties from 52 to 39, but also because of many additional boundary changes. As regards administrative functions and powers, the 1968 system was not more decentralized than the old county system or the regions system between 1950 and 1968.

In 1981, a reorganization in the periphery of Bucharest raised the number of counties to 40 (plus Bucharest), but otherwise the system has remained unchanged up to 1991. The counties varied in size between 1,583 (Ilfov) and 8,697 sq. km (Timiș) and in population (2000) between 230,452 (Covasna) and 857,761 (Prahova), thus corresponding on average to the NUTS-3 level.

2 Analysis of the current territorial-administrative system

2.1 Legal foundations

2.1.1 Constitutional provisions

Art. 3.3 of the Constitution says that the territory of Romania is organized administratively into municipalities, towns/cities and counties. Under the provisions of the law, some towns/cities could be declared boroughs.

Fundamental principles of local public administration are formulated by Art. 119, when it says that public administration of territorial-administrative units is based on the principles of local autonomy and public services decentralisation.

Communal and town/city authorities are outlined by Art. 120, of which paragraph (1) says that public administration authorities responsible for achieving local autonomy are the local councils and the mayors elected under the provisions of the law; paragraph (2) designates local councils and mayors as autonomous administrative authorities in charge of solving public affairs at the level of communes and towns/cities and paragraph (3) stipulates that authorities mentioned under (1) can be formed also at the level of administrative-territorial subdivisions of municipalities.

The function of county councils is described by Art. 121, which says that (1) the county council is the public administration authority to coordinate the activities of commune and town/city councils ensuring public services at the county level

and that (2) the county council is elected and functions under the provisions of the law.

Art. 122 outlines the status and function of the county prefect by saying that (1) the government nominates a prefect in each county and in the Bucharest municipality, (2) the prefect is the government representative at local level and runs the decentralized public services of ministries and other central organisations in the administrative-territorial units, (3) the attributions of the prefect are regulated by the law and (4) at the administrative tribunal the prefect can challenge any document issued by the county council, the local council or the mayor, if he considers the document to be illegal. This document is suspended forthwith.

2.1.2 Main legislative texts

The Act on Local Public Administration 215/2001 is the most recent to regulate in detail the general structure of local (in sense of local and county) autonomy, the organisation and functioning of local (in the sense of local and county) public administration authorities. Main items are:

- Public administration is organised and works according to the principles of local autonomy, the decentralisation of public services, the eligibility of local public administration authorities, the consultation of citizens in solving major local problems.
- Local autonomy entails the right and capacity of local public administration authorities to solve and manage on behalf and in the

interest of local communities the public affairs under the provision of the legal framework. Local councils and mayors, county councils, as local and regional public administration authorities elected through universal, equal, direct, secret ballots, have the same right. The local community is the total number of residents within a territorial-administrative unit.

- Local autonomy refers only to administrative and financial fields according to legal provisions. It comprises organisation, powers and resource management of communes, towns, municipalities or counties. It grants local public administration authorities the right to take initiatives in all fields except in those within the powers of other public authorities.
- The relations between public administration authorities at the level of communes, towns and municipalities and at county level are based on the principles of autonomy, legality, responsibility, cooperation and solidarity in solving the problems of the whole county. There is no subordination relationship between local and county authorities.
- Central public administration authorities have to consult local public administration authorities before adopting any decision. The former cannot impose any responsibility on the latter without providing financial support.
- Local public administration authorities have the right to own and manage financial resources which vary according to their competences and responsibilities.

- Local public administration authorities can cooperate and associate with other local public administration authorities in Romania or abroad. They can be affiliated to national or international associations. They can sign agreements with other local public administration authorities and can participate in regional development programmes.
- Communal, town, municipality and county councils of territorial-administrative units located along the state border can enter into trans-border cooperation agreements with similar authorities in neighbouring countries.
- Communal, town, municipality and county councils can participate, with capital or assets, in companies and public services.
- In territorial-administrative units where 20% ethnic minorities constitute more than 20% of the total number of inhabitants, the local public administration authorities will ensure the use of the minorities' mother tongues.
- Local self-government is implemented by elected communal, town and municipality councils as well as by communal, town and municipality boards as executive authorities. Councils and mayors are the local public administration authorities charged to solve public affairs in communes, towns and municipalities. In each county there is a county council acting as an authority of local public administration in order to coordinate the activities of commune, town and municipality councils.

- Local representatives are the mayor, the commune, town, municipality and county councillors.
- In order to ensure local autonomy, local public administration authorities have the right to levy local taxes and duties, to draw up and approve budgets.
- In each county the Government assigns a Prefect as the Government representative at county level charged with running the decentralised services of ministries and other central institutions.

2.2 Institutional structure (Fig. 9, 10)

In the 1990s starting from this rather centralized system, Romania made significant strides towards devolution. Based on the 1991 Constitution, a first Act on Local Government founded the current structures of local self-governance, which consist of two tiers.

The first and basic tier, referred to below as local administrative units, is formed by rural communes [comună], towns [oraş] and municipalities [municipiu]. It depends on compliance with 11 criteria (criteria of population, economy, infrastructure), whether a basic territorial-administrative unit is classified as commune, town or municipality. Generally speaking, communes have a rural character, towns comprise smaller urban structures, and municipalities correspond to medium and larger towns and cities. The three categories are not divergent in respect of legal status, rights and executive powers.

All local administrative units (communes, towns, municipalities) have a council, which is elected by the population for four years. The number of councillors is roughly proportional to the number of inhabitants.

There is also a mayor, who is elected directly by the population for a period of four years, as well as professional staff depending in size on the population number of the respective unit.

The second or upper territorial-administrative tier is composed of 41 counties [judet], which have the same number and shape as they had before 1991. But in sharp contrast to the system before 1991, the counties combine aspects of self-government and devolved state administration.

The prevailing aspect is self-government, implemented by councils, proportional to and elected by the county population and headed by a president [preşedinte]. County council and president are supported by a professional staff. Most of the council work occurs within commissions devoted to certain fields of administrative activities (social activities, agriculture, etc.), meeting once a week and reporting to the plenary sessions of the council which take place every two months.

Devolved state administration at the county level is represented by the prefect [prefect]. He/she is appointed by the Romanian Government after having been proposed by the political party, which has gained the majority at the last county elections. The Government may reject this proposal, but can only accept the candidate of a party represented in the county council coalition and not appoint

a candidate of the opposition in the county council.⁵⁴ Therefore, prefect and county council presidents are very often members of the same party which results in a certain political harmony. The prefect's main task is to assess whether decisions of the county and local authorities correspond to national law. A decision can be rejected, when this compatibility does not exist. The prefect may on his/her own decision participate in any session of county and local authorities. He/she is supported by a professional, mainly legal staff.⁵⁵ All governmental institutions (branch offices of ministries, etc.) in a county are subordinated to the prefecture.

With all parties involved, the impression prevails that the authorities of local government (county council and president) are in a more powerful position than devolved state administration (prefect). The recently revised Act on Local Public Administration (215/2001) has balanced the power in favour of the former, showing the important steps which have been made lately towards devolution.

Since 1998 (Act 151/1998 on Regional Development), by the implementation of eight Development Regions, a third territorial subdivision of Romania has been established. But these Development Regions are neither territorial-administrative units, nor legal persons; they are merely associations of counties for regional development and planning purposes. They do, however, have a council (Regional Development Board), composed of county and local authority delegates, and an institutionalised professional staff entitled Regional Development Agency (RDA).

⁵⁴ In the Vâlcea county, e.g., the prefect has been proposed by a 5% party.

⁵⁵ In Argeş county, e.g., this staff comprises 41 persons.

Under the acts 27/1994 on Local Taxation, 189/1998 on Local Public Finances, 213/1998 on Public Property and its legal Regime, and 215/2001 on Local Public Administration, local and regional self-government have further been confirmed and extended without, however, changing the basic structures described above.

2.3 Exclusive and concurrent legislative competences

Neither communes, towns and municipalities, nor the counties have any legislative powers. Legislative power rests exclusively with the Romanian parliament and its two chambers (Chamber of Deputies [Camera Deputaților], Senate [Senatul]).

2.4 Executive powers

Councils of communes, towns and municipalities have the following executive powers:

- to nominate the deputy mayor(s), their number depending on the size of the commune/town/municipality;
- to approve programmes for social and economic development, projects of territorial planning, the participation at regional development and trans-border cooperation projects;
- to approve the budget and procedure for using the budgetary reserve;
- to decide on taxes and duties, regular or special;
- to approve the proposal of the mayor as regards the organisation and functioning of public institutions and services;

- to manage the public and private assets of the commune/town/municipality;
- to decide on leasing or renting public assets of the commune/town/municipality;
- to decide on the sale, lease or rent of private assets of the commune/town/municipality;
- to install public companies and local public services, to control their activity, to appoint or dismiss managers of these institutions; to decide on the privatisation of these companies or services;
- to analyse and approve territorial planning projects;
- to spend funds from the local budget in the event of catastrophes;
- to construct, maintain and modernise streets, roads, bridges and other communication infrastructure components;
- to provide financial support for public institutions and services in the field of education, health, culture, sports and to control their activities;
- to supervise the activity of police, firemen and civil protection units and propose measures to improve their activities;
- to act for the protection and rehabilitation of the environment in order to enhance the quality of life;
- to contribute to the conservation, restoration and appropriate use of historic and architectural monuments, natural parks and reserves;
- to promote social welfare actions, children's' rights and to set up charity institutions;
- to allocate social dwellings;
- to organise fairs, open markets, leisure parks and sport facilities;
- to ensure the freedom of trade and encourage free enterprise.

County councils exert similar powers in their administrative sphere.

2.5 Finances

2.5.1 Financial resources

2.5.1.1 Resources of local authorities themselves

Under Act 189/1998 on Local Public Finances⁵⁶, financial administrations at local administrative level (the level of communes, towns and municipalities) have been entitled to levy three types of taxes:

⁵⁶ Act No. 189 of October 14, 1998 on Local Public Finances:

Art. 1: Authorities of local public administration – local councils, county councils and the General Council of the Bucharest Municipality are deliberative authorities and the mayors, the presidents of county councils and the General Mayor of the Bucharest municipality are executive authorities.

Art. 5: Local public administration authorities have powers and responsibilities regarding local public finance as follows:

- to work out and approve the local budgets in due time;
- to assess and to collect the local taxes and duties, under the provisions of the law;
- to monitor the execution of local budgets and their adjustment during the budgetary year in conditions of budgetary balance;
- to decide and to monitor the local public services including the options to pass them under the responsibility of specialized players in order to enhance the efficiency for the citizens' benefit;
- to manage in an efficient way the assets publicly or privately owned by the administrative-territorial units;
- to engage short, medium or long term loans and to monitor the payments made in due time;
- to manage in an efficient way the financial resources;
- to decide the options and priorities of local public expenditures;
- to work out, approve, change and monitor the implementation of future development programmes of territorial-administrative units.

Art. 6: Local budgets comprise incomes and expenditures of territorial-administrative units.

- Private Property Tax
- Income Tax (only since 2001)
- Special taxes (e.g. VAT, company tax)

The tax rate range is in all cases defined by national law, but within this range local authorities are free to define the rate individually. Local authorities are not entitled to specify new or other kinds of local taxes.

Art. 8: (1) Local budgets are generated by taxes, duties, special incomes, as well as shares derived from the state budget and specific transfers from the state budget;

(2) Local taxes and duties are decided by the local and county councils and the General Council of Bucharest Municipality under the provisions of the law.

Art. 10: (1) In order to ensure the budgetary balance of territorial-administrative units, the state budget law establishes the state budget incomes and distribution criteria to administrative-territorial units. These amounts are approved every year for each county and the Bucharest municipality. Up to 25% of these amounts are added to the county budget, the rest is assigned to communes, towns and municipalities by the county council after consultation of the mayors and with the technical assistance of the General Directorate of Public Finance. The state budget law states the maximum limit for each county. The transfers from the state budget to the local budgets are awarded for investments financed jointly by the Government and external loans.

Art. 11: Social-cultural, sport, religious, youth activities are financed from the local budgets, as well as activities of local interest to the benefit of the community, expenses to maintain and run local public administration, expenses with special destinations and others.

Art. 12: County councils, local councils and the general council of the Bucharest municipality can cooperate or associate in order to achieve works or services of local public interest. Cooperation or association is based on conventions or contracts stating the financial resources and the contribution of each local public administration authority involved.

Art. 14: Local budgets comprise the budgetary reserve fund, up to 5% of expenditure, at the disposal of the local council, county council or the General Council of the Bucharest municipality.

Art. 21: The draft local budget is published in local newspapers and 15 days later it is approved by the local council, the county council or the General Council of the Bucharest municipality. The draft is accompanied by the mayor's or president of the county council's report and citizens' appeals, if any, 15 days after the publication date. The local or county councils examine the appeals and vote the project by chapters, articles and annexes.

Private Property tax is paid into the budgets of the local authorities.

In 2001 income tax was directed to the following budgets (the breakdown can be different from year to year):

- 36.5% to budgets of local authorities (40% is the legal maximum);
- 15% to the county budget to be used for transfer payments to the local administrative tier in order to smooth out social and economic disparities among the local administrative units of the county.
- 38.5% to the central government to be used for transfer payments to the county level in order to smooth out disparities between counties;
- 10% to county budgets to be used for special projects beyond the capacities of the normal budget of a local administrative authority or projects concerning more than one local administrative unit of a county (e.g. road construction, dwellings, cofinancing of internationally financed projects, child protection, provisions for handicapped persons, construction of education facilities). These funds are allocated as results of political negotiations between the relevant authorities.

Special taxes like VAT revert at a rate of 30% from the state budget to county budgets for expenditure in the field of education.

From 2002, some further special taxes, specified by national law, will top up the budgets of local authorities. This is to cover expenses caused by the planned transfer of additional public services to the local level: additional tasks in education, fire brigades, local police, identity card and passport distribution.

In addition, local and county authorities levy fees on public services and receive rents for public assets and property. They also collect fines.

Under Act 189/1998 they are also entitled to raise loans. As an auxiliary instrument for this purpose, a Centre of Information and Assistance for the Financing of Local Government [Centrul de informare și creditarea administrației publice locale, CICAP] has been established at the initiative of a bank.

According to Act 213/1998 on Public Property and its legal Regime⁵⁷ territorial-administrative units have the right to own assets of public use or significance.

⁵⁷ Act No. 213 of November 17, 1998 on Public Property and its Juridical Regime

Art.1.

The state or administrative-territorial units own those assets that, according to the law or by their nature, are of public use or significance.

Art. 2.

The state or the administrative-territorial units own or use the assets which belong to the public domain under the provisions of the law.

Annex

The public domain of the state is made up of the following assets: natural resources, air space, ground and underground waters, forests, national parks and reservations, railway infrastructure, tunnels and bridges, national roads, canals, electric energy network, telecommunication network, oil and gas lines, reservoirs and dams, defence systems against floods, ports, military facilities, customs, air transport infrastructure, historical and archaeological sites, museums, governmental land and buildings.

The county public domain includes the following: county roads, land and buildings belonging to the county council and public institutions of county interest, such as museums, libraries, hospitals, sewerage networks and water treatment facilities.

The communes, towns and municipalities local public domain comprises: communal roads and streets, public markets, fairs, parks, water supply and sewerage networks, gas and heating system, water treatment facilities, land and buildings belonging to the local council and commune or town hall, public institutions of local interest (museums, theatres, libraries, hospitals), social dwellings, monuments, if not declared of national interest, underground resources, if not declared of national interest, forest land, if not privately owned, cemeteries.

The **state** has exclusive ownership of natural resources, air space, ground waters, forests, national parks and reserves, railway infrastructure, tunnels and bridges, national roads, canals, electric energy networks, telecommunication networks, oil and gas lines, artificial lakes and dam floods, defence systems, ports, military facilities, customs and air transport infrastructure, historical and archaeological sites, museums, government land and buildings.

Counties are allowed to own county roads, land, buildings and public institutions of county interest, e.g. museums, libraries, hospitals, sewerage networks and water treatment facilities.

Communes, towns and municipalities may own communal roads and streets, public markets, fairs, parks, water supply and sewerage networks, gas and heating systems, water treatment facilities, land and buildings, public institutions of local interest (e.g. museums, theatres, libraries, hospitals), social dwellings, monuments if not declared of national interest, underground resources if not declared of national interest, forest land if not privately owned, cemeteries.

Thus, local and county budgets have three sources of revenue:

- Current incomes (income tax and other direct taxes, incomes from fines and rent)
- Capital incomes (from assets of public institutions)
- Special incomes (special taxes, road fund, dwelling fund, sales of public assets, donations and sponsorship)

2.5.1.2 Transfer payments from national level

According to Act 189/1998, 2001 financial equalisation of socio-economic disparities occurs at a rate of 38.5% of the total revenue of income tax by transfer payments from the state budget to county budgets, as well as at a rate of 15.0% of the total revenue of income tax by transfer payments from the budgets of local administrative authorities to the county budgets.

For both kinds of transfer payments the distribution arrangements are based on a formula calculated according to population, socio-economic and infrastructure criteria over recipient authorities. This formula, however, is flexible in respect to special situations and needs and diachronically adaptive, i.e. it may be changed from one year to the other, when new needs arise.

According to the state budget 2001 (Act No. 216/2001), transfer payments from the state to the counties are scheduled to amount to 58,473 billion Lei, i.e. 30% of the total state expenditures and 35% of the "current state expenditures" (without capital expenditures, loans, credits, interests and commissions). In 1999 the variation between state transfers to poorer and richer counties amounted from 47.6% to 3.9% of the respective county budget.⁵⁸

In 2001 a further 10% of the income tax is additionally used by the counties to cover extraordinary needs of local authorities, i.e. to cover the expenses of larger public investments or investments extending over more than one local administrative unit.

⁵⁸ Source: Anuarul statistic 2000, table 20.80

From 1998 due to social pressure, initially from the miners, led to 33 disfavoured zones being demarcated in line with the criteria of “economic (industrial) monostructure”, due to over-specialisation in mining or manufacturing, “intensive unemployment” and “disadvantaged by the communication network”. In these zones the population, enterprises and local public authorities receive specific aid. Other activities of this kind will probably follow, on the one hand in rural regions in the framework of the special programme for agriculture and development SAPARD, on the other in the framework of the program ISPA for the development of transport and the environment, both financed by the European Union (REY 2000, p. 151f).

2.5.2 Financial performance

The main types of expenditures in county budgets are on public services, executive authorities, for culture and religion (e.g. libraries, museums, concert halls, art galleries), social welfare, public development and dwellings, transport and civil protection.

For example, in Prahova county, one of the economically better-off counties in Muntenia north of Bucharest, the 2001 budget expenditure was structured as follows:⁵⁹

37%	Public services
16.1%	Transport and communications
14.5%	Public administration
10%	Social welfare

⁵⁹ Strategia de dezvoltare economico-socială a Județului Prahova în perioada 2001-2004, p. 116.

9.7%	Education
5%	„Expenditures for special purposes”
4.7%	Culture
1.7%	„Other actions”
0.6%	Agriculture and forestry
0.7%	Other purposes

At the level of communes, towns, municipalities and districts of Bucharest budget expenditure is broadly similar, but expenditure on education, health, agriculture, disaster plans and civil protection are additional categories.

Local and county authorities are not restricted by any other authority when structuring their budget expenditures.

From 1991 to 1999, before and after the Act 189/1998 on Local Public Finances had been implemented, despite remarkable growth after 1992, local and county budgets remained very limited and amounted to only 4.1% of the GDP in 1997 (1997: 14% in Hungary).

Act 189/1998 brought a fundamental change in the contribution of transfer payments from the state to county budgets. While transfer payments from the state had grown from 542 million USD or 7.7% of state budget expenditures in 1991 across 545 million USD or 10.4% in 1992, 737 million USD or 8.0% in 1993, 864 million USD or 7.2% in 1994, 1182 million USD or 10.2% in 1995 to 1132 million USD in 1998, they dropped down to a mere 266 million USD in 1999.⁶⁰

⁶⁰ Anuarul statistic 2000, table 20.80.

The reduction of state transfers between 1998 and 1999 was almost, but not completely compensated by a significant rise of own resources of local budgets. Thus, the total of local budget revenues slipped down only from 1,516 million USD to 1,451 million USD.

But while the shares of transfer payments in local budget revenues were on average 70.6% and ranged between 51.8% (Gorj) and 81.6% (Vaslui) in 1991, and were in 1998 even at an average of 74.7% ranging from 64.5% (Constanța) to 87.4% (Vaslui), they were reduced to an average of 18.4% and they ranged from 3.9% (Bucharest) to 47.6% (Botoșani) in 1999.⁶¹

This demonstrates that Act 189/1998 marks a significant turning shift from a fiscal policy clearly dominated by the central government towards significant financial autonomy for local authorities.

The high level of financial autonomy of the self-governing administrative units established by Act 189/1998 is to some extent at the expense of socio-economic homogeneity and of the poorer parts of the country. This is proved by a somewhat stronger variation of financial resources per inhabitant between the counties and local administrative units of the country widening socio-economic disparities. While, e.g., in 1991 the range of county budget revenues per capita varied by a factor of 1: 3.78 (Teleorman: Bucharest), the range was 1: 4.30 (Călărași : Bucharest) in 1999.⁶²

⁶¹ Sources: Annual statistics 1992, p. 585, Annual statistics 2000, table 20.80. Bucharest, however, has an extraordinary low share; the next-lowest values are 13.8 (Galați) and 13.9 (Constanța, Prahova).

⁶² Sources: Anuarul statistic 1992, p. 585, Anuarul statistic 2000, table 20.80.

In municipalities an average of 75% of budget revenue comes from own resources. Some municipalities manage even to cover their budget almost without transfer payments from the upper administrative levels. (Rural) communes and authorities in disadvantaged parts of the country, however, are in a quite different situation. They depend heavily on transfer payments from the central and county levels. But it seems that the current system of socio-economic disparity equalisation by transfer payments works also to the satisfaction of authorities with a rather low level of own resources.

It is too early to say, whether this mechanism of financial equalisation by transfer payments is a sustainable optimum as regards the overall socio-economic development of the country. Representatives of local authorities as well as government officials are optimistic in this respect.

2.5.3 Horizontal mechanisms of fiscal equalisation at the sub-national level

There is no horizontal fiscal equalisation at the sub-national level.

2.6 Implementation of powers

In spite of a lot of well-educated and initiative politicians at the local and county levels and quite a good balance between legal competences and financial resources at least with administrative units in better socio-economic conditions, self-government still suffers essentially from a lack of trained personnel, especially in smaller and rural communes. The Ministry of Public Administration invests strong efforts into creating more and better training

courses for civil servants. Universities across the country develop curricula. The Academy of Economics in Bucharest offers special programmes and cooperates in this respect with the Austrian Academy of Administration [Verwaltungsakademie].

While representatives of counties and local authorities in good economic situations seem to be rather satisfied with the current decentralisation process and engage themselves strongly to push it forward, in poorer administrative units the impression to be left alone prevails. This may be interpreted as an indicator of insufficient disparity equalisation, but it may also be taken as inability to grasp new opportunities due to a lack of trained and educated personal and perhaps also due to traditional centralistic attitudes expecting everything from the central government.

2.7 Patterns of interaction between authorities at the national and sub-national level⁶³

Each type of local authority (communes, towns, municipalities) as well the counties forms a nation-wide association to represent their common interests at the national level, especially vis-à-vis the central government. All of them have been founded recently, e.g. the Association of Municipalities in May 2001. Interestingly enough, all the associations have their headquarters in Muntenia, i.e. in the cultural region of the state capital: The Union of Counties has its headquarters in Pitești (Argeș county), the Association of Municipalities in Bucharest, the Association of Towns in Tandarei (Ialomița county) and the Association of Communes in Rucar (Argeș county).

In June 2001 a Federation of Local Authorities [Federația Autorităților Locale România, FALR] with its headquarters in Bucharest was formed as an umbrella institution of all the other associations.

The associations as well as the federation are legal persons under private law and they are public utility, non-governmental and apolitical. They hold a general assembly meeting twice a year in which the mayors (in the case of the associations of local authorities) and county council presidents (in the case of the Association of Counties) or their representatives take part. A Board of Directors (in the case of the Federation: a Board of Administration) forms the executive body elected by the General Assembly from its membership for a two-year mandate. The Board of Directors elects in turn the board president, who is at the same time the president of the association. In the case of the Federation, the Board of Administration is proportionally composed of four representatives from each member association. The presidency rotates among the four member associations every second year. A professional staff assists the executive body.

Due to the fact that the associations as well as the federation have only recently been founded, it is too early to judge their effectiveness.

Apart from these general and party-independent associations and the federation, there are nation-wide leagues of local representatives of certain parties. All major parties have such an instrument. It is used to forward problems from the local to the upper levels, as a means of opinion building within a party and as a means of coordinating all types of activities. Its efficiency in representing local

⁶³ See also Fig. 10.

interests at the national level depends on the power of the respective party and whether the party is part of the government or not.

Similar organisations exist also at county level and serve as an opinion building instrument within the regional party organisation.

In addition, the role of deputies in the national parliament in representing local and county interests at the national level must not be overlooked. They have been elected on the basis of electoral districts coinciding with the 41 counties, are responsible vis-à-vis their electorate and meet county and local representatives on a regular basis (every second week) to exchange views.

Local and county interests are also represented to some extent by members of the government (ministers, secretaries of state) from certain places or counties. At least in some counties the impression prevails that “they are doing enough for their county” (county council president, county council vice-president, prefect of Argeş county, which is represented by two ministers in the government).

The prime minister also arranges a teleconference with representatives of local government once a week.

2.8 Patterns of interaction between authorities at the sub-national level

A joint effort of the Romanian Government and the European Commission resulted in an expert paper published in 1997 entitled “Green Paper” [Carta verde]. This paper proposed setting up eight “development regions” (seven plus Bucharest-Ilfov) with the main goal of complying with the EU requirement of creating NUTS-2 units and of attracting EU pre-accession and later EU structural funding. This paper also proposed a certain spatial configuration of the regions mainly based on the criteria of functional coherence in the socio-economic sense, equal size and population number (Romanian Government and European Commission 1997, p. 4).

When the council president of Teleorman county initiated political discussion, it resulted – surprisingly enough – in a full acceptance of the county conurbations proposed by the paper by all Romanian counties (represented by their county council presidents), although during the discussion many other proposals had been raised.⁶⁴ A meeting under the auspices of the National Board for Regional Development with participation of all county council presidents as well as representatives of the Romanian Government brought the final decision, which was also welcomed by the European Commission. The Development Regions were legally implemented under Act No. 151/1998 on Regional Development in Romania.

⁶⁴ The county of Argeş wanted to avoid the crest of the Carpathian arc as a dividing line by proposing a region, which would have comprised the counties Covasna, Braşov, Sibiu

Under this same Act the regions are not territorial-administrative units and have no legal status, but are voluntary associations of counties for the purpose of regional development and inter-county cooperation. They are to form the implementation and evaluation framework of regional development policy. Theoretically, each county has the right to cease cooperation or to shift from one region to the other.

A Regional Development Board made up of the presidents of the county councils, of one representative of municipality, town and commune councils from each county and of the sectoral councils of Bucharest constitutes the political structure of the region and is headed by a president and a vice-president elected by the board members for a one-year term. The prefects of the counties may attend board meetings without voting rights. The Regional Development Board “analyses and determines the regional development strategy and the regional development programmes; it approves the regional development projects; it submits to the National Board for Regional Development proposals concerning the formation of the Regional Development Fund; it approves the criteria, priorities, allotment and destination of the resources of the Regional Development Fund; it checks the utilisation of the funds allotted to the regional development agencies from the National Fund for Regional Development; it checks the observance of the regional objectives.” (Act No. 151/1998, Article 6).

A Regional Development Agency (RDA), coordinated by and politically subordinate to the Regional Development Board provides the professional staff.

(Transylvania) and Argeş (Muntenia). Other proposals aim at bringing together wealthier counties.

It is a legal entity, non-governmental, non-profit, of public utility, financed from the Regional Development Fund. The main tasks of the RDA are to work out the regional development plan, to initiate and promote regional development projects to be financed by PHARE and co-financed by the Romanian Ministry of Development and Prognosis and to screen and evaluate the project proposals submitted by scientific institutions and commercial enterprises. It is also to identify disadvantaged areas within the Development Regions and to provide potential investors in these areas with specialist technical assistance.

By 1998 all regional development boards and by 1999 all RDAs had been established and were functioning. The RDAs are, however, still ill-equipped in terms of staff and technical facilities, e.g. computers, internet-access. This is due to their insufficient, uncertain mode of financing through the Regional Development Fund. It depends mainly on contributions from local and county budgets (in a proportion of roughly 1:1), but these contributions are not defined, more or less voluntary and vary with the financial capacities of the respective authority. Inter-personal and political relations are also important. This means in practice that rural communes are hardly able and ready to contribute and that RDAs cannot count on a definite income for the next year's budget. This may also mean that financial contributors expect certain advantages in return for their contribution.

In the Ministry of Development and Forecasting these shortcomings are well-known, but the Ministry hesitates to interfere with the powers of NGOs by e.g. implementing a nation-wide law which would regulate this mechanism. It would prefer that the regional development boards regulate these matters

themselves and individually take account of the special conditions of their respective region.

The Ministry of Development and Forecasts also criticised the fact that the RDAs focussed on analytical rather than operational aspects. Instead of defining priorities of regional development they enlarged on analyses of the economic and social environment.

County cooperation within the framework of the development regions works at varying degrees. Some counties are more, some are less committed. The idea of intra-regional solidarity and disparity equalisation seems to have not yet sufficiently developed. Anyway, it depends on the goodwill of the individual counties of a region, whether common projects and coordinative measures are carried out. Due to their democratic legitimacy, county councils and their presidents are always in the politically stronger position than the region and they are unlikely to subordinate projects in the interest of the majority of their voters to regional priorities.

According to the expert proposal submitted in 1997 and the consequent political decisions, Romania is subdivided into the following development regions:

North-East Development Region, seat Piatra Neamţ, comprising the counties Suceava, Botoşani, Neamţ, Iaşi, Bacău, Vaslui and roughly coinciding with the historical region Moldavia

Area: 36,850 sq. km

Population: 3,786,000

Percentage of Romanians in the overall population: 98%

GDP per capita at purchasing power equivalents (USD, 1997): 3,000

Economically active population: 38%

South-East Development Region, seat Brăila, comprising the counties Vrancea, Galați, Buzău, Brăila, Tulcea, Constanța and composed of the historical region Dobruja as well as smaller parts of Moldavia and Muntenia

Area: 35,762 sq. km

Population: 2,943,000

Percentage of Romanians in the overall population: 82%

GDP per capita at purchasing power equivalents (USD, 1997): 4,100

Economically active population: 39%

South Development Region, seat Călărași, comprising the counties Prahova, Dimbovița, Argeș, Teleorman, Giurgiu, Călărași, Ialomița and roughly corresponding to the historical region Muntenia.

Area: 34,453 sq. km

Population: 3,496,000

Percentage of Romanians in the overall population: 95%

GDP per capita at purchasing power equivalents (USD, 1997): 3,700

Economically active population: 39%

South-West Development Region, seat Craiova, comprising the counties Vâlcea, Gorj, Mehedinți, Dolj, Olt and roughly corresponding to the historical region Oltenia.

Area: 29,212 sq. km

Population: 2,420,000

Percentage of Romanians in the overall population: 98%

GDP per capita at purchasing power equivalents (USD, 1997): 3,900

Economically active population: 41%

West Development Region, seat Timișoara, comprising the counties Timiș, Arad, Hunedoara, Caraș-Severin and including the historical region Banat as well as smaller parts of Crișana-Maramureș and Transylvania.

Area: 32,034 sq. km

Population: 2,074,000

Percentage of Romanians in the overall population: 84%

GDP per capita at purchasing power equivalents (USD, 1997): 4,600

Economically active population: 42%

North-West Development Region, seat Cluj-Napoca, comprising the counties Bihor, Satu Mare, Maramureș, Sălaj, Cluj, Bistrița-Năsăud and including the bulk of the historical region Crișana-Maramureș as well as a larger part of Transylvania.

Area: 34,159 sq. km

Population: 2,861,000

Percentage of Romanians in the overall population: 74%

GDP per capita at purchasing power equivalents (USD, 1997): 3,600

Economically active population: 44%

Central Development Region, seat Alba Iulia, comprising the counties Alba, Sibiu, Brașov, Covasna, Harghita, Mureș and including the bulk of the historical region Transylvania.

Area: 34,100 sq. km

Population: 2,661,000

Percentage of Romanians in the overall population: 65%
GDP per capita at purchasing power equivalents (USD, 1997): 4,100
Economically active population: 42%

Bucharest and Ilfov, seat Bucharest, comprising Ilfov county and the municipality of Bucharest.

Area: 1,821 sq. km

Population: 2,305,000

Percentage of Romanians in the overall population: 98%
GDP per capita at purchasing power equivalents (USD, 1997): 5,600
Economically active in the overall population: 37%

By size and population number the 8 regions except Bucharest vary only slightly and correspond closely to the NUTS-2 category of the EU. Also in socio-economic terms (GDP, employment) differences are not remarkable, except as regards the North-East Region, which is below the average.

This means that, as these regions are concerned, Romania's very distinct socio-economic disparities are rather veiled than reflected, since practically all the regions are composed of wealthier and poorer counties. This means in turn that the average socio-economic indicators of the development regions are not the appropriate means of defining regions eligible for EU pre-accession and structural funding. Therefore, and to this very end, in April 2001, 11 sub-zones in industrial decline were defined by the Ministry of Development and Forecasts for a term of three years (2000-2002). Their limits transcend county boundaries and in one case also across development region boundaries. If PHARE accepts this regulation (a decision is due autumn 2001), PHARE pre-

accession funds based on the socio-economic indicators of these sub-zones will be received and distributed by the Ministry of Development and Forecasts. The development regions and their RDAs, respectively, will administer and monitor these funds.

The development regions do not coincide with Romania's cultural and historical regions, neither by shape nor by name. Their number⁶⁵ and overall setting correspond to the cultural regions, but apart from Oltenia and the crest of the Carpathian arc, boundaries of development regions and cultural regions always differ. This may be considered (a) a minor disadvantage compared to the asset of functional coherence (if the development regions were in fact be functionally coherent, which is not always the case, see below, paragraph 3.1.2), but (b) also as a neglect of the remarkable potentials and energies, rooted in regional consciousness, for the promotion of regional development efforts.

Regional capitals were only in some cases located in the largest city of the development region (Timișoara in the West Region, Craiova in the South-West Region, Bucharest in Bucharest-Ilfov), while in other cases location has partly been a compromise, partly guided by the idea not to confirm flourishing urban centres, but rather to give peripheral areas a new chance.⁶⁶

⁶⁵ Except Bucharest-Ilfov, which is a development region of its own, but part of the cultural region Muntenia.

⁶⁶ Thus, the choice of the relatively smaller city of Piatra Neamț as the capital of the North-East Development Region resulted from a compromise between the larger and functionally more important cities Iași and Bacău, which were rather ready to accept this solution than to see the competitor in the first position.

When in the South Development Region, the large and economically powerful city of Ploiești claimed to be the administrative capital, rivalling cities like Pitești proposed the peripheral town of Călărași as a compromise. Nevertheless, Ploiești was made the seat of the SAPARD agency.

In the framework of the PHARE programme, seven of the eight development regions, more specifically their regional development agencies (RDA), as well as the Ministry of Development and Prognosis have so far established twinning arrangements with institutions in EU member countries. The objectives of these twinning arrangements are:

- the development of the RDAs into professional and sustainable organisations, capable of leading the socio-economic development process in their region, in accordance with successful practices in EU Member States;
- the development of partnership between the counties, municipalities, towns and communes of the region, with the aim of strengthening the legitimacy of the regional planning process;
- the preparation of valid, mature regional development programmes and projects in line with regional development plans and strategies, with a

Another case in point is Alba Iulia as the seat of the Central Development Region, although this choice may also have been influenced by historical and national aspects. While among the other potential candidates, Sibiu is the “German centre” (it has a German tradition and currently an ethnic German mayor, although only a tiny German minority is left), Târgu Mureş and Sfântu Gheorghe are Hungarian dominated and Braşov has rather a multiethnic image, Alba Iulia is the historical site of the Romanians in Transylvania.

An exceptional situation exists in the North-West Region, where indeed Cluj-Napoca as the largest and economically strongest centre has been installed as the region’s administrative capital. Cluj-Napoca, one of the traditional urban centres of historical Transylvania has been established as the capital of the NW Region, although it comprises only minor parts of historical Transylvania, but the largest part of Crişana-Maramureş, another historical region with prominent centres of its own (Oradea, Satu Mare, Baia Mare).

view to financing by PHARE, national and regional budgets in the period 2001-2006;

- the strengthening of the capacity of the Ministry of Development and Forecasts to coordinate and support regional planning managed by the RDA;
- improvement of the coordination role exercised by the Ministry of Development and Forecasts at the national level by establishing and extending partnership between the different ministries and other government institutions linked to regional development;
- implementation and continuation of a training strategy;
- preparation for the implementation, management, programming, control and evaluation of the future EU structural and cohesion funds.

In September 2000, the Ministry of Development and Forecasts twinned with the UK Department of Trade and Industry and the European Policies Research Centre of Strathclyde University. At the same time four regional development agencies concluded twinning projects: the RDA of the South-East Development Region twinned with the Hellenic Agency for Regional Development and Local Government and the Region of Central Macedonia; the RDA of the North-East Development Region twinned with the Cantabrian Regional Development Agency (Sodercan) and with FIIAP, a public foundation of the Spanish Ministry of Foreign Affairs; the RDA of the Central Development Region and the RDA of Bucharest-Ilfov twinned with the Ministry of Agriculture, Environmental

Protection and Regional Planning of the State of Brandenburg and the Brandenburg State Development Corporation for Urban Development, Housing and Transport.

In January 2001, three more development regions concluded twinning arrangements: the RDAs of the West Development Region and the Northwest Development Region twinned with the Délégation à l'Aménagement du Territoire et à l'Action Régionale (DATAR) and the RDA of the South Development Region twinned with the UK Department of the Environment, Transport and the Regions (DETR), the Government Office for West Midlands (GO-WM) as well as the University of Strathclyde.

So far only the RDA of the South-West Development Region remained un-twinning. It is too early to evaluate effects of a twinning.

Problematic aspects of the Development Regions:

- Demarcation
 - When shaping and demarcating the development regions, obviously through the expert commission, the concepts of development regions (= definition of territories with specific regional development problems, e.g. problems of the rural space, industrial decline) and administrative regions (= functional regions of not too diverging size and composed of subregions of different socio-economic levels) have been mixed up. Initially conceived as development regions at the NUTS-2 level to be eligible for EU pre-accession (PHARE) and later EU structural funding, they were actually demarcated according to the principles of forming administrative regions.

- Not coinciding with historical regions, the development regions do not tap the potential of cultural identities, which is widely available in Romania and could have been used to generate a regional consciousness favourable for personal engagement of the population for their region.
- Political weakness compared to counties and local authorities

Regional development boards are not elected directly, development regions have no legal status and are just associations of counties, so the development regions lack the political power to

 - raise sufficient funds from local and county authorities and to implement any stable or sustainable mechanism in this respect;
 - coordinate the diverging interests of counties sufficiently. As a result, the regional development plans which have been demanded by the Ministry of Development and Forecasts have not been drawn up.

In fact, county council presidents play the leading role in the development region and can always refer (i) to their democratic mandate in their county, in the event of clashes between the interests of their county and the development region and (ii) to coordination problems within the development region.

Future directions:

Counties and county council presidents are rather satisfied by the current status of development regions, since:

- it is “their playground”,
- it is their platform for coordinating certain interests,

- they can use the RDAs for developing projects and securing funds from PHARE and the Romanian Government, and
- nothing can be undertaken which is essentially against their interests.

However, the Romanian Government is dissatisfied because:

- the regions do not shoulder coordination tasks between the counties as it was intended, and much of the coordinating work is still left to the government,
- it is almost impossible to use the regions as instruments for implementing government directives.

Thus, it would be in the Government's interest to develop the regions into legal bodies and administrative units, while it is not at all in the interest of the counties to tie in with a higher administrative layer at the expense of their own powers.

Anyway, a transformation of the development regions into administrative units would not be easy, since

- an amendment of the Constitution would be necessary,
- the discussion on the shaping and formation of regions would start from the beginning and probably result in a different territorial setting,
- in the meantime the development regions have started to act as territorial frames for several governmental, other public and private activities (regional branches of ministries, statistical offices, public agencies, etc.), i.e. a change becomes more difficult every year.

Therefore, it is not government policy, nor are there any other serious attempts, to change the present situation in this respect.

2.9 Trans-border cooperation at the sub-national level

2.9.1 Cooperation within Euroregions

The counties of Bihor, Satu Mare, Sălaj, Maramureş, Suceava and Botoşani are cooperating in the **Euroregion Carpathians**, which has been founded in February 1993 as the first cross-border cooperation in the eastern part of Europe by Hungary, Poland, the Ukraine and Romania. In 2001 besides these Romanian counties it also comprises the Polish Subcarpathian Voivodship [Województwo podkarpackie]⁶⁷, the Ukrainian Oblasts Transcarpathia [Zakarpattja], L'viv, İvano-Frankivs'k and Černivci, the Slovak districts Prešov and Košice and the Hungarian counties Szabolcz-Szatmár-Bereg, Hajdú-Bihar, Jász-Nagykun-Szolnok and Heves. The Euroregion embraces over 11 million inhabitants and covers an area of 106,000 sq. km.

Initially, from the Romanian side, only the counties Maramureş and Satu Mare took part. When they wanted to change their initial observer status into a full membership at the end of 1993, the Romanian Government declared this step null and void (SŰLI-ZAKAR/CZIMRE/TEPERICS/PATKÓŠ 2001, p. 53). In 1997, following the elections in Romania, Maramureş and Satu Mare became full members again and four other Romanian counties (Bihor, Sălaj, Suceava, Botoşani) also applied for admission and were accepted.

This Euroregion has a permanent coordination organisation that is responsible for the execution of activities (professional exchange programs, commercial contacts, cultural, educational and environmental protection programs). Out of the six working committees (Regional Development, Environmental Protection and Tourism, Education-Culture-Sports, Trade, Disaster Prevention, Financial Control) one is located in Romania (Trade). A number of sub-initiatives have been started within this euroregion, e.g. an Association of Carpathian Region Universities, in which from the Romanian side, the University of Oradea is an ordinary member and the universities of Cluj-Napoca and Bucharest are external members.

So far, however, the euroregion has contributed little to iron out the economic problems and political tensions. The main reason for rather limited success is that all the regions involved are on the economic periphery of their respective countries and that there is not one region or urban centre which could assume the role of a spearhead in economic development (RECHNITZER 2001, p. 366). Other reasons are that cooperation between territorial-administrative units with very different powers proved to be difficult and that some of the “mother countries”, first and foremost the Ukraine, but also Romania and Slovakia look at the euroregion with some scepticism, suspecting regionalist and autonomist activities. For this very reason, e.g. the Ukraine did not confine its participation to the Oblast Transcarpathia, but extended it to three more oblasts, obviously in order to dilute a potential more intensive cooperation between Transcarpathia and adjacent regions in the Northeast of the Pannonian Basin.

⁶⁷ Up to the administrative reform in 1999, the voivodships Rzeszów, Przemyśl and Krosno.

Since September 1998 the Romanian counties of Arad, Timiș, Caraș-Severin and Hunedoara have been cooperating in the **Euroregion Danube-Körös-Mureș-Tisa**, together with the Hungarian counties Békés, Csongrád, Bács-Kiskun and again Jász-Nagykun-Szolnok as well as with the Yugoslavian province Voivodina [Vojvodina] This is an area of 77,500 sq. km with almost six million inhabitants. The euroregion's aim is to cooperate in the fields of the economy, traffic, telecommunications, environmental protection, tourism, science, culture and civil organisations. It has been decided that a uniform development concept should be developed and that a permanent secretariat and a common financial fund should be established. The Kosovo crisis in 1999, however, prevented the euroregion from working for quite some time (RECHNITZER 2001, p. 367).

The Romanian counties of Suceava, Botoșani and Iași are joined with Ukrainian and Moldavian oblasts and rayons, respectively, in the **Euroregion Upper Prut**. The counties of Galați, Brăila and Tulcea cooperate with Moldavian and Ukrainian rayons and oblasts, respectively, in the **Euroregion Lower Prut**. In both cases, however, there is little information on activities and real progress.

2.9.2 Other international cooperations

Counties as well as local administrative authorities have concluded a great variety of international cooperations. Just as an example, the county of Argeș is twinned with the Savoie (France), and has applied to take part in the Access programme and cooperates with London, and the US states of Virginia and Maryland in the field of prevention of child abuse in families.

In the framework of the Danube countries of the Working Community, all Romanian counties situated on the Danube have cooperated in the documentation project “Culture Road Danube”, which is soon to be completed.

Taking into account the importance of the lower Danube for Oltenia and Muntenia and the fact that the Romanian-Bulgarian border divide an economically active zone on both the Romanian and the Bulgarian river banks, it is surprising that cross-border cooperation between Romanian and Bulgarian local and regional authorities are relatively scarce.

3 Driving forces and obstacles for decentralization and the reorganisation of territorial structures

3.1 Regional identities

3.1.1 Historical and cultural identities

After the break-down of Communism, a significant revival of identification in reference to historical-cultural regions emerged. There were seven historical-cultural regions with a relatively distinct identity. This has faded out during the 20th century for several causes: the emigration of Germans during the late Communist period, the dispersal of the Roma across the country and above all, emigration from under-developed Moldavia to southern Transylvania and Banat and from Oltenia and Muntenia to Bucharest and its surroundings.

The **Banat** is still an essentially multi-ethnic region with a proper multicultural identity, due to its simultaneous and organised colonization, mainly in the 18th century, by a great variety of ethnic groups.

The **Crișana-Maramureș** region is historically based on the Partium⁶⁸, but less homogeneous than the Banat. It is at least composed of Crișana and Maramureș, two subregions with a different ethnic composition.

Historical **Transylvania's** [Transilvania] identity is based foremost on long-lasting self-government. An early urban system and culture, as well as a multi-ethnic composition are further components.

Moldavia's [Moldova] regional identity is that of the Romanian nation's historical, political and cultural heartland. Independent and much larger in size in the late Middle Ages, Moldavia remained a treasury of historical monuments and a cultural stronghold.

Muntenia (Greater Walachia) is clearly the modern heartland of Romania. It has profited the most from the unification of the Danubian principalities, as well as from Romania's territorial expansion in 1878 (Dobruja) and after World War I.

Oltenia (Lesser Walachia) is Muntenia's "little brother", economically not so much in the foreground as Muntenia. In other parts of the country it has rather a provincial image.

The **Dobruja** [Dobrogea] is characterized by its long, (contrary to the rest of Romania) direct subordination to Ottoman rule (until 1878), its past intensive ethnic mixture, which has left some traces, and by its somewhat remote position “on the other bank of the Danube”.

These cultural identities are not reflected in current administrative structures, and also the non-administrative development regions implemented in 1998 are (in some sections obviously by purpose) not respecting them. This is usually not regarded as a deficiency by Romanian government officials and politicians, irrespective of whether they are very pragmatic and liberal on other matters. It corresponds to a general phenomenon in Romanian thinking that cultural diversity and Romania’s location at the crossroads of cultural influences (Mediterranean, East European, Central European according to REY 2000, p. 18) is scarcely appreciated and even less estimated as a geopolitical potential, e.g. to develop Romania from a rather peripheral and isolated “Romance island in a sea of Slavonic and other peoples” into a bridge and potential core area of Southeast Europe.

3.1.2 Functional coherence

The functional region of Bucharest defined on the basis of specialist functions in the fields of industry, trade, labour, administration, education and health supply (REY 2000, p. 83) coincides closely with the cultural region Muntenia except for its north-easternmost part, i.e. parts of the county of Brăila; but it

⁶⁸ Partium refer to these lands formerly directly subordinate to the Hungarian Crown, which after the Ottoman occupation of the Pannonian Basin were annexed by the autonomous Principality of Transylvania.

considerably exceeds the South Development Region in the north-east, especially in the county of Buzău.

Close coincidences between the functional regions of urban centres and historical regions occur also in the cases of Iași and Moldavia, Craiova and Oltenia, as well as Timișoara and the Banat. While Moldavia as a cultural region extends somewhat further to the south than the functional region of Iași (by the counties of Vrancea and Galați), the coincidence with the North-East Development Region is almost complete. The historical region Oltenia as well as the almost totally parallel South-West Development Region correspond practically to the catchment area of Craiova, when the more specialist functions are taken into account. The functional catchment area of Timișoara corresponds closely to the historical region of the Banat, while the corresponding West Development Region is larger especially in the east (county Hunedoara).

In contrast to the cases mentioned above, there is little correspondence between the catchment area of urban centres and historical and development regions in other cases. The cultural region of Crișana-Maramureș is split into catchment areas of four larger cities (Arad, Oradea, Satu Mare, Baia Mare), none of which have the ability to dominate the whole region. In the corresponding North-West Development Region, the situation is as complicated, since one of these towns is just replaced by Cluj-Napoca, which extends its functional region to the Central Development Region.

The historical region of Transylvania has never been dominated by one city. This situation is true also today, when this region is subdivided at least among Cluj-Napoca, Târgu Mureș and Brașov, but also Sibiu and Alba Iulia have their

share. This is also true for the smaller Central Development Region, in which still Cluj-Napoca, although located outside the region, exercises central functions.

In the historical region of Dobruja the city of Constanța dominates only the southern part as a functional centre, while the north is rather under the influence of Galați and Brăila. The South-East Development Region is functionally subdivided among the same cities, but also Bucharest with its more specialised functions intrudes into this Region from the west.

3.2 Administrative traditions

The modern idea of the Romanian nation evolved in the late 18th (from about 1770 onward) in the lap of the Rome-oriented Uniate or Greek-Catholic church in Transylvania and it is based on the Romance origin of the Romanian people and language. It is due to this Romance identity and the overwhelming prestige of the French nation state model in the late 18th and throughout the 19th century that Romanian statehood was shaped according to this centralistic model from the very beginning (1859: Principality of Romania).

This centralism was maintained throughout the interwar period, when Romania was awarded a much larger territory (all territories inside the Carpathian arc plus Bucovina and Bessarabia) with predominantly non-Romanian social elites. It corresponded closely to the centralistic Communist administrative and party system after World War II.

Considerable progress in devolution from 1991 onward must therefore be regarded as an exceptional state-of-affairs, even compared to other enlargement candidates.

3.3 Ethnic groups and minorities

The existence of a larger ethnic minority, which may have the status of a population majority in individual local territorial-administrative units or counties may play an ambivalent role in the devolution and regionalisation process. On the one hand, a larger ethnic group with local majorities and an efficient political organisation may act as a driving force for self-government at the local and regional levels; on the other, a central government may hesitate to promote devolution, when it regards self-government of territorial-administrative units dominated by ethnic groups as a threat to national unity.

In Romanian history, the latter attitude certainly prevailed. From the beginning, the Romanian attitude was marked by the nation-state concept. During the early Communist period, there was an Autonomous Hungarian Region, in eastern Transylvania, based on ethnic criteria, but self-government was very limited.

Although the Ceauşescu policy granted individual rights to minorities, it was the constitution of 21 November 1991, together with consequent individual laws, that marked a turning point, and ethnic minorities were no longer regarded as an obstacle to devolution. A bilateral treaty between Hungary and Romania, signed on 16 September 1996, confirming the present boundaries (which Hungary had not officially acknowledged before) and obliging (paragraph 75) the parties to promote the identity and rights of mutual minorities in accordance with the

Final Acts of the Helsinki Conference, with the principles of the United Nations, of the Organisation for Security and Cooperation in Europe (OSCE) and the Council of Europe, encouraged Romania to proceed towards devolution.

The following remarks on regional and local concentrations of ethnic groups are therefore not to be interpreted as obstacles to devolution, but rather as positive factors.

According to the last population census of 7 January 1992, Romania had 22,760,449 inhabitants, 20,352,980 (89.4%) Romanians; 1,620,199 (7.1%) Hungarians; 409,723 (1.8%) Roma; 119,436 (0.5%) Germans; 66,833 (0.3%) Ukrainians; 38,688 (0.2%) Russians-Lipovenians; 29,533 (0.1%) Turks; 29,080 (0.1%) Serbs; 24,649 (0.1%) Tatars; and 20,672 (0.1%) Slovaks. Other minorities did not attain 10,000 persons. A language census was not published.

The figure of 1,620,199 for the largest ethnic minority, the **Hungarians**, includes Szeklers, who are concentrated in the territories inside the Carpathian arc. Two counties in the eastern part of Transylvania have a Hungarian majority: Harghita (84.6%) and Covasna (75.2%). Three more counties had Hungarian minorities of over 25%: Mureş (41.3%) with a substantial share also of Roma, Satu Mare (35.0%) and Bihor (28.5%), both in the historical region Crişana-Maramureş along the north-western border to Hungary.

The figure of 409,723 persons (1.8% of the Romanian population) who declared themselves as **Roma** in 1992, is drawn from official sources which are regarded with caution by some analysts. Some estimates indicate that Roma living traditional lifestyles total one million (4.6% of the Romanian population;

ZAMFIR & ZAMFIR 1993). When all those who regard themselves as Roma, albeit without official declaration, are included, estimates rise to 2.3 and 2.5 million (11% of the Romanian population, according to Federația etnică a romilor din România). Official Roma declarations have increased by 80% since the population census of 1977. The regional distribution of Roma is marked by the concentration in the south-eastern part of Transylvania (the counties Mureș, Harghita, Covasna, Brașov and Sibiu) and Bucharest and its surroundings (the counties Dimbovița, Prahova, Ialomița, Călărași, Giurgiu). In addition, Roma are fairly well represented in the Hungarian border region (Banat, Crișana), in the lower parts of Walachia and in some parts of Moldavia and the Dobruja. But since Roma do not have a compact area of residence, nor a strong political representation (there are several rivalling Roma parties; a Roma king resides in Sibiu, but he, too, is not really the representative of all Romanian Roma), they are not a relevant factor in regionalisation and devolution issues.

With a number of 119,436 (0.5% of the overall population) the **Germans** were in 1992 still the third-largest ethnic minority in Romania. Germans are still concentrated in the Banat (48,000, 40% of all Germans) and in southern Transylvania (28,000, 24% of all Germans). A third, but minor centre of German settlement is Satu Mare county in Romania's north-western corner. From 1977 to 1992 the numbers of Germans in Romania have been dramatically reduced by two-thirds due to continuous, but limited emigration from 1978 to 1989 and an exodus after 1989 which slowed down, but did not come to a halt by 1992. It can be assumed that at present those Germans are left (not much more than 70,000 according to estimates by German associations in Romania), are staying on for social or family reasons. Due to their almost irrelevant numerical strength, Germans are not a political factor anymore. But since the

cultural landscape in larger parts of Transylvania, in the Banat and in the Satu Mare region has for long periods been shaped also by the Germans and this German influence is appreciated as an asset also by the other ethnic groups and a German educational system (functioning almost without ethnic Germans) still exists and is likely to continue, German culture is still an important factor in regional and local identity.

The overall number of 66,833 **Ukrainians** in Romania includes Ruthenes (Greek-Catholic Ukrainians) and Huzules (a group of mountain-dwellers in the eastern Ukrainian Carpathians hallmarked by a specific folk culture). The Ukrainians are concentrated in areas close to the Ukrainian border, i.e. in the counties of Maramureş and Suceava, as well as in the Banat and in the Danube Delta. The main concentration is Maramureş, where they make up 6.8% of the county population and represent majorities in seven towns and communes. In this county and even more so in their majority towns/communes, Ukrainians form an important factor in local identity and may be important also in the context of devolution, although at present there are no major moves in this direction.

The ethnic group of 38,688, in the 1992 census officially named "**Russian-Lipovenians**" [Rusi-Lipoveni], is actually composed of 8,914 declaring themselves as Russians and 29,774 Lipovonians, Eastern Slavs presumably from Belorussia and "Old Believers", a faction of the Orthodox church. The main area where Russians-Lipovenians in Romania reside, is the Dobruja, especially its northern part (Tulcea county). They had population majorities in three communes and totalled more than 25% of the population in three more.

Still relevant in connection with regional identity and devolution the **Turks** (29,533) and **Tatars** (24,649), since they are almost exclusively living in the Dobruja, where they once had a majority. Within the Dobruja, the Turkish minority is concentrated on the Constanța county (3.2% Turks in the overall population). There is no Turkish majority commune or town left, but in the zone between the Danube-Black Sea channel and the Bulgarian border almost every commune and town has a sizeable Turkish minority contributing to a mosaic-like pattern of Romanians, Tatars and Turks. The district of Tulcea has three local administrative units with a Turkish minority of more than 3%, the largest share has Babadag (11.0%). The Tatars are even more focused on the Constanța county, where they constitute a minority of 3.2%, the largest in the county. They live side-by-side with the Turks linked to them by the same religion, Islam. The common religious belief and other cultural similarities are also the reason that Tatars are inclined to assimilate with the Turks who are better organised and enjoy the political backing of Turkey.

3.4 The party system related to regionalisation and devolution issues

In the context of devolution and regionalisation issues, different attitudes of political parties are in practice not identifiable. Of course, UDMR, the political representation of the Hungarian ethnic group, is a spearhead of local and regional autonomy. The ruling Party of Social Democracy (PSD) is obviously promoting devolution at all levels, showing a strong commitment in this respect. The same determination is shown by those parties who are members of the Parliament (the Democratic Party, The National Liberal Party) and even by those not represented in the Parliament and who are in the throes of radical

reorganisation, such as the National Christian Peasantry Party. There are also political groups, like the Party of Greater Romania [Partidul România Mare, PRM] which present themselves as spearheads of traditional Romanian centralism. Nevertheless, the structure of the Parliament is clearly dominated by political forces in favour of devolution.

The structure of the Romanian Parliament (break-down of Parties by number of seats)

Party	Senate	no	%	Deputy Chamber	no	%
PDSR		65	46.4		155	44.9
PRM		37	26.4		84	24.3
PD		13	9.3		31	8.9
PNL		13	9.3		30	8.7
UDMR		12	8.5		27	7.8
Minorities					18	5.2

Source: Internet site Elections 2000, Kappa Group și Adevărul

3.5 Other political players related to devolution issues

The **Romanian Orthodox Church** as a unitarian, Romanian-national structure may rather be regarded as a centralising force. The **Trade Unions** like to have financially powerful local partners (local authorities, counties) for negotiations on subsidies for enterprises etc., since they are closer to the event, must look at their voters and find it harder to say “no” than the remote central government. But neither of them play a significant role in the current discussion on devolution.

Since the new government took office, leaving the political opposition in disarray, the **media** have largely taken over the opposition role. Many of them look at the current devolution process in critical terms.

3.6 Plans for territorial reorganisation

At the moment, no relevant political force in Romania considers a reorganisation of the territorial-administrative system at the local and county level. Further devolution from the State to the county and local level is, however, a widely accepted political goal. The present government has not only proceeded on the path of earlier post-Communist governments in this respect, but gives the impression of being especially dynamic. The driving motive is to comply to the prerequisites of European integration, which is more popular in Romania than in many other candidate countries.

Other significant reorganisations of the territorial-administrative system are discussed, not with relevant political forces, but rather at the fringe of the political spectrum, such as the creation of an autonomous Transylvania, an idea developed by Sabin Gherman, a journalist from Cluj-Napoca, or the re-creation of “abusively dissolved counties” in 1950. Such moves tend to provoke reactions from the other end of the political spectrum, but also from the side of moderate political players. Thus, Romania's Prime Minister Adrian Nastase in August 2001 ruled out any kind of federalisation of the country, in response to the demands for an autonomous Transylvania.

Contrary to the territorial-administrative system, the subdivision of the country into development regions is a controversial issue, at least among experts.⁶⁹ Configuration, regional capitals, as well as functionality related to the general goal of NUTS-2 regions, i.e. to be eligible for EU pre-accession and structural funding, are called into question. Major opponents of the current structure can

⁶⁹ So far the system of development regions is not yet rooted in public consciousness.

be found in the government, while at the county and local level a need for changes is not seen as urgent. Scenarios for changes include the creation of a third (upper) territorial-administrative level, but with spatial units smaller in size than the current development regions and better adapted to socio-economic regions.

4 Concluding remarks

Since 1991 Romania has made considerable progress towards devolution, at the local as well as at the county level. The counties, especially the county councils presidents, hold currently a very strong position in the political system of the country. This is due to their democratic legitimacy, to the respectable size and economic power of (at least some) counties, a considerable measure of financial autonomy (especially since 1998) and to the obviously good cooperation between the county council presidents and the prefects as representatives of the central government. In addition the local administrative level (communes, towns, municipalities) is fairly well endowed with competences and financial autonomy.

In general, a situation has been achieved in which at least wealthier counties and local authorities with sufficient financial resources of their own, feel that they are in a comfortable administrative position. The question remains, whether this is also true for local and county authorities in poorer parts of the country and whether the mechanism for fiscal equalisation of socio-economic disparities is sufficient to keep this development sustainable.

Although the Romanian Government and especially the two ministries responsible in this field (Ministry of Public Administration, Ministry of Development and Forecasts) are promoting devolution, there are also fears at the government level that regional and local feuding may arise and that the unequal financial resources and personal capacities may widen social and economic gaps.

While county and local representatives have nothing to complain about the development regions, some government officials regard them as rather an unfortunate solution, which should be modified and eventually replaced by a third administrative tier, if this was not such a difficult task. Indeed, the more powers shift from the central government to the current lower administrative levels (and this process will continue), the more it will be difficult to establish an additional administrative tier at the NUTS-2 level.

4.1 Main shortcomings of the current system

Widening socio-economic disparities: The current system of transfer payments from the state is not suited to bridge the considerable socio-economic disparities between local administrative units and counties (see also above).

Lack of qualified civil servants: Especially in smaller local administrative units and in rural areas, a lack of qualified personal hinders public initiatives and participation in development programmes. The central government and the responsible Ministry of Administration and Local Affairs has already taken measures and offers training courses, but the brain drain and the economic situation in the countryside have eroded the human basis.

Development Regions: They have been implemented to become eligible for EU structural funding at the NUTS-2 level, but their socio-economic indicators resemble each other. Being an average of very divergently developed parts, they are not legal persons in their own right, but depend legally, politically and also economically on the counties; they do not absorb coordination tasks between the counties as it was intended, and their boundaries do not coincide with cultural or functional regions. The Development Regions are therefore not functional in the sense of their goals; they are artificial constructions with no prospect of developing into administrative regions.

Inefficient trans-border cooperation at the sub-national level: Although Romanian sub-national units are frequently involved in trans-border cooperation in the framework of Euroregions and other models, such cooperation has rarely yielded spectacular results.

4.2 Driving forces behind and obstacles to devolution and regionalisation

Driving forces:

Strong regional identities: Romania has at least 7 historical and cultural regions with strong identities and with a strong regional, trans-ethnic and trans-national consciousness of their inhabitants. Community building and making the population commit to regional goals therefore find good preconditions. Regional identities, however, do not (or only rarely) refer to the current counties, but to a possible, not yet existing upper regional level corresponding to the NUTS-2 category of the EU.

Ethnic minorities: In other countries and also in Romania prior to the bilateral treaty with Hungary (October 1996), the existence of larger ethnic minorities would have to be qualified as obstacles and not as driving forces for devolution and regionalisation. In the meantime, however, Romania has pursued a rather affirmative policy vis-à-vis its ethnic minorities, including the largest and politically best-organised group of the Hungarians (1992: 7.1%). Considered as cultural specifics and ingredients of regional identities and not as a threat to national integrity, ethnic minorities, especially the Hungarian group of Szeklers in the east of Transylvania, have the potential to act as a driving force.

Complying to the prerequisites of European integration: In Romania European integration, EU accession and Nato accession are more popular than in many other applicant countries. Complying with the requirements of European integration meets therefore no major political objections.

Obstacles:

Traditions of centralism are still deeply rooted especially among the elder and the rural population, who expects everything from the state and is not yet willing to take the initiative of organising community life at all levels.

Nationalist Parties like the Party of Greater Romania (26.4% of the votes in the last elections for the Senate, 24.3% in the elections for the Chamber of Deputies, but not part of the current government) advocate the unitarian nation state.

Romanian Orthodox Church: This church sees itself as a Romanian-national structure, as a preserver of the “unitarian national heritage”. Its political role in the process of decentralisation and regionalisation is perhaps only marginal, but as a provider of a certain mental pattern it is not to be ignored.

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F Slovakia⁷⁰

1 Preface

Tab. 1: Basic data⁷¹

Category		Year
Territory (in sq. km)	48,845	
Population in millions	5.4	2001 (estimate)
GDP per capita PPP (USD)	10,200	2000
GDP real growth (%)	+2.2	2000
Budget balance (% GDP)	-0.7	2000
Inflation per annum (%)	12.2	2000
Unemployment (%)	17	2000

Slovakia became an independent, sovereign and democratic state after the approval of the new Constitution on 1 January 1993. From the very beginning Slovakia faced the task of creating proper institutions carrying out the functions, which were previously within the purview of the Czechoslovakian federal administration. The period ending with the last parliamentary elections in 1998 was characterised by instability of the new institutions; the result was a failure to elect the president, controversial use of presidential powers, insufficient and unsatisfactory functioning of the parliamentary committees and bodies of public administration and ignorance of the Constitutional Court of Justice's rules.

By 1998 Slovakia has slightly progressed in developing some of the indispensable administrative and legislative conditions. The reform process concerning the public sector, including the reform of public administration, which had started in 1996, is not yet completed.

⁷⁰ The authors of this chapter are obliged to the Ministry of the Interior, Division of Public Administration, for consultation and materials.

⁷¹ The World Factbook 2001.

In accordance with the Programme Declaration of the Government - approved by the Slovak Parliament in 1998 - priorities include:

- to ensure respect for human rights and independence of the judiciary,
- to foster and strengthen the functioning of the institutions of democracy, NGOs and the independence of the media,
- to prepare and implement public administration reform and
- to fight against corruption in the public sector.

In the area of public administration, the new government (installed in 1998) pursued the following goals:

- Strengthening of state administration capacities and separation of political and executive posts in state administration, with the aim of making decisions more professional and of eliminating political influence within the public sector. This was important in order to define posts subject to political changes and positions with a permanent status. Up until now higher state administration posts were changed after every national election, which had a detrimental impact on professionalism and continuation of work.
- Increasing efficiency and quality of public services through decentralisation and de-concentration of public tasks, transferring them to the local and regional levels. This should lead to a situation in which the central government is the institution which defines the principal strategic lines.
- Improvement of the territorial-administrative system and strengthening of local and regional structures. Establishment of regional self-government and transfer of relevant powers from the state to local and regional levels in order to promote the development of regions and communes and simultaneously enhance the transparency of administration for all citizens.

The territorial-administrative system in the former Kingdom of Hungary and therefore also on the territory of modern Slovakia was based on counties (komitats, derived from Latin comitatus), in the 19th century renamed Slovak "župa". They existed with certain changes from the 13th to the 19th century. The Communist reform of 1949 resulted - as in the Czech Republic - in the introduction of a three-tier system consisting of regions [kraj], districts [okres] and communes [obec]. 6 regions and 89 districts were established. The 1960 reform reduced the number of regions to 3 in accordance with regional identities and socio-economic spatial relations. The number of districts was reduced to 33. When in 1968 Czechoslovakia became a federation, Bratislava also obtained the status of a region, raising the number of regions to 4. The regions were abolished for a short time in the years 1969-1971. Their restoration meant harmonisation with the Czech Republic.

Immediately after 1989 only slight changes at the higher levels of the administrative system occurred: the number of districts was increased from 33 to 38 in 1990. But powers were transferred from the state to the communes by

- abolition of the National Committees,
- introduction of self-government at the level of communes (Act No. 369/1990 on Communes),
- implementation of a two-tier system of state administration (state, regional and district levels) and self-government (communal level).

The regional tier (regions, districts), however, remained delegated state administration.

After independence in 1993, intensive negotiations led by Prime Minister Vladimír Mečiar ended in 1996 (Act No. 221/1996) in a new territorial-

administrative system consisting of 8 regions [kraj], 79 districts [okres] and 2,887 communes [obec]. Constituents were the regions of Bratislava with 8 districts, Trnava with 7 districts, Trenčín with 9 districts, Nitra with 7 districts, Žilina with 11 districts, Banská Bystrica with 13 districts, Prešov with 13 districts, and Košice with 11 districts.

The 8 regions [kraj] are fairly similar in population (varying between 764,000 in the Prešov Region [Prešovský kraj] and 547,000 in the Trnava Region [Trnavský kraj]), but in area they vary between 9,445 km² (Banská Bystrica Region [Banskobystrický kraj]) and 1,982 km² (Bratislava Region [Bratislavský kraj]). However, it is obvious that they are too small to comply to the NUTS-2 level of the EU. They neither correspond to historical structures (for instance to the former county system) nor to socio-economic macro- and meso-regions. Bratislava in particular has been cut off from larger parts of its hinterland. But also Košice, the “capital” of Eastern Slovakia, practically lost the northern half of its catchment area.

With respect to the size of the NUTS-2 level, socio-economic spatial structures and regional identities, maintaining the regions as of 1960 would have probably been the best: Western Slovakia with Bratislava as the centre, Central Slovakia with Banská Bystrica and Eastern Slovakia with Košice.

The 1996 reform was accompanied by

- the creation of district and region offices by uniting the existing specialised state-administration units (Act No. 222/1996 on Organisation of Local State Administration),⁷²

⁷² Zákon č 222/1996 o organizácii miestnej štátnej správy.

- a redistribution of responsibilities within the central government for regional and local administration (Amendment of Act No. 347/1990 on Organisation of Ministries and other Central Bodies of the State Administration⁷³)

The main shortcoming of this reform was that no central authority with sufficient human resources and direct links to the prime minister or his deputy was established which would have ensured the coherence and co-ordination of the reform. The Ministry of the Interior only partially fulfilled its coordinating role (in the fields of its own competences) and was - together with the Government Commission for Public Administration - unable to ensure the correspondence of individual laws. This resulted in a very complicated, non-transparent structure of public administration (mainly state administration) on the one hand and in a lack of communication between public authorities on the other. This had also a negative impact on the territorial-administrative reform. The initial drive for decentralisation lost momentum.

In autumn 1998, immediately after Vladimir Mečiar's fairly autocratic rule had ended and a coalition, which also included the political representation of the Hungarian ethnic group, the "Hungarian Coalition" [Magyar Koalíció/Maďarská koalícia], had been formed, the discussion on the territorial-administrative system was resumed. It brought about three different proposals. Their common features were:

- A parallel system consisting of regions [kraj] and Higher Territorial Units [Vyššie územné celky, VÚC]. The regions were conceived to be the regional representatives of state administration, while the parallel system of VÚC was

⁷³ Zákon č. 347/1990 o organizácii ministerstiev a iných centrálnych orgánov štátnej správy.

to exercise rights of self-governance. At the NUTS-2 level they would be merged into 4 statistical and planning regions in order to fulfil the requirements of EU structural funding.

- Abandoning of districts [okres] and transfer of their delegated state powers to the regions.
- Establishment of a specialised state administration.

Divergent aspects of the three proposals were:

Proposal 1 comprised a system of 12 regions and 12 Higher Territorial Units (12 + 12), in shape and territorial extension completely corresponding to each other. The number of inhabitants in these 12 units would have varied between 618,243 (Bratislava Region and Higher Territorial Unit [Bratislavský kraj, Bratislavský VÚC]) and 266,554 (Gemernovohrad Region and Higher Territorial Unit [Gemersko-Novohradský kraj, Gemersko-Novohradský VÚC]). The 4 in addition to the 8 existing units would have been formed just by subdivision of the largest 4 regions of the present system, exclusively in the centre and the east of the country. The administrative territory of Košice would have been further reduced. By splitting the Banská Bystrica unit into a northern and southern part, contrary to the present system, for the first time a larger administrative unit (Gemernovohrad Region and Higher Territorial Unit) would have been created where the Hungarian ethnic minority had a share of more than 30% according to the last population census (1991). The majority of the coalition parties, except the Party of the Democratic Left [Strana demokratickej ľavice- SDL], the Party of Civic Understanding [Strana občianskeho porozumenia- SOP] and the Hungarian Coalition supported this proposal. All opposition parties were against this proposal.

Proposal 2 suggested a parallel system of 8 regions and 8 Higher Territorial Units (8+8) which would also have entirely corresponded *inter se*. The additional self-governing tier of Higher Territorial Units would have been the only difference compared to the former system. This proposal found support with the majority of the opposition, especially with Vladimir Mečiar's Movement for a Democratic Slovakia [Hnutie za demokratické Slovensko, HZDS] and Smer ("Direction"), another populist party, both ranking favourable in contemporary opinion polls. But the two parties of the ruling government coalition, i.e. SDL and SOP, also supported the proposal.

Proposal 3 agreed in principle with the 12+12 solution, but insisted on a compact territorial unit in the Southwest of Slovakia, where the Hungarian ethnic group would have had a majority. This was above all the attitude of the Hungarian Coalition, while the Slovak National Party [Slovenská národná strana, SNS] was absolutely against it.

On 4 July 2001 the parliament decided in favour of Proposal 2 (8+8), the favourite of the opposition, but also of two government parties. In spatial terms this solution is in line with the former system; just the additional tier of self-government, institutionalised by the Higher Territorial Units (VÚC), is added. Contrary to all previous intentions, it was decided to maintain the districts [okres].

2 Analysis of the current territorial-administrative system

2.1 Legal foundations

2.1.1 Constitutional provisions

According to the Constitution, territorial self-government is implemented by commune councils, local referenda, referenda within a Higher Territorial Unit, by authorities of the commune or of Higher Territorial Units. Obligations and limitations for/of territorial self-government can be imposed only by law or international agreements. Communes as well as Higher Territorial Units can issue generally binding resolutions in matters of territorial self-government and pursue provision for the tasks laid down by law.

The Constitution designates the commune as the basis of territorial self-government and guarantees communes self-governance in public matters except for those that are legally the right of other bodies of public administration as defined by the Act on Organisation of the Local State Administration and the Act on Organisation of the Ministries and other Central Bodies of the State Administration.

According to the last amendment of the Constitution, communes and Higher Territorial Units are independent territorial self-governed units.

By Resolution No. 97, 3 February 1999, and Resolution No. 453, 2 June 1999, the government approved the European Charter of Local Self-government⁷⁴. Ratification by parliament followed in October 1999 by Resolution No. 516.

2.1.2 Main legislative texts

The powers of communes are defined by Act 369/1990 on Communes⁷⁵. Under this act, communes are independent legal entities which implement powers of their own (established by the act mentioned above) as well as state powers at the local level. A new act is require to transfer new tasks or powers to communes.

Act 221/1996 on Territorial and Administrative Division of the Slovak Republic⁷⁶ and Act 222/1996 on the Organisation of the Local State Administration and on Amendment of some Acts⁷⁷ define the powers of district and regional offices.

The key documents of the last reform as of 2000 and 2001 are the Strategy of the Public Administration Reform⁷⁸ and the Concept of Decentralisation and Modernisation of Public Administration⁷⁹. The latter was approved by the Resolution of the Government of the Slovak Republic No. 230/2000⁸⁰. The government also approved the intention to establish the regional tier of self-

⁷⁴ Resolutions of the Government of the Slovak Republic No. 97 of 3 February 1999 and No. 453 of June 2 1999.

⁷⁵ Zákon č. 369/1990 o obecnom zriadení v znení neskorších predpisov.

⁷⁶ Zákon č. 221/1996 Z.z. o územnom a správnom usporiadaní SR.

⁷⁷ Zákon č. 222/1996 Z.z. o organizácii miestnej štátnej správy a o zmene a doplnení niektorých zákonov.

⁷⁸ Stratégia reformy verejnej správy materiál na rokovanie vlády SR, Bratislava 1999.

⁷⁹ Konceptia decentralizácie a modernizácie verejnej správy, materiál na rokovanie vlády SR, Bratislava 2000.

governance, which is referred to in the Constitution as self-governed Higher Territorial Units. This concept is to be implemented by January 2002.

The Act on Self-administration of the Higher Territorial Units defines the authorities and self-government functions of this new regional layer of self-government.

2.2 Institutional structure (Fig. 11, 12)

Slovakia's new three-tier territorial-administrative system, as defined by the end of 2001, consists of 8 regions [kraj] and 8 Higher Territorial Units [Vyššie územné celky, VÚC] coinciding in territory and shape, as the upper regional tier, 79 districts [okres] as the lower regional tier and 2,887 communes [obec] as the local tier. The Higher Territorial Units were only implemented on 1 January 2002.

2.2.1 Communes

The authorities of the commune are the council and the mayor.

The communal council is composed of councillors elected for a four-year term by the inhabitants of the commune. The number of councillors depends on the size of the commune's population (Act on Elections for the Self-administrative Bodies).

⁸⁰ Uznesenie vlády SR č. 230/2000.

The mayor is also directly elected by the population. He/she executes council decisions, is responsible for the administration of the commune and acts as its representative.

The execution of original self-governmental competencies by municipalities is neither managed nor checked by the government.

Executing their competences, communes collaborate with ministries, regional and district offices.

2.2.2 Districts [okres]

Districts as units of delegated state administration have offices of specialised state administration. Their chair [Prednosta okresneho úradu] is appointed by the central government.

2.2.3 Regions [kraj]

Regions as units of delegated state administration have offices of specialised state administration. Their chair [Prednosta krajoceho úradu] is appointed by the central government.

2.2.4 Higher Territorial Units [Vyššie územné celky, VÚC]

Authorities of Higher Territorial Units are the council and its chairman. Council members are elected for a four-year term by the inhabitants

permanently residing on the territory of the VÚC. The inhabitants of the VÚC also elect the chairman of the VUC by direct ballot for four years.

2.3 Exclusive and concurrent legislative competences

Although the municipalities and self-government regions – similarly like regional offices and district offices – do not have legislative competencies, their councils are entitled to adopt so-called generally binding decrees, which are in fact municipal or regional legal instruments of the highest legal power and may be regarded as quasi legislative competencies.

2.4 Executive powers

2.4.1 Communes

Their specific powers include:

- development of the local economy,
- development of housing,
- development of culture (including the establishment and management of libraries),
- protection of the environment,
- to some extent, social welfare and social assistance,
- approving of development programmes for the commune territory and supervision of their implementation;
- administration of communal property;

- administration and management of the commune's income, drafting and supervision of the communal budget;
- approval of the territorial planning documentation of the commune;
- establishing public nurseries;
- establishing and supervision of communal enterprises to implement communal powers (e.g. administration and construction of communal housing, waste disposal).
- education (establishment of some types of schools: basic art schools, specialised schools, allocation of financial resources to schools and other educational facilities, construction and maintenance of schools, leasing of schools and school facilities).
- health care (establishment and administration of local health care centres, hospitals of the 1st and 2nd category in accordance with the Act on Health Care⁸¹),
- water, power, gas and heat supply,
- social support and basic level services, inspection of social services.

Consideration is being given to expanding communal powers into the areas of issuing state documents (e.g. identity cards), trade permits, etc., i.e. into the implementation of devolved state powers.

2.4.2 Districts, regions

In accordance with Act No. 222/1996 on Organisation of Local State Administration district and regional offices are responsible for the implementation of decisions of the central government and parliament on their

respective territory. Their powers cover all specific state policy areas, e.g. social welfare, administration of real estate, supervision of financing primary and secondary schools, regional development, implementation and supervision of environmental law (outside the powers of communes).

Districts and regional offices are financed from the state budget, in particular from the Ministry of Finance. The Ministry of the Interior - Section for Public Administration - has advisory, methodological and consultancy functions for district and regional offices as well as for self-government authorities. In implementing their tasks in practice, they work with several ministries, depending on the kind of the task executed (e.g. the Ministry of Environment supervises the implementation of the environmental policy, the Ministry of Labour, Social Affairs and Family supervises the implementation of social policy): The Ministry of Reconstruction and Regional Development supervises the execution of regional policy.

This structure is rather complicated and not sufficiently transparent from the legal and executive points of view, resulting in inefficiency.

2.4.3 Higher Territorial Units

The self-governing authorities of Higher Territorial Units is (as of 1 January 2002) responsible for

- provision for and approval of regional development plans and programmes,
- the socio-economic development of the region,

⁸¹ Zákon č. 277/1994 o zdravotnej starostlivosti.

- trans-boundary cooperation,
- coordination in the area of travel and tourism,
- sustainable development of the VÚC,
- coordination in protection of and care for historical monuments,
- founding of museums, galleries, libraries and theatres

The Higher Territorial Units are entitled to manage their property, the definition of which will be the subject of a new separate law. This new law is going to be drafted by the Ministry of Finances. Existing laws such as Act 222/1996 in its amended version and Act 369/1990 on Communes in its amended version, as well as other related laws will have to be harmonised with this law.

2.5 Finances

The present system is, as far as finances are concerned, characterised by high institutional fragmentation and a lack of horizontal coordination. This results in low effectiveness and high public sector costs. The volume of financing does not cover even current expenses. Financial transfers from the ministries to the lower levels of public administration (region and district offices, communes) are not flexible enough. There are great expectations for financial support from the EU, at first from the pre-accession funds (PHARE, ISPA, SAPARD) and later from the structural funds, which are expected to contribute to the development of infrastructure and agriculture, especially in underdeveloped regions.

A step forward was taken with the approval of the Strategy for the Establishment of the Treasury System in 2000, which is to ensure efficient

management of public finances, including the administration of the pre-accession funds of the EU.

2.5.1 Financial resources

2.5.1.1 Financial resources of the authority itself

Until Higher Territorial Units begin to operate, the communes are the only sub-national territorial-administrative units with resources of their own.

The basic components of own communal income are local taxes and charges. Before 1992, communal taxes were composed of housing tax, agricultural tax on lands, income tax and construction tax. The tax reform of 1992 combined housing tax, flats tax, tax on agricultural land and construction tax under the title real estate tax, which is administered by the commune. The commune council has the right to adjust it in line with local conditions.

Charges levied by the commune comprise fees for the use of public land, accommodation, spas and recreation trips, dog licences, entrances to cultural events, the sale of alcohol and tobacco products, access of cars to historic centres, advertisement, gambling and vending machines. Charge levels are defined by the council.

Another important source of communal income is the revenue from communal property. This includes income from communal enterprises, other communal property, rents from lease, rents of financial operations and receipts from the sale of communal property.

“Other incomes”, such as resources outside the budget, loans, penalties, donations of natural and legal persons represent another comparatively high proportion of communal income.

2.5.1.2 Transfer payments from the state budget

2.5.1.2.1 Communes

The state budget funds self-governing authorities by transfers and grants under the State Budget Act. Their use is within the purview of the communes. Direct financial transfers from the state budget to communes in the form of subsidies were substantially reduced after 1991. While their share in the total income of communes was 49.4% in 1991, it was only 7.5% in 1993 and 5.2% in 1994. By 2000 it was down to 2.5%. Also the purposes of state subsidies have dramatically been limited, i.e. to:

- the fulfilment of self-governing functions of communes with less than 3,000 inhabitants, depending also on the quality of soil (the poorer soil quality, the higher state subsidies),
- public transport in 5 cities (Bratislava, Košice, Žilina, Prešov, Banská Bystrica).

Shares in state taxes constitute a much more important transfer payment from the state. This is defined every year by the Act on Budgetary Rules⁸². While up to 1993 the share of communes in the wage tax of their permanent residents was 13%, in agricultural tax 18.5%, in income tax of natural persons around 70%

(varying according to the size of the commune) and road tax 30%, after 1994 the share of the communes in taxes levied by the state levelled out at the following levels:

- income tax on natural persons: 18%
- income tax on legal persons: 3-6%
- road tax: 30%

In total, the share of state taxes in the overall income of the communes averages 25% (see Tab. 2).

Tab. 2: Structure of income and expenditure of communes (%)

Year	1993	1994	1995	1996	1997	1998	1999	2000
Share in state taxes	26.9	28.4	24.5	24.6	22.8	25.2	26.9	24.6
Real estate tax (communal tax)	7.7	10.1	9.2	11.2	10.8	11.0	12.1	10.5
Charges	11.9	6.0	6.4	5.4	4.7	4.7	5.1	4.5
Rent from communal property	9.1	11.5	11.8	11.4	10.3	9.6	7.8	7.5
Grants and transfers	7.5	5.2	5.3	4.9	5.3	3.1	2.8	2.5
Loans	4.8	4.4	5.3	10.9	9.5	10.2	11.6	18.7
Other income	32.1	34.2	37.5	32.4	36.6	36.2	33.7	31.7
Total income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Non-investment expenditure	65.9	67.4	68.8	63.8	62.4	64.5	73.1	76.7
Investments	34.1	32.6	31.2	36.2	37.6	35.5	26.9	23.3
Total expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Štátne záverečné účty SR za roky 1993 – 2000, calculated by: J. Tvrdoň

⁸² Zákon o rozpočtových pravidlách č. 303/1995.

Generally speaking and as underlined by Tab. 2, the volume of own resources and transfer payments from the state budget is in decline and insufficient, while the needs for credits grow and investments shrink. Subsidies and transfers from the state budget are particularly insufficient with small communes, which are not in the position to make their living on their own resources, due to a lack of enterprises. Thus, the current system of financial transfers from the state budget to communes favours larger communes.

2.5.1.2.2 Districts and regions

Under paragraph 4, Act No. 222/1996 on the Organisation of Local State Administration, district and regional offices are financed completely by the state. Regional offices appear as individual chapters in the state budget, district offices are paid from the region office budgets, but they have full authority to distribute these transfer payments.

2.5.1.3 Development of the ratio between transfer payments and own resources

In the last decade no decentralisation of public fund raising has been achieved. Slovakia is one of the countries with the highest share of revenues and expenditures handled by the central government. 94% of all public revenues go to the state budget, 80% of public expenditures are spent by the state.⁸³ This state of affairs related to the Gross Domestic Product (GDP) is reflected in Tab. 3:

Tab. 3: Share of public sub-national budgets in GDP, ratio between sub-national budgets and state budget

Year	1994	1995	1996	1997	1998	1999
Share of revenues of sub-national budgets in GDP (%)	4.3	4.1	4.2	4.2	3.8	3.4
Share of expenditures of sub-national budgets in GDP (%)	4.1	3.5	3.8	3.9	3.4	2.9
Ratio between expenditures of sub-national budgets and the state budget (%)	11.8	11.0	12.1	13.8	12.9	10.1

Source: Štátne rozpočty 1994-1999.

Table 3 shows that from 1994 to 1999 the share of sub-national budgets in the GDP has declined. In this respect Slovakia clearly lags behind its neighbouring countries, but also behind Latvia, where this share totals 12.7%. Only Bulgaria has a lower share (9.1%). This is first of all due to the lower level of fiscal decentralisation and to inappropriate organisational structures of public administration, especially at regional level.

When the share of revenues is taken into consideration, which can completely be determined by self-governing authorities, it amounted in 1999 to only 15.5% of all revenues of self-governing authorities. Redistribution of revenues by the state budget is therefore the dominant mechanism.

⁸³ KOLLAR, MESEŠNIKOV 2001, p. 253.

According to a study carried out by the Ministry of Finance,⁸⁴ the share of expenditure of self-governing authorities in the overall amount of public expenditure is to be increased to about 20%. According to the same study also, the share of self-governing authorities in tax revenues is to be raised. But it is also true that self-governing authorities are afraid of losing guaranteed and stable revenues from the state budget. They are also afraid of being forced to cover debts and other costs connected with state property to be transferred to them. So far the Ministry of Finances is ready to accept this argument partly, i.e. to cover all debts on property to be transferred to region and district offices, but not the debts on property to be transferred to the communes.

State subsidies are the strongest means of balancing communes of different economic strength. State subsidies are strictly purpose-bound for specific objectives and depend on the size of the commune. Their impact in terms of the total income of communes is, however, low (see Table 2). Therefore they cannot really iron out socio-economic disparities between communes.

The Programme of State Support⁸⁵ promotes districts with a high level of unemployment. It is administered by the Ministry of Reconstruction and Regional Development. In 2001, 95.8 million SK (about 2.12 million EUR) will be spent in 29 districts, mainly in Central and Eastern Slovakia, where unemployment is highest. Support is mainly directed to small enterprises, when they submit projects covering the employment of at least 2 persons for 5 years. In 2001, 510 projects were submitted, 219 of them were selected and recommended for coverage by the district offices. In the previous year (2000),

⁸⁴ Source: Východiská financovania verejnej správy, jún 2000.

⁸⁵ Program štátnej pomoci na rozvoj okresov s vysokou mierou nezamestnanosti, materiál na rokovanie vlády SR, Bratislava 2000.

130 projects were supported by 138.4 million SK (about 3.07 million EUR) and according to estimates, 764 new jobs were created.

2.5.2 Financial performance

All measures taken so far are not sufficient to iron out regional disparities. Efficient disparity equalisation would first of all need an efficient administrative structure at the sub-national level. So far interests of certain parties and pressure groups have dominated this field and a consistent concept of regional policy based on scientific studies is lacking.

The basic problems in this context are:

- Self-government at the regional level has not yet been established (it will be implemented in 2002).
- An act on regional development, which would define the powers of all participants in the process, is only to be passed by the end of 2001.
- There is no institutional network for regional development sufficiently receptive for EU structural funding, especially at the local level.
- There is a lack of economic-political instruments able to channel investments to the most appropriate places within the problem regions.

It is a general goal of the latest reform to devolve public finances and public property to both tiers of sub-national self-government (Higher Territorial Units, communes). By this measure the existing proportion in the flow of tax revenue (88% of the taxes go into the state budget, 12% into the communal budgets) will change to 50% (state budget) and 50% (communal budgets and budgets of Higher Territorial Units). Subsequently also the mechanism of financial

equalisation between economically stronger and weaker Higher Territorial Units and communes is to be reviewed.

The situation as described may be modified by measures to be approved by parliament and government in the second half of 2001. Implementation of the reform was scheduled to start on 1 January 2002. Amendments to the Act on Budgetary Rules, the Act on Communal Property and the Act on Higher Territorial Units' Property will certainly provide for further powers and property transfer from the state to communes and Higher Territorial Units.

2.5.3 Horizontal mechanisms of fiscal equalisation at the sub-national level

Mechanisms of this kind have not yet been established in Slovakia.

2.6 Implementation of powers

The quality of the performance and efficiency of sub-national authorities suffers from instable and insufficiently qualified staff. The high turnover of clerical workers is a major problem. The new Act on State and Public Service is expected to stabilise that. The Ministry of the Interior makes works hard to provide for staff training.

Another problem is instability and uncertainty as regards the principal trend of development, due to changing political agreements between the parties of the very heterogeneous government coalition.

Under the Act on Communes (369/1990), financial control over communes is exercised by an official appointed and paid by the communal council following a proposal of the mayor. This dependence on council and mayor is detrimental to the objectivity of control.

2.7 Patterns of interaction between authorities at the national and sub-national levels

Under Act No. 647/1990, the Ministry of the Interior and in particular its Section of Public Administration is responsible for interaction with authorities of self-government.

In addition, the Government Council for Public Administration at the Ministry of the Interior has been established as a consultative body in matters of self-government. It is composed of experts and representatives of the central government, the Association of Towns and Communes and the Union of Towns. Its main tasks are:

- to prepare and discuss draft acts and other legal instruments concerning self-government and state administration (including public administration reforms);
- to prepare recommendations and draft acts in line with government decisions in the field of territorial-administrative division.

The Association of Towns and Communes of Slovakia [Združenie miest a obcí Slovenska] and the Union of Towns of Slovakia [Únia miest Slovenska] represent the interests of communes in negotiations with state administration. The existence of two parallel organisations, however, undermines the

negotiating position, although the two organisations cooperate occasionally, e.g. in preparing drafts for the most recent administration reform. Merger has not yet been considered.

The Association of Towns and Communes of Slovakia is stronger than the Union of Towns of Slovakia and has more weight in promoting the interests of self-government.

But even within this stronger organisation, political vested interests sometimes prevail. Mayors tend to promote their interests by manipulating their party fellows in the parliament, very often to the disadvantage of a more systematic approach and the wider interests of all communes.

The Union of Towns of Slovakia is much smaller, but its influence on the government is nevertheless considerable due to professional work in the past.

It is unfortunate that communes and towns are commonly represented vis-à-vis the central government only by voluntary and informal organisations. These organisations are accepted by the government to a certain extent, but in fact the government defines terms and frequency of contacts. A more formal institution underpinned by law or by the Constitution would be in a stronger position.

Offences against territorial self-government can be submitted to the Constitutional Tribunal, when a subordinate court has not decided in favour of territorial self-government. An Administrative Tribunal of Justice has not yet been established.

2.8 Patterns of interaction between authorities at the sub-national level

2.8.1 Inter-communal and inter-regional cooperation

The Constitution gives communes the right to associate with other communes on matters of common interest. The same right is granted to Higher Territorial Units, but so far authorities of Higher Territorial Units have not yet been established.

On these grounds communes form voluntary associations, mostly with the aim of merging their budgets for common projects, e.g. the construction of wastewater purification stations, construction of water networks, financing of gas lines, promotion of tourism.

2.8.2 Regional policy on several administrative tiers

For political reasons the powers for regional planning and spatial/territorial planning at the state level are divided between two ministries, although the two areas are closely interrelated. While regional planning is within the purview of the Ministry of Construction and Regional Development [Ministerstvo výstavby a regionálneho rozvoja], spatial/territorial planning is in the responsibility of the Ministry of Environment [Ministerstvo životného prostredia]. Successful implementation of basic tasks depends on sufficient coordination between these two ministries.

The notion „regional planning“ is not defined legally. But "Principles of Regional Policy of the Slovak Republic" [Zásady regionálnej politiky SR] have been proposed by the Ministry of Construction and Regional Development and adopted by Government Resolution No. 725/2000, 13 September 2000. Implementation of these Principles would bring Slovakia closer to EU standards. The Act on Support of Regional Development [Zákon o podpore regionálneho rozvoja] was submitted by the government to the parliament before the end of 2001.

Thus, while spatial/territorial planning is fairly well based on legal rules, regional development/planning is so far based only on a government resolution. This had a detrimental impact on the stability of the system and resulted in frequent institutional change, scattered powers, confusion about distribution of powers, frequent changes of experts, a shortage of experts, lack of coordination both horizontally and vertically. The act on regional development/planning is therefore extremely urgent, especially under the aspect of EU accession and the growing importance of new players in this field (mainly at the local and regional levels).

Programming and Monitoring Committees responsible for operational programmes in individual sectors have been established and are coordinated by the Ministry of Construction and Regional Development and the Preparatory Committee for Structural Funds [Prípravný výbor pre štrukturálne fondy]. They simultaneously coordinate cooperation between academic associations, non-profit governmental organisations and regional partners. The government makes considerable efforts to create an efficient and coherent environment for individual sector strategies and activities in the framework of the Plan of Rural

Development [Plán rozvoja vidieka], as well as for the National Plan of Regional Development [Národný plán regionálneho rozvoja].

2.8.3 Statistical and Planning Regions

In order to comply with the requirements of EU Objective 1 funding, administrative regions have been merged into 4 “Statistical and Planning Regions” at the level of NUTS-2. They are, however, not legal persons in their own right and not another tier of the territorial-administrative system.

Evaluation of the economic level of these statistical and planning regions shows that, according to GDP per capita, Bratislava stands out, while differences between the other regions are insignificant. More pronounced are differences at the level of administrative regions [kraj] (see Tab. 4).

Tab. 4: Gross domestic product in PPP

Statistical region Region [kraj]	Gross Domestic Product in PPP					
	per capita in 1000 USD PPP			per capita in % of the EU average		
	1997	1998	1999	1997	1998	1999
Slovakia	9,4	9,8	10,3	48	49	49
Bratislava	19,0	19,9	21,2	98	98	100
Bratislava	19,0	19,9	21,2	98	98	100
Western Slovakia	8,7	9,0	9,4	45	45	45
Trnava	10,0	10,2	10,5	51	50	50
Trenčín	8,7	9,0	9,3	45	45	44
Nitra	7,7	8,1	8,7	39	40	41
Central Slovakia	8,2	8,5	8,8	42	42	42
Žilina	7,8	8,2	8,3	40	41	40
Banská Bystrica	8,5	8,8	9,4	44	44	44

Statistical region Region [kraj]	Gross Domestic Product in PPP					
	per capita in 1000 USD PPP			per capita in % of the EU average		
	1997	1998	1999	1997	1998	1999
Eastern Slovakia	7,4	8,0	8,2	38	39	39
Prešov	6,2	6,4	6,8	32	32	39
Košice	8,7	9,5	9,7	45	47	46

Source: Regionálny HDP v krajinách strednej Európy, ŠÚ SR, Národné účty 1999.

Bratislava enjoys a special economic position compared not only with the other (statistical and administrative) regions of Slovakia, but also with the EU average. Corresponding exactly to the EU average and 265% above the average of the Central European countries, it ranks among the most developed regions.

Analysis at district level (79 districts) reveals that the average NUTS-2 and regional values disguise significant disparities. While there are districts with a multi-sectoral economic basis heading the transformation process (apart from Bratislava and Košice 11 districts including Trnava, Nitra, Trenčín, Žilina, Banská Bystrica, Prešov with 31,6% of the Slovak population)⁸⁶, there are economically depressed districts in structural crisis (apart from Prešov the districts of the northern part of the Žilina Region, the eastern part of the Košice Region and southern districts of the Banská Bystrica and Nitra regions). These 26 districts are frequently border districts and house 25.7% of the Slovak population.

Altogether 42.9% of the population live in problem areas (the 26 depressed districts, plus 13 classified in the last but one of 4 categories).

2.9 Trans-border cooperation at the sub-national level

In January 1999, the government approved the European Framework Convention on Cross-frontier Cooperation between Territorial Units or Bodies and the supplementing protocol to this Convention⁸⁷. By Resolution No. 517 of 26 October 1999 the Slovak parliament ratified the Convention with the remark that Slovakia will apply Article 4 of the Supplementing Protocol.. Protocol No. 2 of the Convention was published on 5 May 1999 and provided the legal framework for trans-boundary cooperation also between not neighbouring territorial units. In Slovakia both protocols entered into force on 2 May 2000⁸⁸.

An agreement with Poland supporting trans-border cooperation has been in force since 1994. Similar agreements with Austria, the Czech Republic, Hungary and the Ukraine are in preparation.

Decree No. 207/1999, paragraph 2-d, of the Ministry of Foreign Affairs, defines the procedure for establishing relations to public administration bodies in other states for region and district offices.

In accordance with Regulation No. 98/2760/EK concerning cross-frontier cooperation within the framework of the PHARE Programme, a Joint Programme Document of Slovakia, the Czech Republic, Hungary, Poland and Austria is under preparation. It will define priorities and measures in the years 2000-2006.

⁸⁶ The agglomeration of Bratislava includes 5 districts, that of Košice 4.

⁸⁷ Resolution of the Government of the Slovak Republic No. 72 of 27 January 1999.

Taking an average of the years 1997-1999, 9% of the total volume of PHARE funds have been channelled into regional development and cross-border cooperation.

Euroregion activities are to be intensified in the forthcoming years. The government has already approved support for the following Euroregions:

- **"Euroregion of the Carpathians"** [Euroregión Karpaty – KER], cooperation between Slovak, Hungarian, Polish, Ukrainian and Romanian border regions. It was established on 14 February 1993 as the first Euroregion in Central and Eastern Europe.
- **"Euroregion of the Tatra Mountains"** [Euroregión Tatry], cooperation between Polish and Slovak borderlands around the Tatra Mountains, established 26 August 1994.
- **"Euroregion of the Beskids"** [Euroregión Beskydy], established 18 February 2000 as an association of communes (30 villages and 5 towns) in the Slovak Žilina region and border regions of the Czech Republic and Poland.
- **"Euroregion White Carpathians"** [Euroregión Bílé Karpaty/Biele Karpaty], established on 30 July 2000 comprises Slovak and Czech (Moravian) borderlands on both sides of the White Carpathians and is still to be developed into a regular Euroregion.
- **"Euroregion of the Váh-Dunaj-Ipeľ Rivers"** [Euroregión Váh-Dunaj-Ipeľ], established on 3 July 1999 as cooperation between the Slovak Higher Territorial Unit Nitra [Nitrianský VÚC] and the Hungarian counties [megye] of Komárom-Esztergom, Nógrád and Pest. The Council

⁸⁸ Resolution of the Government of the Slovak Republic No. 1029 of 25 November 1999.

of Europe has registered it and it has applied to join the Association of the European Boundary Regions.

- **"Euroregion of Ipeľ"** [Ipeľský Euroregión], established in April 1999 at the initiative of mayors and some non-profit organisations including the Danube-Ipoly National Park. The agreement was signed by 4 towns, 2 villages and 7 non-profit organisations on the Hungarian side and by an association of communes, 4 villages and 6 non-profit organisations on the Slovak side. The aim of the cooperation is to strengthen regional contacts in the Ipoly valley, to intensify economic cooperation and to harmonise developments in an area that has 323 settlements and around 450,000 inhabitants. The institutional system is composed of a governing body, secretariat and 9 working committees (RECHNITZER 2001, p. 365).
- **"Euroregion Neogradensis"**, **"Euroregion Slaná-Rimava"** [Euroregión Slaná-Rimava], **"Microregion of Medveš"** [Mikroregión Medveš] and **"Microregion of Obručná"** [Mikroregión Obručná] represent successful cooperation between communes in the Slovak districts of Galanta, Dunajská Streda and in the Hungarian county of Győr-Moson-Sopron.

In the framework of the trans-national "Working Community of the Danubian Countries" [Pracovné spoločenstvo Argedonaulander], the project "Concept of cooperation of towns, ports and regions in the Danube area" has been drawn up in conjunction with Slovak regions (Bratislavský kraj, Trnavský kraj and Nitriansky kraj). A working group of this Working Community titled „Working Group for the Arrangement of the Territory" is going to analyse spatial conditions of regions in the Danube area for initiating new economic developments. One focus is laid on special economic zones and free ports ["Donauhanza"].

Outside the framework of this Working Community, studies on the development in the Slovak-Polish border regions and the Vienna-Bratislava-Győr region have been drafted.

The programme Interreg II/CBC, based on operational programmes of Slovakia and Austria also represents an important example of transnational cooperation at the sub-national level. An example for this kind of cooperation is the association of communes in the region of the Morava Plain [Záhorie] cooperating in

- provision of information on the region,
- construction of cycle lanes and organisation of cultural and sports events,
- development of regional traditions, especially folk, craft industries and architecture.

Economic cooperation, however, is less developed due to the lack of a legislative and institutional framework.

3 Driving forces and obstacles for decentralisation and the reorganisation of territorial structures

3.1 Regional identities

3.1.1 historical and cultural identities

There is no regional identity covering the whole of modern Slovakia. Slovakia is too young. Furthermore the traditional Hungarian county system, for centuries the administrative structure at the regional level in modern Slovakia

(then Upper Hungary), did not leave many traces in regional identity. It has already been superseded by later developments in the Czechoslovakian period.

Regional identities do exist in some parts of Slovakia. One of them is certainly the identity of Zips [Spiš] due to its German past and an early developed urban system. Another more distinct identity may be attributed to Eastern Slovakia, i.e. the Košice-Prešov region, based on a multicultural structure (Slovaks, Hungarians and Ruthenes, as well as traces of a German past) and a border area position. There are still others (e.g. Liptov, Orava), but in general they are too piecemeal to be used for supporting a coherent system of regions.

3.1.2 functional coherence

The urban centres of the 8 regions which are at the same time Higher Territorial Units, i.e. Bratislava, Trnava, Trenčín, Nitra, Žilina, Banská Bystrica, Prešov and Košice, correspond to the 8 highest-ranking central locations in Slovakia. 53.3% of all businesses in Slovakia are concentrated on them. Their catchment areas or gravitation zones in respect to higher ranking services and functions do, however, not coincide with the spatial pattern of the regions. This is clear in the cases of Bratislava and Košice, where functional gravitation zones intrude excessively into neighbouring administrative regions, but there is additional evidence in other cases.

Whereas coincidence between the 8 administrative regions and socio-economically and functionally coherent regions is nearly non-existent, the 79 districts constitute, with some exceptions, the functional hinterlands of their

centres. 79.3% of all businesses are concentrated in the 77 district centre towns (all except Bratislava and Košice with higher-ranking functions).

The fact that the districts coincide closely with the lower regional tier of functional units is certainly a strong argument in favour of sustaining the administrative district tier, although for a small country like Slovakia a three-tier administrative system, all the more with a dual upper regional level, may appear excessive.

3.2 Administrative traditions

One of the main reasons for the rather modest progress of regionalisation and devolution in Slovakia is traditional centralism with its historical roots. The 1785 reform abolished self-government of "stolitzas", as they became bodies of state administration. Although self-government was slightly promoted to some extent in the following period, from 1861 to 1865 the Vienna Court returned to centralism. "Stolitzas" also lost their financial independence. From 1865-67, the Governor's Council was restored in the Kingdom of Hungary, but the classical model of "stolitzas" was not restored, it remained only out of control by the Viennese central institutions.

In the Czechoslovakian state, at the beginning of the interwar period (1918-1928), the minister responsible for Slovakia the heads of the *župas* under his ministry, and with their help the state started to control the former "stolitzas" administration. Communal committees lost their powers and were replaced by committees nominated by the *župan*. The category of town communes (municipalities) also disappeared. Slovakia was then divided into 16 regions

[župa] and 95 districts with no self-government. Since 1929 the *župas* were cancelled.

3.3 Ethnic groups and minorities

The Hungarian minority alone accounts for 10.6% of the overall population of Slovakia. Officially, only 76,000 registered as Roma, but estimates range between 250,000 and 400,000. Czech, Ruthene and Ukrainian minorities total 59,300, 17,200, and 13,300, respectively. According to Government Resolution No. 221/1999, ethnic minority groups constitute at least 20% of the overall population (and are therefore entitled to use their mother tongue in official communication) in 656 (of 2,887) communes (512 Hungarian, 18 Ukrainian, 68 Ruthene, 57 Roma, 1 German).

Political and socio-economic problems for ethnic minorities were linked mainly due to the well-organised political representation of the large Hungarian minority, the deplorable socio-economic situation of the Roma minority and activities of Slovak nationalist circles based on anti-minority attitudes.

The post independence period (1993) may be subdivided into two phases, with regard to ethnic minorities

- 1993-1998: Government policy was criticized by minority representatives; NGOs, opposition parties and international institutions committed themselves to the protection of human rights; the minority problem was one of the main reasons why Slovakia was not accepted in the first wave of EU accession candidates.

- from 1998 onward: The political representation of the Hungarian minority, the Party of Hungarian Coalition, was incorporated in the government, resulting in a drive towards positive solutions.

This political turn, although not yet complete and followed by several backlashes, diffused to some extent the minority question as an obstacle to regionalisation and devolution. That it still exists, was proved in the course of negotiations for the latest territorial-administrative reform: sharp discrepancies arose between the Hungarian Coalition (SMK) and the other government parties. SMK – otherwise in line with the 12+12 model – insisted on establishing a County of Komárno constituted by the 6 districts of Southern Slovakia where the Hungarian population represents a significant proportion of the overall population and even threatened to leave the government coalition for this reason (which would have triggered its collapse). The other parties rejected this proposal as ethnically motivated. Finally, however, SMK remained in the coalition, although its objectives were not achieved.

3.4 The party system related to regionalisation and decentralisation issues

The discussion on the most recent territorial-administration reform clearly revealed the different attitudes of the individual political parties in respect to regionalisation and devolution.

When assessing the attitudes of the political parties in regard to Proposals 1 (12+12) or 2 (8+8) (see chapter 2.1) are, it has to be taken into account, that the 12+12 solution (12 regions and 12 self-governing Higher Territorial Units)

would have meant maximum possible devolution and regionalisation, whereas the 8+8 solution gives the central state administration more rights and may be regarded as economically more efficient. No support for the reform at all is fully consistent with centralism, since in this case the regional tier would have remained without self-government. A positive attitude to the SMK proposal of a 12+12 solution including a “Hungarian” county demonstrates benevolence towards minority interests.

Table 5: Party support for territorial-administrative reform models

Party	Model supported	Political attitude
DS	12+12	5 deputies require agreement with SMK, 1 deputy supports the 8+8 model
HZDS	8+8	no support for the reform
KDH	12+12	rejects SMK proposal
SDKÚ	12+12	
SDĽ	8+8	rejects SMK proposal
SDSS	8+8	does not exclude the 12+12 model
Smer		will support devolution “when there is order in the state“
SMK	12+12	does not care about the model “if only the unity of the compact Hungarian area is established”
SNS	3+1	no support for the reform
SOP	8+8	undecided
president	3+1	

Explanation of acronyms for political parties: DS – Democratic Party (neo-liberal), HZDS – Movement for a Democratic Slovakia (“Mečiar Party”, nationalist, social populist), KDH – Christian Democratic Movement (Christian democratic), SDKÚ – Slovak Christian and Democratic Union, SDE – Party of the Democratic Left (left wing social democratic), SDSS – Social-democratic Party of Slovakia, Smer – “Direction” (social populist), SMK – Hungarian Coalition, SNS – Slovak National Party (nationalistic), SOP – Party of Civil Understanding.

3.5 Other political players involved in devolution

The Electronic media are still exclusively in public hands and the current government does not plan to change this situation. Local and regional newspapers contribute to regional and local consciousness.

Other political players such as Chambers, Trade Unions and the Roman Catholic Church had no significant role in the discussion on regionalisation and decentralisation.

3.6 Plans for territorial reorganisation

In 2001 a new territorial-administrative structure mainly at the regional level was extensively discussed, to the collapse of the government coalition; it has finally however been adopted and was to be implemented by January 2002.

4 Concluding remarks

The first reform in 1996 involving the implementation of a three-tier system of 8 regions, 79 districts and 2,887 communes, in which only the local level of communes enjoyed self-government, was in 2001/2002 followed by the establishment of an additional self-governing tier at the upper regional level (Higher Territorial Units) coinciding in size and shape with the 8 regions. This latter reform step was only implemented on 1 January 2002 and cannot yet be fully evaluated.

4.1 Main shortcomings of the current system

Top-heavy territorial-administrative structure: The small state of Slovakia has a three-tier territorial-administrative system structured into communes at the local, districts at the lower regional and regions as well as Higher Territorial Units at the upper regional level (the two latter coincide in shape). In addition non-administrative planning and statistical regions are superimposed at NUTS-2 level.

Complicated system of affiliations of delegated regional level state administration at the regional levels to government departments: The system of responsibilities of ministries for regions and districts and their individual activities is complicated and unclear.

Insufficient communal financial autonomy: Compared to the overall amount of public budgets, self-governing sub-national units (by 2002 only communes) have a very small share of 10%. The distribution of only 16% of all revenues of self-governing authorities can be determined by the authorities themselves.

Insufficient and democratically questionable disparity equalisation: Small and economically weak communes receive too little support through transfer payments and subsidies from the state. Distribution of subsidies is often dependent on party relations and pressure groups.

Rather limited executive powers of the newly created regional self-government: Executive powers of the recently established Higher Territorial

Units are practically confined to supervision and coordination of administrative units at the local level (communes).

Insufficiently qualified staff: Especially with smaller communes and districts the professional qualifications of civil servants are inadequate. The Ministry of the Interior provides training courses, but essential improvement will need some time.

Statistical and planning regions are not legal persons in their own right; they are state-dependent and mask significant socio-economic disparities.

4.2 Driving forces behind and obstacles to decentralisation and regionalisation

Driving forces:

Neo-liberal, conservative and social-democratic political parties: The neo-liberal Democratic Party, the conservative Christian Democratic Movement and the Slovak Christian and Democratic Union, as well as the Social-democratic Party of Slovakia were in the recent discussion on administrative reforms, the most determined advocates of more devolution and genuine regionalisation.

Local and regional newspapers contribute at least to a local and regional consciousness among the population.

Obstacles:

Tradition of centralism: Having been part of a centralised state up to 1969 (when Czechoslovakia became a federation), there is only a weak tradition of local self-government and no tradition of regional self-government at all

Weak regional identities: Only smaller parts of the country have cultural identities. The nation-wide regional administrative structure does not cater for regional identities.

Only partial coincidence between regions/Higher Territorial Units and functional regions in the sense of catchment areas of urban centres. Serious discrepancies occur inter alia in the catchment areas of the two largest cities.

Hungarian minority partly considered as a threat to national integrity: The large (1991: 10.6%), culturally strong, politically well-organised and compactly settled Hungarian ethnic minority is still considered as a threat to national unity by the relevant political forces. This attitude is not as explicit today as it used to be under the Mečiar government, but it still exists.

Nationalist and populist political parties: The populist Movement for a Democratic Slovakia (Mečiar) and Smer as well as the nationalist Slovak National Party acted in the recent debates on administrative reforms as defenders of centralism.

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G TURKEY

1 Preface

Tab. 1: Basic data⁸⁹

Category		Year
Territory (in sq. km)	779,452	
Population in millions	66.5	2000 (estimate)
GDP per capita PPP (USD)	6,800	2000 (estimate)
GDP real growth (%)	+6	2000 (estimate)
Budget balance (% GDP)	-4.7	2000 (estimate)
Inflation per annum (%)	39	2000 (estimate)
Unemployment (%)	5.6	2000 (estimate)

The basic principles of administration of the Republic of Turkey are enshrined in the Constitution approved by the Grand National Assembly of Turkey on November 7, 1982. According to Article 123 of the Constitution, the administration forms a whole with regard to its structure and functions, and is regulated by law. The organisation and functions of the administration are based on the principles of centralization as well as of local self-government, i.e. there is a parallel system of devolved central administration (governor of provinces, sub-levels of provinces) and three tiers of local self-administration (self-governing bodies of provinces, municipalities and villages). Among the tiers of local self-government, municipalities are the most efficient institutions. All public corporate bodies are established only by law or on authority explicitly granted by law.

⁸⁹ The World Factbook 2001.

2 Analysis of the current territorial-administrative system

2.1 Legal foundations

Local administration is referred to in articles 126 and 127 of the Constitution. According to Article 127, local administrative bodies are public corporate entities established to meet the common local needs of their inhabitants.

The institutional structures and powers of provincial local administration, municipalities and villages are regulated by Act No. 2972 and Act No. 4121/Article 12, amended 23/7/1995.

Special reference to provincial local administration is made by an Act legislated in Ottoman times (1864) and amended in 1913 as well as in 1987 [İdare-i Umumiye-i Vilayat Kanunu Muvakkatı], to municipalities by Act No.1580 from 1930 and by some related acts, to metropolitan municipalities by Act No. 3030 from 1984 and to villages by Act No. 442 from 1924. Elections to all self-governing bodies of local administration are held in accordance with Act No. 2972 (“Election Act for Local Administrations”).

Procedures dealing with objections to elected bodies of local government are resolved at the courts. As a provisional measure, the Minister of the Interior may intervene.

2.2 Institutional structure (Fig. 13, 14)

The first territorial tier of local administration below the State level, i.e. the regional tier, is formed by **provinces [il]**. There are currently 81 provinces (see also Fig. 13):

Adana, Adıyaman, Afyon, Ağrı, Aksaray, Amasya, Ankara, Antalya, Ardahan, Artvin, Aydın, Balıkesir, Bartın, Batman, Bayburt, Bilecik, Bingöl, Bitlis, Bolu, Burdur, Bursa, Çanakkale, Çankırı, Çorum, Denizli, Diyarbakır, Düzce, Edirne, Elazığ, Erzincan, Erzurum, Eskişehir, Gaziantep, Giresun, Gümüşhane, Hakkari, Hatay, İçel, Iğdır, Isparta, İstanbul, İzmir, Kahramanmaraş, Karabük, Karaman, Kars, Kastamonu, Kayseri, Kilis, Kırıkkale, Kırklareli, Kırşehir, Kocaeli, Konya, Kütahya, Malatya, Manisa, Mardin, Muğla, Muş, Nevşehir, Niğde, Ordu, Osmaniye, Rize, Sakarya, Samsun, Şanlıurfa, Siirt, Sinop, Sırnak, Sivas, Tekirdağ, Tokat, Trabzon, Tunceli, Uşak, Van, Yalova, Yozgat, Zonguldak.

Provinces are at the same time institutions of devolved state administration and self-government.

State administration at province level is represented by the governor [vali], who is appointed by a joint decree of the Council of Ministers and the President of the Republic, and by the provincial local administration [il özel idaresi], headed by the governor. Provinces are territorially subdivided into districts of two levels [ilçe, buçak]. The districts have no institutions in their own right, just local provincial branch offices. The lower level of districts [buçak] is felt to be more than adequate at a time when communication and transportation is much

more developed than in the 1920s, when these districts had been founded. Many of the lower tier districts have already been dissolved and their functions have been transferred to the upper tier of districts [ilçe]. About 650 of them still exist.

Self-government at the province level is implemented by the provincial council [il genel meclisi]. The council is elected by the population of the province for five years. In turn it elects an executive committee for one year from among the members [il daimi encümeni].

Central administrative organisations comprising several provinces may be established to ensure efficiency and coordination of public services.

At the local level, two types of self-governing territorial-administrative units exist: 3228 **municipalities [belediye]** with a population of more than 2000 and about 35,000 **villages [köy]** with a population below 2000.

The mayor of a municipality [belediye başkanı] is directly elected by the population of the municipality for five years. The municipal council [belediye meclisi] is also elected by the population for five years. It is the decision-making body. The number of members varies according to population size, with a minimum of 9. The council is chaired by the mayor. An executive committee of the municipality [belediye encümeni] is partially elected by and from the members of the municipal council for one year. The heads of the municipal service departments are permanent members. The number of elected members may not exceed the number of permanent members, but must not be less than two. Also the executive committee is chaired by the mayor. The fact that at least

half of executive committee is composed of technical staff is frequently regarded as undemocratic and as increasing the power of the mayor.

The head of a village [muhtar] is elected by the village population for five years. The village board [köy derneği] consists of all inhabitants of the village with the right to vote, i.e. of almost all persons over the age of 18. A council of the elderly [ihtiyar meclisi] is the executive body of the village and composed of members elected by the village council for five years and "ex-officio" members, i.e. the teacher and the religious officer [*imam*].

Special administrative arrangements were introduced in 1984 for larger conurbations. **Metropolitan municipalities [büyükşehir belediye]**, sometimes also called "greater city municipalities", function as coordinating bodies for the municipalities situated in the metropolitan area.

Metropolitan municipalities are headed by an elected metropolitan municipality mayor [büyükşehir belediye başkanı]. The metropolitan municipal council [büyükşehir belediye meclisi] is composed of one fifth of members of the municipal councils of those municipalities situated in the metropolitan area, as well as of all mayors of the municipalities in the metropolitan area. This means that its membership changes every five years. The executive committee of the metropolitan municipality [büyükşehir belediye encümeni] consists of the secretary general of the metropolitan municipality, the heads of departments responsible for: land development, engineering, legal affairs, accountancy, and a representative of the personnel; it is presided by the metropolitan municipality mayor.

2.3 Exclusive and concurrent legislative powers

None of the administrative authorities at the sub-national level have legislative powers.

2.4 Executive powers

Legally, in the Turkish system, local administration is established only to meet the common local needs of the inhabitants of provinces, municipalities and villages.

2.4.1 Province

Together with the executive committee the governor of the province as the representative of state power, drafts the budget as well as the annual action plan for the provincial administration; he implements the budget; appoints civil servants and takes procedures against those that do not comply with decisions and actions taken by the provincial local administration.

The provincial council, as the elected body of provincial self-government, debates and decides on the provincial budget submitted by the governor, debates and decides on the annual action plan submitted by the governor, decides on other duties assigned to the provincial local administration by law and regulates by-laws covering the duties of the provincial administration.

The executive committee supports the head of the provincial council in his/her tasks, controls the implementation of the provincial budget; organises public

tender procedures for provincial administration and monitors the expenditure of the provincial administration.

Functions and duties of the province cover land development, education, agriculture, health services, social security, commerce and the economy. Most of these duties, however, have by later legislation been transferred to the central government and to other public institutions, but at the same time not been explicitly withdrawn from the province. This results in confusion. But since financial resources of the provincial administration are rather limited, most of the tasks and duties are in fact executed by the central government and other public institutions, while the importance of the province has been reduced significantly.

2.4.2 Municipality, village, metropolitan municipality

The mayor or head drafts the budget and the annual action plan of the municipality/village together with the executive committee and implements – supported by the executive committee – the decisions taken by the municipal/village council.

The municipal/village council debates and decides on the budget of the municipality submitted by the mayor/head, decides on other duties given to the municipality/village by Act 1580, debates and decides on the annual plan of action submitted by the mayor/head, regulates by-laws regarding duties of the municipality/village.

The executive committee supports the mayor/head with his/her tasks, monitors the implementation of the budget on a monthly basis, organises public tenders regarding the municipality/village, monitors administrative expenditure made by the mayor/head and fixes penalties and fines for those who infringe the rules and regulations of the municipality/village.

Municipalities and villages have to meet the common local needs of their inhabitants including water supply, sewage, public transport and other municipal services, street names, house numbers, administration of cemeteries, etc. In addition they are responsible for land management.

Metropolitan municipalities have coordinative functions for the municipalities of a certain metropolitan area; this extends to the fields of drafting an overall metropolitan master plan for land development, of confirming land management plans drafted by the individual municipalities in the metropolitan area in accordance with the metropolitan land development plan, providing water supplies, sewage systems, public transportation in the metropolitan area, and of coordinating municipal services in the event of conflict among municipalities in the metropolitan area.

2.5 Finances

2.5.1 Financial resources

Financial resources are allocated to local administrative bodies in proportion to their functions.

2.5.1.1 Resources of the authority itself

Besides transfer payments from the state, municipalities and villages also have their own financial resources. They collect real estate taxes. They have the right to own and rent out real estate. They are also entitled to float loans.

Metropolitan municipalities may use 5% of the tax revenue collected in their jurisdiction for their own purposes.

2.5.1.2 Transfer payments from the national level

The budget of provinces and their sub-levels is financed exclusively by the annual state budget, i.e. by transfer payments from the state (Act No. 1050 - General Budget Act).

6 % of the total annual state tax revenue to the municipalities and 1.2 % to provincial local administrations.

2.5.2 Financial performance

Only the municipalities have financial resources in line with their given functions.

2.5.3 Horizontal mechanisms for fiscal equalisation at the sub-national level

Law No. 2380 stipulates regulations aimed at fiscal equalization between municipalities.

2.6 Implementation of powers

On paper and also in practice, local administration in Turkey has little political importance, except for municipalities. Following a long historical tradition, with the exception of short intervals in the Republican era, centralization is the major tendency in the established system. The central administration has the power of administrative trusteeship over local governments, in keeping with principles and procedures set forth by law, with the objective of ensuring the functioning of local services in conformity with the principle of the integral unity of the administration, securing uniform public service, safeguarding the public interest and meeting local needs, in an appropriate manner.

A very practical example of the application of the principle of administrative trusteeship of the central administration over local government is, however, the local governments' budget. It is drafted and decided by the local government, but it has also to be approved by the representative of the state at the province or district level within a week.

2.7 Patterns of interaction between authorities at the national and sub-national level

Under Article 80 of the Constitution, members of the Turkish Grand National Assembly represent not merely their own constituencies, but the nation as a whole. In practice, however, regional and local interests are represented at the national level by informal lobbies of deputies to the parliament.

2.8 Patterns of interaction between authorities at the sub-national level

According to Article 127 of the Constitution, local administrative bodies may, with the permission of the Council of Ministers, form associations for the purpose of performing specific public services. Functions, powers, financial and security arrangements of these associations and their reciprocal ties and relations with the central administration are regulated by law. The administrative bodies of these associations are assigned financial resources in proportion to their functions.

An association called “Union of Southeast Anatolia Project Municipalities” [GAP Belediyeler Birliđi] has been formed in the Southeast of Turkey. It includes several provinces with the main purpose of regulating consequences of a water supply project. The “Union of Marmara Municipalities” [Marmara ve Bođazları Belediyeler Birliđi] is another example. It was established to coordinate inter-communal relations in the Marmara region and has 192 members. There are more than 800 associations of this kind.

Metropolitan municipalities may be regarded as a kind of inter-communal cooperation. They are coordinative bodies of the municipalities in a metropolitan area, but at the same time legal persons in their own right.

The decision of the Council of Ministers concerning the identification of territorial units for statistics in accordance with the NUTS criteria has entered into force following its publication in the Official Gazette No. 24884 dated 22 September. Within this context, three regional development projects will be underway in the beginning of 2004. The necessary mechanisms for the implementation and monitoring in Kastamonu and Samsun NUTS 2 regions have already been established, and work is underway for the establishment of a similar mechanism for the Erzurum NUTS 2 region.

2.9 Trans-border cooperation at sub-national level

There is intensive networking between different tiers of local administration in Turkey and corresponding bodies in Europe.

Partnerships are mostly run between municipalities and metropolitan municipalities for several purposes including technical know-how transfer. According to Act No. 1173 (Act on Executing International Relations and their Coordination) local administrations are entitled to establish partnerships with trans-border local administrations. To establish a partnership, the following documents must be submitted to the Ministry of Interior: (1) decision of the board of representatives of the applying Turkish local administration; (2) a report on the sizes of population, states of commercial, economic, touristic a.o. conditions and on the expected objectives of partnership of the local

administration involved; (3) opinion of the governor; (4) approval of the Ministry of Foreign Affairs. The Ministry of Interior has the final decision on such partnerships.

There are almost 400 cross-border partnerships and cooperation arrangements. Metropolitan municipalities are the most frequently twinned on the Turkish side. Obviously, it has been intended to twin local administrations of similar population size, functional rank (the Turkish capital Ankara with other capitals, regional centres with regional centres in other countries) and economic functions (seaports, tourism centres). The geographical aspect of the network accurately reflects Turkish foreign relations and interests: among the Asian neighbour countries, Turkish local administrations are most intensively twinned with partners in Georgia, with European neighbour countries, Greece and Bulgaria rank first. Another focus is on more distant Turkic and Muslim countries like the countries of Central Asia, Azerbidjan, and countries with a Muslim majority (Albania, Bosnia and Herzegovina) or Turkic or Muslim minority regions (Albanian parts of FYROM, Gagauz parts of Moldavia) in Europe. Among the rest of Europe, Germany stands out.

3 Driving forces behind and obstacles to devolution and the reorganisation of territorial structures

3.1 Regional identities

Geographically, Turkey may be divided into 7 regions: Marmara Region, Aegean Region, Black Sea Region, Central Anatolian Region, Mediterranean Region, East Anatolian Region, South-East Anatolian Region.

The **Marmara Region** covers approximately 62,000 sq. km and 23% of the population of Turkey lives in this region. It is the most urbanized of the country and industry and commerce are major economic activities.

The **Aegean Region** covers about 82,000 sq. km and has 15% of the country's population. The ratio between urban and rural population is 52:48. It ranks second in respect to economic development. Tourism, industry, commerce and agriculture are almost equally developed.

The **Black Sea Region** covers approximately 132,000 sq. km and has 14% of the population of Turkey. In its eastern parts, fishing and agriculture are the major economic activities (tea, hazelnut, tobacco, corn), whereas in the western parts, especially in the Karabük-Zonguldak-Ereğli triangle heavy industry (coal, iron-steel) is located.

The **Central Anatolian Region** covers about 141,000 sq. km and has 18% of the population of Turkey. Agriculture and stockbreeding (mostly sheep) are the major economic activities of the region and one third of the cereals of Turkey are produced in this region.

The **Mediterranean Region** covers approximately 108,000 sq. km, and 13% of the population of Turkey live in this region. Turkey's vegetable and fruit production is concentrated in this region, and it plays a major role in international tourism.

The **East Anatolian Region** covers about 156,000 sq. km and has 9% of the population. Cattle breeding is the major economic activity, with the area

supplying 25% of Turkish meat. Mining resources (copper, lead, zinc, iron, manganese, lignite) are another economic asset of this otherwise rather marginal region.

The **South-East Anatolian Region** covers approximately 59,000 sq. km and has 8% of the population of Turkey. Agriculture is the major economic activity.

Although these regions are rather coherent in the socio-economic, and to a large extent in the cultural sense, they are not reflected by any territorial-administrative division.

3.2 Administrative traditions

Centralism is the dominant administrative tradition in Turkey, originating in Ottoman times. Paradoxically, self-governing local administrations were established during the 19th century, just when the modern centralised state was also emerging. The implementation of Western-type self-governing communes in the late Ottoman period of the 19th century can be understood as an expression of contemporary reform movements.

Every new devolution effort has to take into account the tenacious forces of centralism, which are still deeply rooted among the political elites, but also in the wider population.

3.3 Ethnic groups and minorities

Article 66 of the Constitution defines as a “Turk” “everybody bound to the Turkish State through the bond of citizenship”. Thus, by law all Turkish citizens “Turks”. Modern Turkey, however, covers a land inhabited by several ethnic groups over centuries. Apart from ethnic Turks with various origins, Kurds are one of the major ethnic groups. Ethnic groups are not counted in a census and therefore a precise figure cannot be given.

Minority status in the legal context is provided to three groups in accordance with the international Treaty of Lausanne: Greeks, Jews, Armenians. Minorities in this context are Turkish citizens and enjoy all the rights and freedoms provided by the Constitution. Additionally these groups are entitled to use their language in private and commercial communication, religious rituals, in their own educational institutions as well as in courts.

3.4 The party system related to regionalisation and devolution issues

Article 68 of the Constitution states that “political parties are indispensable elements of the democratic political life”. However, the Constitution also requires that the statutes and programmes as well as the activities of political parties should not conflict with the independence of the state and its indivisible integrity of territory and nation.

An amendment as of 1995 (Act 4121) stipulated the need to abide by “democratic principles”, whereas the former version stated that it is prohibited

to attempt “to violate the indivisible integrity of the State with its territory and nation, [to endanger] the existence of the Turkish State and Republic, [to destroy] fundamental rights and freedoms, [to place] the government of the State under the control of an individual or a group, [to establish] the hegemony of one social class over the others, [to create] discrimination on the basis of language, race, religion or sect or [to establish] by any other means a system of government based on these concepts and ideas”.

But it is still not easy for a political party to advocate regional interests in a milieu with a Constitution including a preamble stating that “... no protection shall be accorded to thoughts or opinions contrary to Turkish national interests, the principle of the indivisibility of the existence of Turkey with its State and territory, Turkish historical and moral values or the nationalism, principles, reforms and modernism of Atatürk ...”

Following the last elections of 3 November 2002 to the 550 seat Turkish Grand National Assembly, 4 political parties are represented:

Justice and Development Party (Adalet ve Kalkınma Partisi, AKP): 365 seats

Republican’s People Party (Cumhuriyet Halk Partisi, CHP): 177 seats

True Path Party (Doğru Yol Partisi, DYP): 3 seats

Motherland Party (Anavatan Partisi, ANAP): 1 seat

Independents: 4 seats

In the programme of the **Justice and Development Party**, led by the current Prime Minister Mr. Recep Tayyip Erdoğan, the former mayor of the Istanbul Metropolitan Municipality, Section 4.1 is entitled “Local Administration”. It

states the “Our time is an age of globalization; from one standpoint and an age of localization from another, and the weight of local administration within state has increased.

Democracy is not any more just electing and being elected, at the same time it is perceived as a regime of participation and cooperation. That means “participation and cooperation are vital in local governments”. With this understanding, the Party further states that it will:

- “Grant local administrations the authority to develop types of administration in accordance with local requirements.
- Ensure that local administration possess the financial strength at the level and diversity to meet the required spending costs in order to fulfil their duties.
- Allow the participation of non-governmental organizations in the decision-making processes of local administrations and in some of their activities.
- Adopt the principle of consulting with local administrations before passing regulations related to their own fields.
- In accordance with the European Charter of the Autonomy of the Local Administrations, allow the inclusion of the rights of local administrations in our constitutional system. All arrangements shall be made including the right of local administrations to apply for court judgments.
- The inspection and monitoring of local administration shall be proportional to the significance of the interests to be protected.

- Adopt objective criteria for the establishment of metropolitan municipalities. Rearrange the distribution of duty-authority between "greater metropolitan area municipalities" and the municipalities of townships in a manner so as not to cause interruptions in the services.
- Carry out a local government aimed at defining the boundaries of the municipalities as the boundaries of administrative units."

In the programme of the **Republican People's Party**, Section 1.6 is devoted to the restructuring of local administration. Within this context, the Party aims for a local administration reform, with a view to facilitating the transparent, efficient and effective functioning of local administration.

In the programme of the **Motherland Party**, Article 34 is entitled "local administrations". It states that "local administrations are instrumental in meeting the shared local needs of our provinces, municipalities and villages. We find it necessary to reduce centralization in public administration while strengthening them in terms of authority and possibilities, and to render, primarily, effective, rapid and efficient services."

The Motherland Party styles itself as being the party to achieve actual local self-government through lobbying and several legislative efforts. The party states that through local government activities:

- local administrations succeed in satisfying civil and common necessities of the inhabitants by convenient structures,
- administrative, legal and fiscal regulations are provided for municipalities and villages,

- greater cities are established and metropolitan administration is initiated,
- authority for approval of city plans and appointment of technical staff to implement these plans is given to municipalities,
- shares of municipalities and villages in the state budget have been increased from 5% to 9.25%,
- 30% of the fuel consumption fund is allocated to municipalities and villages,
- the authority to collect real estate taxes is given to municipalities and villages,
- it is possible for municipalities and villages to increase and update their real estate rent prices in line with market trends,
- financial resource problems of the metropolitan municipalities are solved by giving them 5% of tax income collected in their jurisdiction,
- infrastructure has been significantly improved by solving major issues such as: sewage, drinking water and transportation,
- services in rural areas are improved by empowering provincial self-government.

The “Second Democratisation Program” announced by the **True Path Party** states that “local administrations are the cradle of democracy. Localization is the magic formula for increasing participation and transparency. Previous practices have revealed that strong local administration is the key to a strong integration of the population, for the following reasons: The improvement of the quantity and quality of the services and the active participation of citizens in administration at local level contributes to increasing trust in the state. A modern approach depends not on rivalry between central administration and the local administrations, but on mutual cooperation, harmony and trust. The state is

a unit. The transfer of power from the central administration to local administrations enables the state to function on the basis of rationality and efficiency, and to have public support. Transfer of responsibilities and powers of the central administration to lower levels is necessary. The increasing level of responsibilities and powers of the central administration has resulted in an unnecessary, excessive organizational structure. This situation pushes up the cost of public services, wastes time and complicates supervision and control. The central administration has a meaningless and practically useless protective control over local administrations. There will be a transfer of power from the centre to the local administrations. All those powers and responsibilities that can be carried out regionally will be transferred to the local administrations. Openness and transparency are the only way

- to bring about a reconciliation between the State and the nation,
- to re-establish the self-confidence of the nation,
- to end degeneracy, corruption and attacks on the State,
- to provide swift and efficient public services,
- to make it simpler for citizens to demand their rights,
- to satisfy the expectations of a clean society and clean politics, and
- to facilitate democratisation and expand freedoms.

A comprehensive reform movement will be put into practice to ensure transparency in the State.”

3.5 Other political players in the devolution process

The media landscape is much more devolved than the administrative structure. In 1993 the state monopoly on audio-visual media was abolished by a

constitutional amendment, and to date, 22 national television stations and over a hundred regional television stations have emerged, while regional radio stations are almost impossible to count.

Regional interests are advocated not only in regional radio stations, but also in regional television stations. In contrast, regional news is rarely reported in print media.

In the devolution context, it is also a problem that most of the national audio-visual media and print media are concentrated in two media groups. Recently some electronic alternative news sources got established in the internet (e.g., www.medyakronik.com). Another new internet project transmits local news (www.bianet.org).

3.6 Plans for territorial reorganisation

There are no plans for territorial reorganisation in the near future. But 8 new bills on local administration have been debated in parliament. One of them proposes to elevate the minimum population size of a municipality from 2,000 to 5,000. Also under discussion are functions and principles of relations between the central administration and local administrations, a new coordinating institution for local administration, amendments in the Municipality Act No. 3090, Provincial Administration Act, Act on Municipal and Provincial Shares in the General Budget's Tax Incomes.

4 Concluding remarks

Devolution has only slightly advanced in recent years. A regional level composed of 81 provinces representing devolved state administration as well as self-government is superimposed on around 2,000 self-governing municipalities and around 35,000 villages at the local level. In 1984, self-governing Metropolitan Municipalities were set up as coordinating units over a set of municipalities in conurbations.

4.1 Main shortcomings of the current system

The Constitution clearly favours a centralistic unitarian state: The Turkish constitution emphasizes the unitarian state and highlights the values of nationalism, as well as the prevalence of national interests over other interests.

Sub-national self-government in practice confined to municipalities: Due to inadequate financial resources, local government in rural areas (villages) has no major importance. At the regional level (provinces) self-government is hampered by the strong position of the state-appointed governor as well as by much too low financial resources.

Incomplete self-government at the regional level: While provinces theoretically combine devolved state administration and regional self-government, devolved state-administration is the dominant aspect due to the fact that the state-appointed governor is in practice the main authority and provinces are exclusively financed by the central government.

Declining role of provinces: Due to an unclear division of powers between the central government and provinces and reduced financial resources from the central government, the administrative role of provinces is on the decline.

No institutionalised representation of local and regional self-government at the national level.

Democratic deficiencies in municipality and village authorities: At least half of the members of the executive committees of municipalities and villages are not elected, but permanent members (heads of administration departments with municipalities; 'ex-officio' members – e.g. teachers, priests – with villages).

Administrative trusteeship of the central administration over local governments: This results, e.g., in local budgets having to be approved by representatives of the central administration.

4.2 Driving forces behind and obstacles for devolution and regionalisation

Driving forces:

Regional television and radio stations within a very diversified media landscape, advocate regional interests and nourish regional consciousness among the population.

Efforts to integrate into European structures: Turkey is among the candidate countries (just behind Romania and Bulgaria), in which EU accession is most popular. The country is ready for change in favour of the final goal.

Obstacles:

A **tradition of centralism** is deeply rooted since Ottoman times, not only within political elites, but also among the wider public.

Ethnic minorities: The Kurds, with an estimated number of around 13 million⁹⁰ and a share of about 20% in the overall population of the country are Turkish citizens. The Kurds are seen as a major threat to national integrity. In those parts of the country in which the Kurds are concentrated (Southeast) and have local and regional majorities, central government control over local and regional affairs is considered to be indispensable.

⁹⁰ PAN, PFEIL 2000, p. 169.

Sources:

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CHAPTER III:

**VIEWS AND EXPECTATIONS OF SELECTED
REPRESENTATIVES AT THE NATIONAL, REGIONAL AND
LOCAL LEVEL IN BULGARIA, LATVIA, LITHUANIA,
MALTA, ROMANIA, SLOVAKIA AND TURKEY**

A Background of the survey

During summer 2001, the members of the team drafting this study disseminated about 400 standardised questionnaires to politicians, civil servants and experts at all levels of the territorial-administrative system (national, regional, local) in Bulgaria, Latvia, Lithuania, Malta, Romania, Slovakia and Turkey. In order to guarantee comparability between the two studies, the same standardised questionnaire was used, which had already been used for the first study of this kind, the one on the Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus under the direction of Thomas Fischer (Europäisches Zentrum für Föderalismusforschung, Tübingen) and published in 2000.

It was not the aim of this survey to secure a statistically representative sample, but rather an impression of how selected players of all administrative levels as well as experts think about the internal role of sub-national administrative structures, interregional and cross-border cooperation, the “Europe of the Regions” and the Committee of the Regions.

The standardised questionnaire (see annex) included 19 questions and offered space for additional remarks. It was disseminated in English, but the members of the team provided the recipients also with translations into the official languages of the respective country, where necessary. In the first section on the internal role of the sub-national level, the recipients were asked to answer eight questions on the extent of satisfaction with the sub-national administrative system, on the position of sub-national structures within the EU and on the status of preparation of sub-national structures for EU accession. In the second section on interregional and cross-border cooperation, four questions referred to

the general importance of this cooperation and to its impact on the representation of sub-national authorities at the European level as well as on relations between sub-national authorities and the national level. In the section on the “Europe of Regions” it was intended to find out by two questions which connotations and functions were attributed to this concept. Five questions on the Committee of the Regions asked for views on the actual and potential role and function of CoR, as well as for suggestions in which direction it should develop, compared to the Congress of Local and Regional Authorities (CLRAE).

More than two thirds (70%) of the questionnaires disseminated have been returned and evaluated. However, the ratio of returns has been very divergent by countries. While the share of returns was 100% with Turkey⁹¹ and high with Latvia (57 out of 60, 95%), Slovakia (40 of 45, 89%), Lithuania (41 of 60, 68%) and Bulgaria (40 of 60, 67%), it was low with Romania (17 of 60, 28%) and Malta (8 of 40, 20%). In some cases respondents did not answer all of the questions. Some questions were hardly understood or frequently misinterpreted. This was particularly the case with questions 3, 11 and 12. With some questions, a lack of acquaintance of the respondents prompted very general, balanced and “polite” answers. Within these limitations, however, the results may be regarded as reliable.

⁹¹ The answers were received in the framework of personal interviews.

B Bulgaria

1 Background

The regional tier of the territorial-administrative system in Bulgaria is represented by recently established regions [oblast] which have only delegated state functions. The local tier consists of self-governing communes.

2 Results of the questionnaire

2.1 Technical remarks

40 respondents, i.e. employees and politicians at the central, regional and local levels.

2.2 The internal role of the sub-national level

Question 1: The current structures of regional/local representation were regarded by a majority of the respondents as rather insufficient to meet the interests of sub-national units at the national level. Proposing improvements, most answers were in favour of establishing self-government at the regional level, i.e. to elect regional governors and regional councils, to overcome the existing discrepancy between local and regional administrative structures. It was also mentioned that there was an urgent need to establish agencies for regional development in all regions of the country beyond the three existing pilot

agencies. It was also necessary to create a fund for regional development in order to finance target action programs.

Question 2 regarding preference for more centralised or more devolved structures resulted in a majority for the latter, while the rest was almost equally distributed over voters in favour of more centralization and those who found a change not necessary. Those voting for more devolution mentioned the lack of self-government at the regional level and the limited financial competences of communes as their main motives. Those satisfied by the current situation or voting for more centralised structures argued that a balance of local self-government and state control was necessary and that local and regional authorities had rather limited staffing and financial capacities to fulfil their tasks adequately.

Question 3 regarding more or less legislative and executive competences for regional or local bodies revealed a larger majority in favour of more executive powers for the regional as well as for the local level, while legislative powers should not be devolved from the state level. This position was explained by the argument that self-government must not entail diversification of the legislative basis.

Question 4: In proposing policy fields in which regions should have stronger powers, the most frequent answers were regional development and regional planning, administration of regional development funds and EU funds. In respect to the local level, the most frequent proposals were infrastructure, social matters, health, education, environmental protection, local territorial planning, public order.

Question 5: The question about sufficient participation of regional and local authorities in European issues at the national level was answered only by a minority of the respondents who stated that participation was rather insufficient. Possible improvements included better information flows, a more active role for communes; self-governing powers at the regional level were also proposed.

Question 6: Having been offered a choice of four strategies to strengthen the position of regional/local authorities within the EU or to propose other strategies, a majority of respondents preferred the strategy of interregional/cross-border cooperation with partners in EU Member States, while a wide coalition at the regional/local level was the least popular option.

Question 7 dealt with the status of preparation of the individual territorial-administrative levels for EU integration in respect to administrative structures, economic jurisdiction, competitiveness and minority protection. Very few of the respondents replied, especially in respect to minority protection. Those who did so considered the state of preparation in general rather poor, especially at the regional level and especially in the fields of economic jurisdiction and competitiveness.

Question 8: EU financial programmes like Phare were seen as having positive effects on the political and economic development of the regions, as well as at the local level, with somewhat better results there.

2.3 Inter-regional and cross-border cooperation

Question 9: The majority of respondents supported more active participation of regions as well as of communes in transnational networks.

Question 10: When asked for the main problems which could arise in future representation of regional and local interests at the European level (respondents had the choice among four ready-made options as well as additional issues), respondents from all three administrative tiers (state, regional, local) considered “complexity of structure and mode of decision-making” to be the main problem. Secondly, the “lack of financial resources to run own offices and to employ staff in Brussels” was accepted as a major problem. In addition to the pre-defined answers the “excessive will of regions and communes to be represented by national authorities” was mentioned as a problem.

Question 11 asking respondents to qualify the importance of interregional and/or cross-border cooperation for political efficiency, economic efficiency, democratic efficiency and the integration of minorities, resulted in a wide variety of answers without any significant result.

Question 12 on whether cooperation of regional/local authorities in Bulgaria with other regional/local authorities in Europe will reduce existing conflicts between regional/local authorities in Bulgaria and the Bulgarian national level was not answered by many respondents. A majority of those answering, however, agreed that cooperation will reduce conflicts. But it was also mentioned that trans-border cooperation of sub-national units in Bulgaria was just at the initial stage and that there were not many experiences available.

2.4 The “Europe of Regions” in general

Question 13: All six connotations of a “Europe of Regions” offered by the questionnaire were accepted by a majority of respondents without a significant preference. No additional connotation in addition to those offered was mentioned.

Question 14: Most positive effects from a “Europe of Regions” were expected in the field of employment and social matters, followed by structural and regional policy.

2.5 The Committee of the Regions (CoR)

Question 15: Regarding the role and function of an institution like the CoR, a larger number of respondents stated that the CoR should have primarily consultative rather than coordinating functions. Some respondents proposed that the CoR should act as a supra-national arbitrator between the state and regional as well as local authorities. It was also proposed that CoR should arrange contacts between representatives of local and regional authorities in the EU and in EU applicant countries in order to exchange experiences and to promote the information flow. For local and regional authorities in Bulgaria, more information on the process of European integration and on the CoR in particular were considered to be of utmost importance, since “EU integration penetrates the local levels of authority very slowly and with great difficulty” and “functions and competences of the CoR are rarely known in the communes”.

Question 16 on whether the CoR was a promising instrument to represent regional/local interests in the EU received about 80% support. While the expectations of representatives of State authorities were relatively limited, representatives of regional and local authorities invested the highest expectations into the CoR.

Question 17 referring to fields of work in which the CoR could be helpful for regional/local institutions included no ready-made answers. Most frequently mentioned were the exchange of information and experience, the presence of CoR representatives in Bulgaria in order to understand the situation and to propose adequate solutions, consultancy on legislative reforms and the creation of a legal framework for regional structures of self-government. Some mayors urged the CoR to protect local and regional authorities from “state invasion”.

Question 18 on the CoR’s expertise by policy fields was answered in a rather diverse way and it is difficult to identify a significant result. Nevertheless, a ranking of the more or less equally evaluated fields of expertise puts employment in front of social matters, transport, trans-European networks, structural and regional policy and environment. Health and culture were in general ranked lowest.

Question 19 referring to the “added value” of the CoR’s work compared to the Congress of Local and Regional Authorities (CLRAE) was not answered by most respondents (60%). This indicates a lack of familiarity with both institutions, especially from representatives of the sub-national level. The few answers given were of a very general nature.

C Latvia

1 Background

In Latvia the regional level of the territorial-administrative system is represented by districts with the main function of coordinating bodies for the self-governing Local Communes (composed of different types: *Pagasts*, towns, *Novads* and "Republic Cities"). In contrast to the other types of local authorities, "Republic Cities" are not subordinated to a district and combine the functions of the local and the regional level. Administrative reform in Latvia is not yet completed and is a matter of intensive political discussions with a focus on the regional level.

2 Results of the questionnaire

2.1 Technical remarks

57 persons answered the questionnaire. They represent the following groups:

- 8 researchers or consultants;
- 7 politicians, deputies, representatives of NGOs at the national level;
- 10 civil servants, employees of national institutions;
- 12 experts, employees of districts, planning regions and agencies, politicians at the regional level;
- 20 politicians, experts, employees at local level.

2.2 The internal role of the sub-national level

Question 1: Most of the respondents (54%) to the question as to whether current structures of regional/local representation at the national level were sufficient to meet the interests of sub-national units indicated medium satisfaction. The negative and the affirmative sides were almost equal. Those respondents assuming a need for improvements, proposed the following changes: the regional reform had to be completed; to increase the right of local governments (local and regional level) to propose new legislation, to propose the distribution of finances and investment and to play a more active role in projects with an impact on local governments; representation of local governments had to be wider and more direct; better representation of the interests of districts and planning regions in the Latvian Union of Local and Regional Governments; more active cooperation among and with local governments.

Question 2: A vast majority of respondents (79%) preferred more devolved political structures in Latvia, while 10% appreciate the *status quo* and 9% are in favour of centralisation. The arguments of those in favour of devolution are that it will increase competition among regions, will provide for a more equal regional development, will act as a locomotive for regional development, will bring more investments to the regions, will ensure EU structural funding in regions and at the local level and will “minimise” (sic!) the political and economic role of the Riga Region. They believe that local governments are more democratic and transparent institutions, more aware of local problems and can better implement the interests of local citizens. The 9% who prefer more centralised political structures argue that Latvia is too small for devolution, that

centralisation will ensure a better distribution and use of financial resources and that local governments are short of financial and administrative capacity.

Question 3: A relatively high percentage (between 9 and 42%) did not respond to this question indicating that it was difficult to understand. Responses concerning the regional level preferred an increase of executive powers (46%) and less legislative powers (51%). An even higher preference for executive powers emerged at the local level (79%). The respondents explained their vote by the following motives: local governments lack financial resources to fulfil their statutory responsibilities defined by legislation; districts have very limited functions and responsibilities; there was no legislation concerning regional development in Latvia; decisions at the national level are taken without sufficient consultation with other administrative levels and the public; there is no procedure allowing a local government to propose new legislation.

Question 4: Experts and politicians mentioned the following policy fields where stronger regional powers were needed: promotion of economic and regional development, investment policy, entrepreneurship policy (12 answers); development and spatial planning (10 answers); tax legislation, policy to influence financial flows among different administrative levels (10 answers); road maintenance and improvement of traffic organisation (9 answers); environmental protection (7 answers); promotion of employment policy (5 answers). Stronger local powers were needed in the fields of local development and entrepreneurship (11 answers), education, human resources development (8 answers), collection of corporation tax (4 answers), development of infrastructure (3 answers), nature protection (3 answers), social care (3 answers).

Question 5: 80% of the respondents answered that regional and local authorities participated insufficiently in the national decision-making process on European issues. They believed that the following improvements were needed in order to bring about changes in this area: legislation and institutional mechanisms had to be established or to be improved requiring the central government to consider the proposals of local governments (9 answers); the flow of information had to be improved (5 answers); scope for regional and local authorities to be involved into decision-making and legislation had to be widened (4 answers); sub-national credit policy and the financial situation at the local level had to be improved (4 respondents); the election system had to be changed, communal reform and territorial-administrative system reform was needed (6 answers).

Question 6: Most respondents assumed that for regional and local authorities, the most successful strategy (among 4 offered by the questionnaire) to strengthen their position within the EU would be interregional and cross-border cooperation with partners in EU Member States (60% consent). The next successful strategies were supposed to be a broad coalition at regional and local level (53% consent) and interregional/cross-border cooperation with partners in other applicant states for EU membership (51% consent). Cooperation within the CoR was seen as a successful strategy by a majority (61%). Additional proposals entailed only slight variants of the strategies mentioned above.

Question 7: A majority of respondents (between 53% and 81%) believed that all Latvian administrative structures are not adequately prepared for the EU. The most problematic situation was observed at the local and regional levels, especially at the local level. Regarding economic jurisdiction, the focus of

answers for the national level is slightly more positive (a small majority, however, considered it still rather ill-prepared), better at least than for the regions and much better than for the local level. As regards competitiveness, answers were still not so favourable, but clearly better for the national level than for the regional level, which was considered rather ill-prepared by 72% of all respondents. The most favourable response as regards preparation for the EU was "protection of minorities". A majority of two thirds supposed that Latvia was rather well-prepared in this respect at all three levels - national, regional and local.

Question 8: While a slight majority of respondents (51%) considered EU financial programmes such as Phare as enhancing the political and economic development of the regions (districts), a higher majority of respondents (58%) believed that these EU programmes will not have a decisive impact on the local level.

2.3 Inter-regional and cross-border cooperation

Question 9: A strong majority of respondents (91% and 86%, respectively) wished to see Latvian regions and local authorities participating more actively in transnational networks. 56% and 51%, respectively, had no mental reservations on this opinion.

Question 10: Respondents' answers are dominated by two main problems which could arise in the future representation of Latvian regional and local interests at the European level: complexity of structures and mode of decision-making (60% consent), as well as lack of financial resources of the

regional/local level to run offices and to employ staff at Brussels (60% consent). Also the problem of individual contacts with spokesmen in European institutions was considered as quite important (53% consent). 16% of the respondents considered also restricted representation, due to legal provisions at the national level, as a possible problem for regional and local interest representation in the EU. Additional problems, not pre-defined by the questionnaire, included “not enough knowledge of how to lobby regional and local interests”, “not enough information on European institutions”; “the possibility that Latvian local and regional authorities will not be able to delegate their representatives to EU institutions”.

Question 11: Respondents stated that interregional and/or cross-border cooperation was of high importance for all fields given, but emphasised economic efficiency (72%), followed by political efficiency (67%), democratic consolidation (62%) and integration of minorities.

Question 12: The vast majority of replies (80%) assumed that cooperation between Latvian regional/local authorities and other regional/local authorities in Europe will reduce conflicts between them and the national level. The arguments mentioned were the following: better cooperation will promote an exchange of experience and information; it will promote development, therefore economic conflicts will be reduced; there will be direct contacts and projects to resolve these conflicts.

2.4 The “Europe of Regions” in general

Question 13: The term "Europe of the Regions" meant for most respondents the “strengthening of competitive regions” (76%), “counterbalance to tendencies of centralisation” (70%) as well as “reduction of regional disparities” (67%). “Political decision-making close to the citizens” (60%) and “more cultural pluralism” (58%) had less support and the least support for these connotations offered by the questionnaire were for “growing complexity of European politics” (37%). Additional connotations mentioned by the respondents were the “loss of regional and local identity”, “unification of Europe in a common space” and “informal regional network”.

Question 14: Positive effects from a "Europe of the Regions" were expected mainly in the fields of transport, environment and structural and regional policy. Lower effects were expected in culture, employment and social matters as well as in human rights/minorities issues.

2.5 The Committee of the Regions (CoR)

Question 15: Regarding the role and function of an institution like the CoR, the respondents expected first and foremost the promotion of cooperation and exchange of experience among regions (4 answers), a consultative role in decision-making and legislative processes (4 answers), to represent and to channel the problems of local and regional levels in the EU decision-making institutions (4 answers), a role in regional and structural policy (3 answers), to inform regions and local authorities on possible impact of pending projects and legislation (3 answers).

Question 16: While a majority of 63% assumed that CoR was a promising instrument to represent regional interests in the EU, the same percentage assumes that it was rather not promising for the local level.

Question 17: When asked in which fields of work CoR 's support could be helpful for regional institutions, the most frequent answers were transport and infrastructure (16 answers), regional and structural policy (10 answers), cooperation (9 answers), environment (8 answers) and economic and social cohesion (7 answers). Regarding local institutions, CoR's support was considered to be most helpful on social matters and health (12 answers), education (10 answers), employment (10 answers), culture (9 answers), economic development and business (6 answers), environment (5 answers).

Question 18: When assessing the CoR's expertise to contribute to problem solving in different policy fields, around 25% of all respondents did not answer, which can be interpreted as a lack of knowledge about the CoR. While structural and regional policy as well as environment were regarded as the main fields of CoR's expertise (51% positive opinions each), and transport and trans-European networks rank closely behind (49 and 47%, respectively), culture and employment were the least regarded as CoR's fields of expertise (26 and 28%, respectively, positive opinions).

Question 19: Some respondents have experience with the Congress of Local and Regional Authorities (CLRAE). They argue that CoR's work "added value" was in information, representation of local/regional interests and the fact that CoR opinions and decisions were taken into account "in the highest EU decision making bodies".

Question 20: Some respondents made additional remarks to the effect that the questionnaire was prepared for rather a very narrow specialist circle, many of the questions were not precisely formulated, that they had technical difficulties in filling out the questionnaire in the digital form; that there was not sufficient information in the country on the consequences of Latvian EU accession, and not enough information on the Congress of Local and Regional Authorities (CLRAE).

D Lithuania

1 Background

In Lithuania, the regional tier is represented by recently established counties with the function of delegated state administration, while the local tier is composed of self-governing cities and districts. An early reform of the territorial-administrative system is not on the political agenda, except a possible re-adjustment of the regional level in line with EU requirements.

2 Results of the questionnaire

2.1 Technical remarks⁹²

Number of respondents: 41

Regional distribution:

Kaunas	5
Vilnius	10
Klaipeda	18
Ukmerge	1
Taurage	1
Siauliai	2
Silute	1
Ignalina	1
Varena	1
Anyksciai	1
total	41

⁹² The respondents were questioned by Mr Vytautas JUSCIUS, Mrs Daiva LABANAUSKAITE and Mrs Elke KNAPPE.

Many respondents had problems in understanding the questions, and gave vague answers.

2.2 The internal role of the sub-national level

Question 1: Most of the respondents were undecided (38%), but among the rest the opinion prevailed that the current structures of regional/local representation were not sufficient to meet the interests of regions/local authorities at the national level (12% in contrast to 5% for the opposite). Proposing improvements in this respect, most answers favoured widening regional (county) competences, of creating “better possibilities to use income tax” at the local level (which means in practice an increase in income tax, since the current status is that income tax is totally at the disposal of local authorities), of more and better information about regional policy and decision finding and of less bureaucracy.

Question 2 (preference for more centralised or more devolved structures): A qualified majority of 78% voted for more devolved structures, while 20% found a change of the present situation unnecessary. When asked about their motives, those voting for more devolution argued that more devolved structures would mean more efficiency, less bureaucracy, would make it easier to involve the local population into political decision-making, would bring administration closer to the problems and needs of the people, would be in a better position to react to the individual problems and situations in the different regions of the country and would be able to solve efficiently economic development issues. Those voting for more centralised structures based their arguments mainly on the general experience that the recent trend towards devolution has not made

things better and argued that centralised structures would make it easier to combat corruption. Those thinking that a change in the present situation was unnecessary supported their statement by arguing that regions and local authorities had enough powers and that a good equilibrium of powers had been established.

Question 3 regarding more or less powers for regional or local bodies was answered without differentiation between regional and local bodies and as regards legislative and executive powers. 85% were in favour of greater powers at the sub-national level, while the rest preferred a transfer of powers to the central government. A transfer of powers to the sub-national level was justified by the arguments that the county governor as a representative of the central government needed more power, that the national government was not acquainted well enough with the specific problems in the individual regions and that devolution of legislative powers would help to prevent mistakes in drafting new legislation. A reduction of powers at the sub-national level was justified by prevention of conflicts between the national and the regional level and by the argument that there was not enough administrative expertise at the sub-national level.

Question 4: As regards policy fields in which regions (counties) should have stronger powers, the most frequent answers were the management of EU-subsidies, regional development planning, industrial development, environmental policy, protection of regional art, handicraft and culture, land-use management and the regional development of tourism. Concerning the local (communal) level, most frequently it was proposed to transfer (more) powers in economic matters, like the development of small and medium-size business, to

widen the legal frame of budgeting, to shift powers in questions of healthcare, tax policy, social problems and social security.

Question 5: A majority of respondents (60%) did not answer the question about sufficient involvement of regional and local authorities in European issues at the national level, which indicates that this question is not yet on the agenda of political discussions. The other respondents were almost evenly distributed over the spectrum of opinions, with a certain focus on rather insufficient participation. When asked about possible improvements, those responding and thinking that improvements were desirable, proposed more information about EU policy, more training for local administrators (including foreign languages skills), more direct relations between EU regions and Lithuanian regions, more influence of local authorities on decision-making in the EU, more financial resources for local administration to be able to increase participation.

Question 6: Having been offered the choice among four strategies to strengthen the position of regional/local authorities within the EU, or to propose other strategies, about one third of the respondents did not answer at all, while a relative majority (39%) preferred the strategy of interregional/cross-border cooperation with partners in other applicant states for EU-membership, offered by the questionnaire. 14% of respondents opted for a wide coalition at the regional/local level, 8% for cooperation within the CoR and 7% for interregional/cross-border cooperation with partners in EU Member States. All these options were offered by the questionnaire. No additional strategies were proposed.

Question 7 regarding the status of preparation of the individual territorial-administrative levels for EU integration in respect of administrative structures, economic jurisdiction, competitiveness and minority protection had a varying, but on average very high share of non-respondents ranging from 9% (minority protection at the national level) to 51% (economic jurisdiction at the national level). Among those responding, the view prevailed that administrative structures at the national level were rather prepared for EU integration while this was not, or was just initially the case with administrative structures at the sub-national level. A similar proportion of opinions between national and sub-national levels was characteristic also of the status of preparations in the field of economic jurisdiction, where also the national level is regarded as prepared, while this was doubtful as regards the sub-national level. The sub-national level, however, has a somewhat better image in this field. Competitiveness was a question, to which a large share of respondents refused to answer. Those answering gave the impression that they were not convinced that either the national or the sub-national level would be able to withstand competition. Even less confidence was expressed as regards the sub-national than the national level. The share of respondents to questions on minority protection was relatively the highest. Most respondents found Lithuania well-prepared in this field, with the best results concerning the national level (51%: “sufficiently prepared”).

Question 8: EU financial programmes like Phare are regarded as of low, to at best medium, importance for political and economic development of regions as well of local authorities. While, however, a majority of 60% did not answer this question at all as regards regions, the returns were much higher as regards local authorities.

2.3 Inter-regional and cross-border cooperation

Question 9: While not differentiating between regions (counties) and local authorities, most respondents (50%) very strongly supported more active participation of sub-national units in transnational networks. Only 5% opposed a stronger participation.

Question 10: When asked for the main problems which could arise in the future representation of regional and local interests at European level, with the choice among four ready-made answers as well as supplementary issues, about two thirds each ticked the “lack of financial resources to run own offices and to employ staff in Brussels” and the “complexity of structure and procedures for decision-making”. Only 15% and 12%, respectively, considered “restrictions in representation due to legal provisions at national level” and “no individual contacts to spokesmen in European institutions” to be the main problems. Reference was also made to a lack of competence and experience.

Question 11 about the importance of interregional and/or cross-border cooperation for political efficiency, economic efficiency, democratic efficiency and the integration of minorities was answered as follows: economic efficiency would clearly benefit most from these kinds of cooperation, followed by democratic efficiency, while it would not be as relevant for minority integration and political efficiency. Qualifications, however, do not differ so much. It may just be regarded as significant that a respectable share of 22% rule out any relevance of interregional and/or cross-border cooperation for political efficiency.

Question 12: It is remarkable that 15% of the respondents felt that cooperation between regional/local authorities in Lithuania and other regional/local authorities in Europe would increase existing conflicts between regional/local and central authorities in Lithuania. 42% believe that this cooperation will not have a major impact on sub-national/national relations, while a similar share supposes positive effects.

The assumption that conflicts will increase, was supported by the arguments that national and regional level had different interests and that the national level will not accept losing power and influence in/on economic decisions. Those who believe that cooperation will not have a major impact on sub-national/national relations base their assumption on an absence of conflict between the national and the regional level (the regional tier in Lithuania represents delegated state administration, not self-government) and on the existence of a democratic system. Those supporting the view that cross-border cooperation will decrease conflict argue that the national level will then understand better the problems of regions, that the regions will then be able to benefit from the experience of other regions in Europe, that tolerance will increase and that new experience in how to upgrade “political culture” will be available.

2.4 The “Europe of Regions” in general

Question 13: Among the six connotations attributed to the “Europe of Regions”, “counterbalance to tendencies of centralism” received the highest support among respondents. “Political decision-making close to the citizens” ranked second ahead of “reduction of regional disparities” and “strengthening of

competitive regions”, while “growing complexity of European politics” and “more cultural pluralism” lagged behind. No additional connotation was mentioned.

Question 14: The most positive effects expected from a “Europe of Regions” were in the field of transport, closely followed by structural and regional policy. Employment, culture, health, social matters and environment rank at a medium level, while almost no effects were expected on human rights and minority issues.

2.5 The Committee of the Regions (CoR)

Question 15: Regarding the role and function of an institution like the CoR, it was most frequently assumed and expected that CoR should know the profiles and problems of the regions and represent them in the EU. It was further expected that CoR should help to develop a regional policy and support the weaker regions, that it was to coordinate regional and international interests and should have sufficient information on the regions to prepare decisions about the distribution of EU subsidies. CoR is also expected to disseminate information on the EU in Lithuania. It was also added that CoR needed more executive power to be more efficient.

Question 16 on whether the CoR was a promising instrument to represent regional/local interests in the EU was answered by almost half of all respondents by ticking a square in the middle between “not promising” and “very promising”, which may rather be interpreted as an expression of little information on the CoR. Only a tiny minority found the CoR not promising at

all, while the rest of the answers were on the positive side, with a higher share of full consent in respect of the representation of regional interests as against local interests.

Question 17 referring to fields of work in which CoR could be helpful for regional/local institutions included no ready-made answers and therefore prompted a large variety of them. Most frequently mentioned were - related to regions - to solve economic problems, to maintain infrastructure, to draft regional development plans, to push regional cooperation, to start common activities in environment protection and - related to local authorities - as a distinct priority to support economic development, to prevent unemployment and selective migration, to offer support on social matters.

Question 18: Most expertise was attributed to CoR in the policy fields of general and vocational training as well as with trans-European-networks. The CoR's expertise in matters of employment, culture, health, social affairs, transport, structural and regional policy and environment was, in the opinion of most respondents, in the middle of the scale.

Question 19 referring to the "added value" of the CoR's work compared to the Congress of Local and Regional Authorities (CLRAE) was not answered by 13 of the respondents, very likely due to them not being acquainted with at least one of the two. The others mentioned as added values were supporting EU candidate countries and more discussion on the real problems of regions.

E Malta

1 Background

Malta started on devolution in the early 1990s, and the territorial-administrative system consists so far just of a local tier, which has self-government (Local Councils). Devolution of functions from the state to the local level has continued and, in the view of all participants, is not yet completed. A regional tier is only in an embryonic stage of discussion.

2 Results of the questionnaire

2.1 Technical remarks

8 persons answered the questionnaire. They represent the following groups:

- 5 national civil servants;
- 2 university teachers;
- 1 representative of local government.

The poor response to over 40 questionnaires distributed is regrettable, all the more as local government is represented by only one respondent. This shortcoming will be partly compensated by highlighting the vote of the local government representative with all responses.

2.2 The internal role of the sub-national level

Question 1: All but one of the respondents classified current structures of regional/local representation at the national level as between medium and sufficient to meet the interests of sub-national units. The only representative of local government considered representation to be medium-ranking. Those respondents feeling a need for improvement, proposed the establishment of regional self-government without impinging on the autonomy of the local tier. Regional self-government was to assume more regional functions. It was also proposed to improve the quality of information flows between central and local government in both directions in order to improve the quality of decision-making. One respondent also hinted at the fact that more functions are in the process of being devolved from central to local government. The sole representative of local government also recognised the need to set up a regional tier of self-government.

Question 2: All but one of the respondents was in favour of more devolved political structures, while one voted for centralisation. The arguments of those who supported devolution were that it empowered the citizens to manage their own affairs, it went hand-in-hand with de-colonisation, was better in line with the market economy and made for a better administrative service. The sole representative of local government emphasized the importance of devolution for a more efficient and higher standard administrative service. The sole advocate of more centralised political structures argued that this would bring about a more rational use of scarce human resources. But this respondent also pleaded for administrative devolution without, however, granting self-government.

Question 3: Only a minority of the respondents replied to this question as regards regions, since a regional level does not exist and is only at a first stage of discussion in Malta. Those responding pleaded for more executive powers, but one of them also called for more legislative powers. As regards the local level, the vast majority was in favour of an increase of executive powers, but not of legislative powers. The sole representative of local government was of this very opinion. One vote was cast in favour of less executive and no legislative powers arguing that “things could easily get out of hand” and certain parts of the society could take advantage of devolved powers. Those respondents favouring an increase in executive powers, but not willing to devolve legislative powers (the majority) defended their position by arguing that legislation should rest with the central government and that devolution of executive power could help to improve functionality. The sole representative of local government mentioned that for local government it was sufficient to enact bye-laws subject to central government approval.

Question 4: Although a regional administrative level does not exist in Malta, respondents mentioned the following policy fields where regional powers were needed: environmental protection, education, industrial development and spatial planning, traffic organisation, social services, primary health care, waste management, national leisure parks, regional libraries. The sole representative of local government pleaded for education, enforcement, street lighting and social affairs. Stronger local competences were demanded in the fields of traffic management, environmental protection, administration of public property, e-government, social policy, SMEs, management of public funds. The sole representative of local government voted for traffic management, planning at the lower level, administration of certain licences (e.g. trade licences).

Question 5: All of the respondents except one (including the only representative of local government) answered that local authorities participated insufficiently in the decision-making process on the national level as far as European issues are concerned. As improvements they proposed firstly better vertical communication and more active interventions by the local authorities. One respondent remarked that “Local Councils do not appear to appreciate they have a role to play in this area.”

Question 6: Most respondents supposed that for sub-national authorities the most successful strategy (among 4 offered by the questionnaire) to strengthen their position within the EU would be interregional and cross-border cooperation with partners in EU Member States. The next successful strategies were deemed to be interregional/cross-border cooperation with partners in other applicant states for EU membership and cooperation within the CoR. The only representative of local government ticked all three strategies mentioned above. Additional proposals did not come up.

Question 7: Taking into account that a regional administrative level does not exist and ethnic or religious minorities are practically absent, a majority of respondents supposed that administrative structures as well as economic jurisdiction and competitiveness at the national level were sufficiently prepared for the EU, while the local level saw them as rather ill-prepared. The sole representative of local government deviated from the average result only in the field of administrative structures at the national and the local level, where his vote was less positive.

Question 8 for the meaning of EU financial programmes, such as Phare, for the political and economic development of a (non-existent) regional level and of the Local Councils was answered only by a minority of the respondents, since it obviously has no topical relevance for Malta. Those responding classified the impact of these programmes from modest to weak.

2.3 Inter-regional and cross-border cooperation

Question 9: All but two respondents wished to see Local Councils participating definitely more actively in transnational networks, among them also the sole representative of local government. Half of the respondents had the same wish also related to (non-existent, but future) regions.

Question 10: The main problem which could arise in the future representation of Maltese regional and local interests at the European level was, in the respondents' opinion, a lack of financial resources at the regional/local level to run offices and to employ staff in Brussels, followed by “complexity of structures and mode of decision-making” (both of them also ticked by the sole representative of local government), as well as “no individual contacts with spokesmen in European institutions”. Nobody mentioned “restrictions in representation due to legal provisions at the national level” as a possible problem for regional and local interest representation in the EU. One respondent mentioned “motivation” an additional problem, not pre-defined by the questionnaire.

Question 11: All respondents supposed that interregional and/or cross-border cooperation was of high or at least medium importance for democratic

consolidation and most of them classified it in this way also in respect of the integration of minorities; it was considered much less relevant for economic efficiency and even more so for political efficiency. The only representative of local government ranked the importance of interregional and/or cross-border cooperation for all field highest among all respondents.

Question 12 asked whether cooperation of Maltese local authorities with other local authorities in Europe will reduce existing conflicts between them and the national level; it was obviously partly misunderstood or considered irrelevant for the local authority level of a small island state. Those responding answered in a positive way adding that such a development will remain rather limited.

2.4 The “Europe of Regions” in general

Question 13: The term "Europe of the Regions" was linked by most of the respondents with the “reduction of regional disparities”, followed by “political decision-making close to the citizens”, “more cultural pluralism” and “counterbalance to tendencies of centralisation”. “Growing complexity of European politics” and “strengthening of competitive regions” had the weakest consent. Additional connotations were not mentioned.

Question 14: Positive effects from a "Europe of the Regions" were expected mainly in the fields of environment, human rights/minority issues, structural and regional policy, culture as well as transport, social matters and health. No decisive effects were expected as regards employment.

2.5 The Committee of the Regions (CoR)

Question 15: Regarding the role and function of an institution like the CoR, the respondents first and foremost expected the CoR to play the role of a focal point for local government within the EU, a consultative role based on information collected from different local sources, the role of a “forum where representatives of local authorities meet to discuss and decide on issues which affect the citizens’ standard of living and thus act as a pressure group to the other EU institutions managed by central government representatives” (the sole representative of local government), “brings Europe closer to its citizens” and provides for better allocation of EU funding to regions.

Question 16: All respondents supported the view that the CoR was a promising instrument to represent local interests in the EU, two of them (including the sole representative of local government) considered it even very promising. The same question related to the regional level was only answered by a minority, but those answering ranked CoR in the upper two categories.

Question 17: When asked in which fields of work CoR 's support could be helpful for regional institutions, the answers were environment, the formulation of relevant policies and feasible initiatives and legislation. Regarding local institutions, the CoR’s support was considered to be most helpful in the field of environmental affairs, transnational cooperation, structural and regional policy, cooperation between partners in preparation of EU accession, legislation and transport.

Question 18: When evaluating the CoR's ability to contribute to problem - solving in different policy fields, most expertise was attributed in the field of structural and regional policy, followed by environment, trans-European networks and culture; employment was rated worst.

Question 19: CoR's work "added value" vis-à-vis the Congress of Local and Regional Authorities (CLRAE) was seen as: advice tendered on the basis of sound and broad information, expertise in the field of devolution of power to local authorities (the sole representative of local government, well-acquainted also with CLRAE), ironing out the economic differences between rich and poor regions.

F Romania

1 Background

The regional tier of the territorial-administrative system in Romania is represented by counties which have at the same time self-government and delegated state functions. The local tier is composed of self-governing communes, towns and municipalities. Devolution in Romania has made considerable progress in very recent times.

2 Results of the questionnaire

2.1 Technical remarks

Number of respondents: 17

Regional and professional distribution:

Institution	Position	Profession
Arges County Council	President	Economist, PhD
Covasna County Council	-	Veterinary doctor
Homocea Local County, Vrancea	Secretary	-
Satu Mare County Council	President	Economist
Sibiu County Council	President	-
Cristian Local Council, Sibiu	Mayor	-
Seica Mare Local Council, Sibiu	Mayor	-
Bacau County Council	-	Horticultural engineer
Sascut Local Council, Bacau	Vice-mayor	Engineer
Huedusi Local Council,	-	-

Institution	Position	Profession
Bacău		
Margineni Local Council, Bacău	-	Lawyer
Dofteana Local Council, Bacău	Mayor	-
Bihor County Council	Head, Department on Regional Development and European Integration	Engineer
Vadu Crişului Local Council, Bihor	-	-
Pocola Local Council, Bihor	Vice-mayor	-
Avram Iancu Local Council, Bihor	Secretary	-
Borş Local County, Bihor	Mayor	Engineer

The low number of respondents in a large country like Romania is rather disappointing. It is also a shortcoming that the national level is not represented. But as regards regional distribution, respondents form a representative mixture from all major parts of the country, including ethnic minority areas.

2.2 The internal role of the sub-national level

Question 1: It is remarkable that three quarters of the respondents were of the opinion that the current structures of regional/local representation were quite sufficient to meet the interests of sub-national units at the national level, 35% even agreed to the term “sufficient”. This is a good match, given that respondents represent only the sub-national territorial-administrative level. Only

18% judged the current structures to be rather insufficient, while only one respondent defined them as “not sufficient”. Proposing improvements, most answers were in favour of a more adequate distribution of budgetary funds, reduction of bureaucracy, stronger local financial autonomy, better cooperation between local and regional development initiatives, a stronger consideration of EU trends in this respect, more powers for regional development councils, more consideration of proposals submitted by local and regional authorities by the central government, the amalgamation of counties into larger regions based on economic criteria, the involvement of graduates specialized in local administration in coordinating the activities of local councils and in general devolution and more autonomy. There was some criticism that knowledge on regional structures (very likely the Development Regions) was too low with the local population and that more information should be provided.

Question 2 (preference for more centralised or more devolved structures): The vast majority (88%) favoured more devolved structures, while the minority voted for centralization. When asked for their motives, those voting for more devolution argued that devolved structures were better able to act in accordance with local realities and to solve all types of problems, to adhere better to the subsidiarity principle, to better allocate of financial resources, to promote the European integration process, to enhance local autonomy and the transfer of responsibilities from the central to the local level, to better adjust local administration to the specifics of local territorial-administrative units, etc. They also criticised the Prefecture - Council dual system at the county level as an expression of centralised structures limiting the power of self-government. Those voting for more centralised structures argued that oscillating political

situations at the local level had an unduly strong influence on economic and social development.

Question 3 dealt with the issue of more or less legislative and executive powers for regional or local bodies. There was a majority for less executive competences, but more legislative competences for regions (counties) and more executive competences, but no legislative competences for the local level. This was justified by the argument that legislative and executive competencies were to be harmonized at the sub-national level in order to achieve more efficiency, better cooperation between the sub-national levels, real devolution and local autonomy; to answer to the specific needs of each region, to meet the local as well as the regional needs and to simplify procedures.

Question 4: As regards policy fields in which regions (counties) should have stronger powers, the most frequent answers were investment for economic development, structural policy and minority rights, transport, agriculture, industry, services, administration of regional development funds and EU funds (these funds are currently administered by the central administration), selection for financing of local priorities, to define priorities in the fields of economy, social matters, infrastructure, environment, labour market, financial legislation. Concerning the local level, it was most frequently proposed to transfer (more) powers in the fields of social and transport infrastructure, social matters, transport, health, education, territorial development, SMEs, privatisation, foreign investment promotion, industrial parks, local budgets, taxation (legislative, administrative), public order.

Question 5: The question about sufficient participation of regional and local authorities in European issues at the national level prompted two sets of extremely contradictory answers, which did not correspond to respondents from either regional or local authorities: a quarter of all respondents voted for “sufficient” and 40% for “not sufficient”, while only 35% gave intermediate answers. The predominant thrust of responses, however, was “insufficient”. When asked about possible improvements, those responding that participation was rather or completely sufficient, proposed cooperation in decision taking between national and regional authorities, permanent contact with small local authorities, a better way of keeping them well-informed, administrative devolution, less bureaucracy, more regional efficiency, closer cooperation on specific problems between the local and central levels, communication and transparency. Those respondents who regarded participation as rather or completely insufficient, generally proposed closer cooperation, in particular also consultation of regional authorities (county councils, regional development councils) and the participation of their representatives in meetings on European issues, to have associative regional structures better represented at the national level, stronger autonomy, more efficient control, consultation of local authorities, information dissemination, analysis of decisions on European integration at the regional level.

Question 6: Having been offered a choice between four strategies to strengthen the position of regional/local authorities within the EU or to propose other strategies, more than half of the respondents preferred the strategy of interregional/cross-border cooperation with partners in EU Member States, while the rest of the answers was almost evenly distributed over interregional/cross-border cooperation with partners in other applicant states for

EU-membership, a wide coalition at the regional/local level and cooperation within the CoR; all of these options were offered by the questionnaire. Two respondents voted for three options, or even all of them. No additional strategies were proposed. The clear preference for interregional/cross-border cooperation with partners in EU Member States may on the one hand be interpreted as an expression of the strong Romanian drive for EU membership, on the other as an indicator of Romania's rather weak integration into the Southeast European environment.

Question 7 regarding the status of preparation of the individual territorial-administrative levels for EU integration in respect to administrative structures, economic jurisdiction, competitiveness and minority protection had, with one exception, extremely disparate results; some respondents preferred to answer only some of the questions. By far the clearest result is that the status of preparation in respect to minority protection is considered to be very advanced at all administrative levels. 53% of the respondents even gave it the best mark. One member of a minority, however, classified it as almost insufficient. The status of preparations in the fields of administrative structures and economic jurisdiction was considered prevalingly positive, albeit less satisfactory than with minority protection. Voting for the different administrative levels (national, regional, local) did not vary significantly. In respect of economic jurisdiction, however, the results are somewhat less positive than with administrative structures. Responses to the question about the status of preparations in respect to competitiveness, both at the national and the regional level, were overwhelmingly negative (no question here for the local level).

Question 8: EU financial programmes like Phare were attributed overwhelmingly positive effects on the political and economic development of the regions (counties) as well as of the local level, although some respondents did not answer this question. There was no significant difference in results between the regional and the local level.

2.3 Inter-regional and cross-border cooperation

Question 9: A clear majority very strongly supported more active participation of sub-national units in transnational networks. This refers to the regional as well as to the local level.

Question 10: When asked about the main problems which could arise in the future representation of regional and local interests at the European level, respondents had the choice among four ready-made answers, as well as supplementing additional issues; most ticked the “lack of financial resources to run own offices and to employ staff in Brussels” and “no individual contacts with spokesmen in European institutions”. A larger number still ticked both of these answers and in addition the “complexity of structure and mode of decision-making”. Nobody, however, considered “restrictions in representation due to legal provisions at national level” to be relevant. No additional problems were mentioned.

Question 11 asked respondents to qualify the importance of interregional and/or cross-border cooperation for political efficiency, economic efficiency, democratic efficiency and the integration of minorities; two thirds of the

respondents stated that for all policy fields mentioned, interregional and/or cross-border cooperation was of high importance.

Question 12: The vast majority of respondents (82%) agreed that cooperation of regional/local authorities in Romania with other regional/local authorities in Europe would reduce existing conflicts between regional/local authorities in Romania and the Romanian national level; some did not answer and perhaps did not understand the question. To support this majority vote it was *inter alia* argued that this was the way to find new solutions for regional problems, reducing potential conflicts, that inter-ethnic conflicts would be diminished, that by international cooperation regional/local authorities would achieve a stronger negotiating position vis-à-vis the central government and that communication and cooperation were the best ways to reduce and even eliminate conflicts. It was also mentioned that there was no conflict between national, regional and local authorities in Romania.

2.4 The “Europe of Regions” in general

Question 13: All of the six connotations of a “Europe of Regions” listed in the questionnaire were endorsed by at least half of the respondents. But “political decision-making closer to the citizens“ was slightly favoured, followed by the connotations “strengthening of competitive regions” and “more cultural pluralism”. The relatively weakest support was given to “reduction of regional disparities” and “growing complexity of European policies”. No additional connotations were offered.

Question 14: The most positive effects from a “Europe of Regions” were expected in the field of employment, closely followed by social matters, human rights/minority issues and transport. Health, culture and environment ranked lowest, although all of them were still rated in the positive half of the scale by at least three quarters of the respondents.

2.5 The Committee of the Regions (CoR)

Question 15: Regarding the role and function of an institution like CoR, it was mentioned that CoR should have consultative powers, help to implement the *Acquis communautaire*, to enhance competition between its members, contribute to harmonize the legislative framework in the fields of employment, culture, health, transport, environment, human rights, support the participation of local/regional authorities in the decision-making process of the EU and promote legislative initiatives, be the representative of local/regional authorities at the level of EU, play a more important role in the implementation of EU programmes in EU applicant states, be the link between the citizens and the EU, be the link between sub-national authorities and the EU, manage economic, social and environment funds, facilitate stronger cooperation at the international level in the fields of economy, social matters, education, culture, environment, support European integration of the former Communist countries.

Question 16 on whether CoR was a promising instrument to represent regional/local interests in the EU was very positively answered. 82% of the respondents considered it “very promising”, both for the regional and local level.

Question 17 referring to fields of work in which CoR could be helpful for regional/local institutions included no ready-made answers. Most frequently mentioned were - related to regions - transport, education, human rights, environment, infrastructure, social matters, legislative alignment to the EU, economy, cooperation, economic and political relations, cross-border cooperation and - related to the local level - labour, environment, social problems, economy, culture, health, media, technical assistance.

Question 18 on CoR's expertise according to policy fields was answered very politely (with a focus on "high expertise" in all fields) and only with slight differences by policy fields. Top expertise was attributed especially in the fields of structural and regional policy, trans-European networks, social matters and environment.

Question 19 referred to the "added value" of the CoR's work compared to the Congress of Local and Regional Authorities (CLRAE); the following fields were mentioned inter alia: development of less-developed regions, raising the standard of living, representation of local and regional interests at the EU level, definition of the status of regions within the future Europe and promoting the concept of subsidiarity, acting as a transnational organism responsible for the legislative framework and policies worked out at the level of EU, contributing to cooperation, dissemination of valuable practices, technical assistance.

G Slovakia

1 Background

When the first questionnaires (7) were answered in early autumn 2001, the final decisions on the most recent territorial-administrative reform had just been passed after an intensive public discussion causing political turbulence. In addition to the former territorial-administrative system of self-governing communes at the local level, districts at the lower regional and regions at the upper regional level, both of which are institutions of delegated state administration, the reform has introduced self-governing “Higher Territorial Units” at the upper regional level, identical in shape and size with the regions. An additional 35 questionnaires were disseminated in February 2002, shortly after the formal implementation of “Higher Territorial Units” in January 2002. They were answered by 33 respondents.

2 Results of the questionnaire

2.1 Technical remarks

45 experts directly involved in the reform of public administration and into the development of regions were asked to fill out the questionnaire. 40 of them returned it. They are active in the following fields: central and delegated regional administration (9), regional and local self-government (10), regional economy, regional development and regional policy (11), regional and political geography (8), labour market (1), territorial planning (1).

2.2 The internal role of the sub-national level

Question 1: 35 of the 40 respondents expressed the opinion that representatives of the regional/local authorities do not have sufficient opportunities to enforce their interests, while 5 expressed the contrary. In proposing improvements, the restructuring of the planning systems and implementation of regional policy at the central level were considered most important. Regional authorities needed support in developing their administrative infrastructure. Essential in this respect was the qualification of employees by training courses. Changes are to focus on the shift of powers from state authorities to institutions of self-government as well as on the transfer of financial resources to these institutions in order to secure the efficient execution of powers.

Question 2: A vast majority of respondents supported more devolved political structures. Only 2 experts voted against. In supporting their vote, experts from the majority side argued that economic transformation was closely connected with devolution of public administration, that centralised structures were less efficient than the devolved structures, that devolution corresponded to the need to bring public administration closer to the citizen and that it was an adequate means of mobilising the citizen's participation in regional and local socio-economic development. They also mentioned that the new act on powers was already an important step in this direction and that an act on the property of local authorities was under preparation, which will create favourable conditions for the functioning of devolved structures. The two experts voting against more devolved structures recognise the danger that devolution will strengthen the role of local clans and "dictators".

Question 3 asking whether regional and local authorities should have more or less executive or legislative powers was answered by half of the respondents by stating that regions as well as local authorities should have greater executive powers. As far as legislation is concerned, the prevailing opinion was that more legislative powers should be granted to both the regional and the local level. Some respondents, however, supported the view that less (in practice no) legislative powers should be passed to the regional and local levels. These respondents who supported the opinion that more executive and legislative powers had to be passed to the sub-national levels argued that more powers would help to create a democratic society. They also pointed out, however, that it was in the first instance necessary to strengthen the regional level, while the local level already had many executive powers. These respondents who emphasised the need for more executive and less legislative powers explained their opinion by the principle of subsidiarity which meant that legislation should in principle rest at national level in order to guarantee nationwide legislative homogeneity.

Question 4: The respondents advocated that regions should have stronger powers in the following policy fields: socio-economic development and planning, housing policy, social policy, health protection, higher education, technical infrastructure, environment, promotion of small and medium enterprises. As regards the local (communal) level, they listed territorial planning and construction, local environment, primary and secondary education, health care (basic), social welfare, promotion of tourism, public works.

Question 5: The vast majority of respondents believed that regional/local authorities do not have sufficient opportunities to participate in decision-making

at the national level in European issues. When asked to propose improvements, they mentioned that changes were on the way through the current reform of public administration, which also implemented regional self-government. These changes also created better conditions for the participation of regional and local authorities in decision-making on European issues. For this end, it would, however, be very important to improve the qualification of civil servants and to intensify their communication with national and European authorities.

Question 6: The following strategies were classified as the most promising to strengthen the position of regional/local authorities within the EU: cooperation at the regional and local level within Slovakia, interregional/cross-border cooperation with partners in EU Member States, interregional/cross-border cooperation with partners in other applicant states for EU membership.

Question 7: The question of whether the national level and the regional and local levels were adequately prepared for EU accession in the fields of administrative structures, economic jurisdiction, competitiveness and minority protection was answered by stating that administrative structures at the national and local levels were more or less prepared, but that those at the regional level were not yet prepared (due to the fact that the regional level under reconstruction and the first elections for the Higher Territorial Units were only held in December 2001). With regard to economic jurisdiction, the prevailing opinion was that it was still not fully in line with EU legislation at all administrative levels, but that the Act on Powers (passed in October 2001) had shaped a certain framework. In respect to competitiveness, most respondents supposed that neither the national nor the regional tier was fully prepared. As

regards the protection of minorities, most respondents considered it to be unsatisfactory at all administrative levels (national, regional, local).

Question 8: A majority answered that the financial programmes of the EU decisively supported the political and economic development of sub-national units.

2.3 Inter-regional and cross-border cooperation

Question 9: All respondents wished the regional and local levels to participate more actively in international networks.

Question 10: When asked about the main problems likely to arise in future in connection with representation of regional and local interests at the European level, the respondents ticked the following problems: complexity of structures and mode of decision-making, no individual contacts to spokesmen in European institutions, lack of financial resources of regions/local authorities necessary for financing their own offices at Brussels. Restrictions in representation due to legal provisions at the national level were not seen as a problem. In addition to the ready-made answers, the problems of a bloated bureaucracy and of corruption were mentioned.

Question 11: Interregional and/or cross-border cooperation was in the opinion of the respondents of high importance for political efficiency, economic efficiency, democratic consolidation and integration of minorities. A majority thought that interregional and cross-border cooperation would particularly influence economic efficiency and democratic consolidation. More than a third

of the respondents denied the importance of interregional and/or cross-border cooperation for the integration of minorities.

Question 12: All respondents felt that cooperation between regional/local authorities at the European level would discourage conflicts with authorities at the national level in Slovakia.

2.4 The “Europe of Regions” in general

Question 13: All of the six connotations with a “Europe of Regions” offered by the questionnaire were accepted by a majority of respondents, but with a focus on “political decision-making close to the citizens”. No additional connotations were mentioned.

Question 14: Most positive effects from a “Europe of Regions” were expected in the fields of structural and regional policy, social matters, culture, health and environment.

2.5 The Committee of the Regions (CoR)

Question 15: Regarding the role and function of an institution like the CoR, respondents proposed that it should act as a spearhead for regional and local interests at the EU level, pass information to regional and local authorities, have a consultative function in administrative reforms and legislation and help with initiating and developing cross-border cooperation.

Question 16, whether the CoR was a promising instrument to represent regional/local interests in the EU, received a very positive answer from all respondents.

Question 17 referring to fields of work in which the CoR could be helpful for regional/local institutions included no ready-made answers. Most frequently mentioned were advice in administrative procedures, training courses for civil servants, the establishment of an international communication network about questions of sub-national government, the provision of models for efficient regional and local government, advice on matters of cooperation between authorities at the national and the sub-national levels, regional planning and development, social matters, culture, health and environment.

Question 18 on the CoR's expertise according to policy fields was not precisely answered, due to insufficient knowledge. In general, the CoR was attributed expertise in all fields with a certain focus on "general and vocational training" as well as "structural and regional policy".

Question 19 referring to the "added value" of the CoR's work vis-à-vis the Congress of Local and Regional Authorities (CLRAE) was answered only by 8 respondents acquainted with both institutions; they stated that the CoR's strengths were mainly in the field of defining powers which should be transferred from the central to the regional and local levels, while CLRAE was rather focused on democratic practices.

H Turkey

1 Background

The two-tier system of sub-national administration is embedded in a tradition of administrative centralism. While components of self-government are present at both the regional (provinces) and local (villages, municipalities, metropolitan municipalities) level, municipalities and metropolitan municipalities are in practice the only territorial-administrative bodies where sub-national self-government is efficiently executed and has developed in recent years. Development of self-government at the regional level meets stronger opposition mainly due to ethnic minority issues.

2 Results of the questionnaire

2.1 Technical remarks

The author responsible for Turkey personally contacted 80 persons and received the answers via interviews. The respondents comprised 22 members of the Turkish Grand Assembly, 13 civil servants working in ministries, 17 civil servants working as representatives of the state in provincial administrations (9 at the province [il], 8 at the upper district [ilçe] level), 6 mayors of municipalities, 11 members of the board of representatives of municipalities, 10 civil servants working in municipalities, 1 head of a village [mukhtar]).

The deputies interviewed reflect the spectrum of political parties in the Grand National Assembly of Turkey: Milliyetçi Hareket Partisi (National Movement

Party) - 6 deputies; Demokratik Sol Parti (Democratic Left Party) - 5 deputies; Doğru Yol Partisi (True Path Party) - 3 deputies; Adalet ve Kalkınma Partisi (Justice and Development Party) - 3 deputies; Anavatan Partisi (Motherland Party) - 2 deputies; Saadet Partisi (Happiness Party) - 2 deputies; Toplumcu Demokratik Parti (Socialist Democratic Party) - 1 deputy; 1 independent deputy.

2.2 The internal role of the sub-national level

Question 1: 45 respondents out of 80 found the current structures of local representation quite sufficient to meet the interests of local governments at the national level, whereas 35 found it totally insufficient. These results were predictable if one takes into account that almost all who found local representation “sufficient” were deputies in the Grand National Assembly of Turkey representing central right parties, or civil servants working for the central government. Those who considered local representation “insufficient” were either deputies affiliated to pro-Islamic parties like Saadet Partisi (Happiness Party) and Adalet ve Kalkınma Partisi (Justice and Development Party), parties on the margins of the current political system, or persons, who worked in local governments. The voice of persons working in local governments should be taken most seriously in this context, since they are the ones suffering from the current system. According to them, a reform should take place in local governmental legislation and policies; power of the central government over local governments should be trimmed; participation of citizens in decision-making processes should be legally founded.

Question 2: Out of 80 respondents nobody opted for more centralised political structures. The answers were 50:50 for either “more decentralised” or “no

change necessary". Those who were in favour of devolution justified their opinion by statements like "disadvantages of extreme bureaucracy", "democratic needs", "participation of local inhabitants", "estrangement of central government civil servants from the public", "better control of local financial resources". Those claiming that no change was necessary supported views such as "capital and expert knowledge needed for public service are more efficiently provided by the central government than by local governments", "central government provides for cheaper and more efficient public service than local governments", "decentralisation promotes inter-regional rivalries that create an unbalanced distribution of financial resources and public services", "central government ensures impartiality vis-à-vis regional influences and pressures".

Question 3: 46% of the respondents opted for more executive powers for municipalities, whereas nobody favoured more executive powers for regions. 14% of the respondents opted for less executive powers for municipalities, whereas nobody wanted to have less executive powers for regions. "More powers for regions" was considered to promote "separatist policies" by almost all respondents, regardless of their backgrounds. No respondent advocated legislative powers for regions or municipalities. Almost all asserted that Turkey was a unitarian state and that central legislative power and legislation cannot be delegated to any other authority, but must rest with the Grand National Assembly of Turkey. One respondent claimed that the system should be politically, administratively and legally changed with the goal of delegating legislative power to local governments. The "threat of separatism" was mentioned by a vast majority of respondents, regardless of their backgrounds.

Question 4: No respondent mentioned a policy field where regions should have stronger powers. As regards the local level, stronger powers were demanded for management of financial resources, housing, health, education, foreign investment promotion. Furthermore, clarification of overlapping competences of various public authorities was called for.

Question 5: 4% of the respondents did not answer the question. 13% of the respondents stated that sub-national participation in the decision-making process at national level in European issues was sufficient, whereas the remaining 83% asserted that it was not sufficient at all for local authorities. Almost all those who answered “insufficient” mentioned the fact that it was totally a matter for the central government to make policy and to take decisions about European issues. There was criticism of the fact that participation in decision-making processes was neither encouraged nor legally regulated by the Turkish system.

Question 6: Cross border cooperation with partners in EU Member States was vastly preferred (66%) by respondents who answered this question. No other channels or strategies were offered. 22 respondents, however, asserted that they opposed EU accession. 7 other respondents expressed their frustration about the slowness of Turkey’s progress towards EU membership.

Question 7: Regarding the status of preparation of sub-national authorities for the EU, out of 80 respondents, 12 did not answer the question at all asserting that they were against Turkish accession. Out of the 68 who answered, 17 agreed that administrative structures were quite sufficient at the national level, whereas 51 claimed that administrative structures were insufficient at national level. Out of the 68 persons who answered, 13 considered administrative structures at the

municipal level quite sufficient, whereas 55 considered them totally insufficient. Out of the 68 who answered, 4 stated that economic jurisdiction was sufficiently prepared at the national level, whereas 64 claimed that preparation for economic jurisdiction was totally insufficient at the national level. Out of the 68 who answered, nobody was of the opinion that economic jurisdiction was sufficiently prepared at the municipal level, whereas 68 claimed that preparation for economic jurisdiction was totally insufficient at the municipal level. Competitiveness at the national level was almost a matter of consent: almost all respondents regarded Turkey as insufficiently prepared. As regards protection of minorities, answers were given only for the national level; almost 50% claimed that Turkey was sufficiently prepared, while the other 50% were of the opposite opinion. No answers were given in regard to regions.

Question 8: Only 3 of the respondents supported the view that EU financial programmes decisively enhanced the political and economic development of sub-national entities in Turkey, while the remaining 77 refused to answer, pleading a lack of knowledge in this respect.

2.3 Inter-regional and cross-border cooperation

Question 9: The question as to whether regions should participate more actively in transnational networks was not answered by any of the respondents. Almost all of the respondents, however, argued that municipalities should participate more actively in transnational networks. Members of local administrations in particular were remarkably enthusiastic for such an option. Most of the municipal members mentioned their current ties and expressed their wish to develop these relations further.

Question 10: Except for 12 respondents, who explicitly expressed their opposition to EU accession, two main problems in the context of future representation of regional and local interests at European level were mentioned by almost all of the remaining respondents: lack of financial resources of the local governments in Turkey to run own offices and to employ staff in Brussels; restrictions in representation due to legal provisions at the national level. No additional problems were mentioned.

Question 11: Except for the 12 respondents, who explicitly expressed their opposition to EU accession, all of the remaining 68 respondents ticked all four options as being of high importance.

Question 12: When asked whether cooperation of regional/local authorities in Turkey with other regional/local authorities in Europe would increase or reduce existing conflicts between them and the national level in Turkey, apart from the 12 respondents, who opposed EU membership, a vast majority of the remaining respondents expressed their belief in a reduction of conflicts. Increased financial resources was the major reason given for such an assertion. Some respondents also based their view on the introduction of new legislation empowering local governments in accordance with EU standards. 2 respondents from the central government claimed that there were no conflicts between the central government and local governments.

2.4 The “Europe of Regions” in general

Question 13: When asked about connotations with the expression "Europe of the Regions", all respondents, except the 12 who opposed EU membership, ticked all

six options as strong connotations. “Reduction of regional disparities” was favoured most. No other connotations were mentioned.

Question 14: Except for the 12 respondents, who explicitly expressed their opposition to EU accession, almost all the remaining respondents expected highly positive effects in all fields offered by the questionnaire. There was some hesitancy about human rights/minority issues especially from respondents employed by the central government.

2.5 The Committee of the Regions (CoR)

Question 15: As regards the role and function of the CoR, it was mentioned that it should play an active role, especially in consultation of local governments and non-governmental organisations in applicant states, about EU procedures, programmes etc.

Question 16: When asked whether the CoR was a promising instrument to represent regional/local interests in the EU, 3 respondents answered positively in respect to municipalities, 12 respondents refused to answer the question by confirming their opposition to EU accession and 65 respondents pleaded a lack of knowledge on the issue.

Question 17: The question, as to which field(s) of work the CoR's support would be helpful for regional institutions was not answered by any respondent. In connection with municipalities, assistance in implementing EU programmes, financial assistance, culture, social matters, environmental issues were mentioned most frequently.

Question 18: Only three respondents answered the question about the CoR's expertise in policy fields. The three ticked all policy fields and attributed high expertise to the CoR in all fields.

Question 19: Only three respondents answered the question about the "added value" of the CoR's work vis-à-vis the Congress of Local and Regional Authorities (CLRAE). Representation of local interests in accordance with cultural and structural differences was mentioned by all of them as the major comparative value.

Question 20: No additional remarks were made.

I Summary of the survey

1 The internal role of the sub-national level

The ability of current structures of regional/local representation to meet the interests of sub-national units at the national level (**Question 1**) was considered differently in the individual countries:

- Respondents in Malta and Romania have a prevailing positive impression of the current situation. In both countries remarkable administrative reforms have been carried out recently, implementing self-government at the local level (Malta) and at the local plus regional (Romania) levels. First results of these reforms are already visible.
- In Turkey, Latvia and Lithuania, satisfaction with the current situation is limited, or positive and negative opinions are in balance, Lithuania being rather on the negative side. The two Baltic states have not yet found a satisfying solution at the regional level. In Turkey, respondents dissatisfied with the current structures refer exclusively to the local level, while the regional level is not a matter of discussion, although delegated state administration at that level prevails.
- There is no satisfaction with the current situation with Bulgarian and Slovak respondents. In Bulgaria, criticism refers mainly to the regional level without self-government; in Slovakia the latest reform of 2000-2002 is not yet completed.

Improvements proposed refer very much to the individual situation and can hardly be generalised.

Question 2 regarding preference for more centralised or more devolved structures resulted in all countries in a clear majority in favour of more devolved structures, although here and there, some declared “centralists” were among the respondents, and in Turkey half of the respondents opted for no change (of the rather centralised system). This strong vote for greater devolution was cast almost irrespective of the extent of satisfaction with the country’s current administrative structures. Obviously, in all countries devolution has still a considerable way to go. Among the motives put forward to support devolution, the most generally applicable and significant were that it would increase competition among regions, would provide for a more equal regional development, would push forward regional development, would bring more investments to the regions, would ensure EU structural funding in regions, would create a more democratic and transparent form of government, would bring administration closer to the problems and needs of the people, would mean greater efficiency, less bureaucracy, would make it easier to involve the local population into political decision-making, was an adequate means of mobilising the citizen’s participation in regional and local socio-economic development. Those who supported more centralised structures and advocated no change of rather centralistic systems argued most frequently that a balance between local self-government and state control was necessary, that local and regional authorities had not sufficient staff and financial capacities to fulfil their tasks adequately, that centralised government was cheaper and more efficient and that devolution would promote regional disparities and be less impartial. Some see also the danger of local and regional “feudalism”.

Question 3 about more or less legislative and executive powers for regional or local bodies was not answered by a substantial share of respondents in all

countries except in Turkey, which shows that it was partly not understood. This is also clear in the arguments supporting the relevant views. The answers to this question must therefore not be taken too seriously. What can be concluded is that throughout the countries in question, except Turkey, a further transfer of executive powers to the regional as well as to the local tier is advocated, while legislative power is considered by a strong majority to be the prerogative of central authorities. In Turkey nobody opted for more regional powers, which would be regarded as a threat to the unity of the state.

When asked to propose policy fields in which regions should have stronger powers (**Question 4**), most respondents mentioned regional development and regional planning, structural policy, administration of regional development funds and EU funds, investment policy, environment protection, higher education, technical infrastructure, protection of regional art, handicrafts and culture. In Turkey no proposal was made regarding the regional tier. With respect to the local tier, where there are substantial differences in surface area and population (the largest in Bulgaria and Lithuania), the most frequent proposals were local development, infrastructure, social matters (e.g. housing), health, environment protection, local territorial planning, primary and secondary education, public order, financial resources, investment promotion.

The question as to participation of regional and local authorities in European issues at the national level was sufficient (**Question 5**) was answered only by a small number of respondents. This may be interpreted to the effect that this question in most countries is not yet on the agenda of political discussions. A majority in all countries except Romania gave a rather negative judgement; the relative best, but still prevailing negative, was provided by the Lithuanian

respondents. In Romania, two almost equal groups of respondents, none of them corresponding to definite administrative levels or other categories, considered participation sufficient and insufficient, respectively. Slovak respondents remarked that the current reform will bring about improvements also in this respect. Possible improvements mentioned refer to better vertical communication, more active intervention by sub-national authorities, institutional mechanisms requiring the central government to consider proposals of sub-national authorities.

Having been offered a choice of four strategies to strengthen the position of regional/local authorities within the EU, or to propose other strategies (**Question 6**), a majority of respondents in all countries except Lithuania and Slovakia preferred the strategy of interregional/cross-border cooperation with partners in EU Member States, while a broad coalition at the regional/local level as well as cooperation within the CoR, attracted the least support. In Lithuania, interregional/cross-border cooperation with partners in other applicant states for EU membership was the most frequent choice. In Slovakia a larger number of respondents mentioned first and foremost cooperation at the regional and local level within the country as the best means of strengthening the position of regional/local authorities within the EU.

Question 7 covered the status of preparation of the individual territorial-administrative levels for EU integration in respect to administrative structures, economic jurisdiction, competitiveness and minority protection. Many failed to reply to it. A typical reply is that the national level (except in Turkey) is considered to be prepared, while sub-national levels (except for administrative structures in Romania and Slovakia, economic jurisdiction in Romania and

minority protection in all relevant countries) are seen as predominantly ill-prepared. In countries with substantial minorities (Romania, Latvia, Lithuania, Slovakia, Turkey; Bulgarian experts did not answer to this question), views on minority protection vary: while it is considered to be well-prepared for EU accession at all administrative levels in Latvia and Romania, Lithuanian respondents admitted that the status of preparation was somewhat weaker at the sub-national levels, and a majority of the Slovak experts found minority protection ill-developed at all administrative levels. Turkish respondents answered this question only for the national level and were equally divided in their opinions.

Question 8 on the effect of EU financial programmes like PHARE on the sub-national level attracted a wide range of answers. While the vast majority of respondents in Bulgaria, Romania and Slovakia talked of very positive effects on the political and economic development of the regional as well as of the local level, in Malta, Latvia and Lithuania the vote was quite the opposite; Latvia, did however regard the effects on the regional level as rather strong. In Turkey most respondents did not answer to this question due to a lack of knowledge.

2 Interregional and cross-border cooperation

A clear majority of respondents in all countries except Turkey supported more active participation of the regional as well as of local level in transnational networks (**Question 9**). None of the 80 respondents in Turkey replied to this question as regards the regional level, while a vast majority opted for more active participation of the local level.

To the question for main problems that could arise in the future representation of regional and local interests at the European level and the 4 options offered by the questionnaire (**Question 10**), the most frequent response was “lack of financial resources of the regions/communes to run own offices and to employ staff in Brussels” (majorities in Latvia, Lithuania, Malta, Turkey) followed by “complexity of structures and mode of decision-making procedures” (majorities in Bulgaria, Latvia and Slovakia, in Latvia together with the other response) and “no individual contacts to spokesmen in European institutions” (majority in Romania). “Restrictions in representation due to legal provisions at the national level” were only considered as a problem by a majority of the respondents in Turkey and by a small minority of respondents in Lithuania. In addition to the ready-made answers, in Bulgaria the “excessive will of regions and communes to be represented by national authorities”, in Latvia “not enough knowledge how to lobby regional and local interests”, “insufficient information on European institutions”, in Lithuania “lack of competence and experience” and in Slovakia “the risk of excessive bureaucracy and corruption” were mentioned as main problems.

Question 11 asked respondents to qualify the importance of interregional and/or cross-border cooperation for political efficiency, economic efficiency, democratic efficiency and the integration of minorities; there was unanimity that interregional and/or cross-border cooperation had importance for all of these fields. A certain focus on economic efficiency and democratic consolidation was observed.

Question 12 asking whether cooperation of regional/local authorities in a country with other regional/local authorities in Europe will reduce existing

conflicts between regional/local authorities in this country and its national level was also difficult to understand and certainly misinterpreted by many respondents. Except for Lithuania, where a majority of respondents expected rather more conflicts, or was at least sceptical, a majority in all other countries felt that conflicts would be reduced. It was argued that the national level will then better understand the problems of regions, that the regions will then be able to benefit from the experience of other regions in Europe, that tolerance will increase, the exchange of experiences will help to develop “political culture” and that sub-national authorities will then have more financial resources. Those who felt that conflicts will increase (more widespread among Lithuanian respondents only) argued that the national and regional level did not have the same interests and that the national level will not accept losing power and influence in/on economic decisions.

3 The “Europe of Regions” in general

The term “Europe of the Regions” (**Question 13**) was by most of the respondents closely linked with “political decision-making close to the citizens”, followed by “reduction of regional disparities”. Among the other connotations offered by the questionnaire “strengthening of competitive regions”, “counterbalance to tendencies of centralisation” and “more cultural pluralism” were accepted to a higher extent, while “growing complexity of European politics” found a majority only in Bulgaria. Additional connotations mentioned by the respondents were the “loss of regional and local identity”, “unification of Europe in a common space” and “informal regional network”.

Positive effects from a "Europe of the Regions" (**Question 14**) were expected in all policy fields offered by the questionnaire, with a certain focus on structural and regional policy, transport and employment. In Turkey, the least positive effects are clearly expected in the field of human rights/minority issues.

4 The Committee of the Regions (CoR)

Knowledge on the CoR is not really widespread, especially not among players at the lower sub-national levels. This had a certain impact on the results of this section, which may, on the one hand, be classified as well-balanced and undecided, on the other as "polite".

To **Question 15** regarding the potential and desirable role and function of an institution like the CoR, four major groups of roles or functions were highlighted:

- political representation: spearhead of regional and local interests at the EU level, focal point for local government within the EU;
- information provider: e.g. dissemination of information on the EU, on devolution;
- consultative function: e.g. in administrative reforms and legislation, in harmonizing legislation, support with the implementation of the *Acquis communautaire*;
- practical policy: e.g. initiating and developing interregional/inter-communal and cross-border cooperation, a role in regional and structural policy, allocation of EU funding to regions.

Whether the CoR was a promising instrument to represent regional/local interests in the EU (**Question 16**) was in general answered very positively. But answers also show that the CoR has a better image as regards representing the interest of regions. Turkey provided the vast majority of the large number of non-respondents.

Question 17 and **18** referring to fields of work in which the CoR could be helpful for regional/local institutions and to fields of the CoR's expertise received answers similar to those quoted with Question 15. In Turkey most of the respondents refused to answer, especially as regards the regional level.

The question for the "added value" of the CoR's work vis-à-vis the Congress of Local and Regional Authorities (CLRAE) (**Question 19**) was rarely answered to the point, due to a lack of acquaintance with both institutions. Those, who could compare saw comparative advantages of the CoR with advice tendered on the basis of sound and broad information, with expertise in the field of devolution of powers to local authorities and in the field of defining powers which should be transferred from the central to the regional and local levels; CLRAE was seen as being focused on democratic practices.

CHAPTER IV:
THE “EUROPE OF CITIES AND REGIONS”
CONCLUSIONS AND SOLUTIONS

A IDENTIFICATION OF PROBLEMS

1 Introduction

Compared to the first study on the Czech Republic, Estonia, Hungary, Poland and Cyprus, the countries analysed in this study are more diversified in terms of historical and cultural traditions. While Latvia, Lithuania, Slovakia and to some extent Romania belong to the Central European and in a wider sense West European “historical landscape” (a term created by the geographer Friedrich RATZEL), the extra-Carpathian parts of Romania as well as Bulgaria are based on Southeast-European, Byzantine traditions. Turkey as the core region of the former Ottoman Empire and Malta as a country at the crossroads of the Mediterranean with strong British influence in a rather formative period are in any case parts of other “historical landscapes”.

This divergent affiliation to “historical landscapes” has an important meaning not only for societal structures and economic development, but also – more important in this context – on political systems and political “cultures” up to the present day. What was added in this respect in the Communist era in some of the countries in question (Latvia, Lithuania, Slovakia, Romania, Bulgaria), could only accentuate pre-Communist structures, but neither eradicate nor modify them decisively.

From late medieval times up to the advent of the Industrial Age and the rise of the Nation State idea, concerning the countries of this study, only (the coastal, Teutonic Order and Hanseatic) parts of modern Latvia and Lithuania, smaller parts of Slovakia (the Spiš region) and Romania (historical Transylvania)

adhered more or less to the “Western” model of society characterised by an equilibrium of state, church, nobility and independent cities (bourgeoisie) as the most important political players.

The rest of the contemporary territories of modern Latvia, Lithuania, Slovakia (as a part of Hungary at that time) and Romania were subject to societal systems, in which nobility and gentry played the dominant role, while the State was not as powerful, and the bourgeoisie played only a marginal role.

In modern Bulgaria, then part of the Ottoman Empire, and modern Turkey, the core area of this Empire, the State, twinned in power with the religious authorities, was neither challenged by nobility, nor by independent cities.

The same situation prevailed also in Malta, as long as it was under the rule of the Knights of the Order of Saint John.

The rise of the nation state idea in the 19th century and the actual implementation of nation states by the interwar period in East-Central Europe, Southeast Europe, as well as in Turkey, meant in general a strengthening of the position of the state at the expense of the nobility and the church, leaving cities and other sub-national interests in a subordinate and marginal position. In Malta, the rule of the British Empire had similar effects.

Even more than in the countries analysed in the first study, the political and societal systems of the countries subject to this study have been shaped by a long and continuous tradition of centralism as far back as the pre-Communist era. While among the countries highlighted in the first study, the Czech

Republic and Slovenia are examples of devolved pre-Communist traditions, there is no exception of this kind among the countries analysed in this study. All of them were centralised states even before World War II. Communist state, party and economic centralism added only further aspects. Turkey and Malta kept state centralism throughout this period. Thus, it is not only the legacy of the Communist system that also the current drive for regionalisation and decentralisation shows "top-down"-features. National ministries for regional affairs are the usual setting for regional policy in the transition countries in question, but also in Malta and Turkey. On the contrary, a long term review of regional policy in West European countries shows that the more the regions are able to act as political subjects within the national context, the better a regional balance has been achieved. Looking at the map makes it obvious that the countries organised as federations have the most balanced ("polycentric") spatial structures.

Divergences in political culture between some of the countries covered this study and the countries analysed in the previous study were expressed in a prolonged domination of post-Communist parties in the political scene of the 1990s (Romania, also Lithuania), of most heterogeneous political alliances (Bulgaria) or of parties dominated by a charismatic "leader" (Slovakia). Major importance for political culture and performance may also be attributed to the economic gradient falling from the West towards the Southeast. It finds Bulgaria and Romania in the most unfavourable position compared to the other countries analysed in this study.

As a consequence of this cultural and political heterogeneity, the degree to which, and the way by which, a regionalisation and devolution of the political-

administrative system can be achieved must be a very individual and self-reliant task. No general idea of these evolutionary processes should be pursued. There is neither a political possibility nor justification for imposing certain models. However, some requirements will have to be met. Establishing regional authorities should guarantee the improvement of the (minimum) conditions for (a) the appropriate regionalisation of spatial information (in some countries the process of upgrading regional statistics already has been started), (b) the mobilisation of regional initiatives (as a source of regional development and as a basis for regional participation as well), and (c) the implementation of EU regional policy structures and procedures (partnership, programming, co-financing).

Apart from these divergences, most problems in the context of devolution and regionalisation identified in the first study related to the post-Communist countries of East-Central Europe are also apparent in the post-Communist countries analysed here; many of them are typical also for Malta and Turkey. Since these problems have been presented *in extenso* already in the first study, it is considered to be sufficient to list them briefly here when they are significant also for this group of countries - in some cases by hinting at specifics.

At first, however, the major problem fields in the opinion of the authors of this study will be identified, in addition some more specific problems, not so much highlighted by the first study.

When this listing of problems gives the impression of an unduly critical approach, it must at the same time be recalled that administrative reform started

only some years ago under difficult social and economic conditions and is not yet completed.

2 Major problem fields related to decentralisation and regionalisation

The analysis of the current territorial-administrative systems and the survey of representatives of national, regional and local authorities as well as experts have revealed that the main problem fields common to almost all countries in question are:

- the danger that devolution and regionalisation will exacerbate spatial and interregional socio-economic disparities;
- the lack of capacities manpower of an adequate professional level in sub-national administration, especially at the local level;
- harmonisation of regions with regional identities and functional spatial structures;
- implementation of a NUTS-2 level, which is not only a basis for eligibility for EU Objective 1 funding, but has its own role in the framework of devolution and regionalisation;
- share of functions and tasks between the regional and local levels.

It is necessary to overcome these problems in order to support devolution at the sub-national and national levels, weaken the arguments of “centralists” and to make devolution and regionalisation a goal of the countries themselves, rather than a matter of compliance to an external demand in the context of European integration and EU enlargement.

2.1 The danger that devolution and regionalisation will promote spatial and interregional socio-economic disparities

Spatial and interregional socio-economic disparities have always been more accentuated in the eastern parts of Europe than in the West, have to some extent been smoothed out by the Communist policy of disparity equalisation, but have again been exacerbated after the fall of Communism and by the move towards the market economy. Currently, the gap between “winner” and “loser” regions is widening dramatically. This is true even more for the post-Communist countries analysed in this study than those in the first. This is also true for Turkey, albeit not to a remarkable extent for Malta.

While metropolises and other large cities and their catchment areas, western border regions and some regions benefiting from tourism are the “winners” in this process, the large rural areas, as well as old and Socialist-type industrial and mining regions are the major “losers”. It is therefore no surprise that the representatives of larger cities and of economically prosperous regions figure among the major driving forces of devolution and regionalisation in their countries. They can rely on sufficient income from own local or regional resources and do not depend on transfer payments from the State or on horizontal mechanisms of fiscal equalisation. Being able to channel an ever larger share of tax and other public revenues into their own budget makes them independent and enables them to do more for their own city/region which in turn exacerbates disparities.

An important aspect of the instruments that may be used to manage economic development and even out regional disparities is therefore the redistribution of

income between the central and the regional and local levels. It may be taken as a rule that the more financial independence is granted to the regional and local authorities, the more they will be able to act as part of a self-reliant region. But when the distribution procedures for transfer payments from the state to regions and local administrative units does not respect socio-economic indicators adequately and when there are no horizontal fiscal equalisation mechanisms , socio-economic disparities will grow and devolution and regionalisation will be regarded by a majority of the population as well as by a majority of political players as benefiting “the rich”.

In fact, it is rather doubtful, whether any of the current systems of transfer payments from the state to sub-national authorities in the countries in question do consider socio-economic disparity equalisation sufficiently. All of them have been implemented very recently and it is too early to assess their positive or negative effects. But it is evident that by keeping an ever smaller share of tax income in the state budget, the state's capacity to support disadvantaged regions and local authority areas remain stable only if the reduced share in tax revenues is compensated by the growth of GDP. Horizontal fiscal equalisation machinery exists so far only in Latvia and appears to be functional.

2.2 Lack of manpower capacities of an adequate professional level in sub-national administration

Insufficient training and professional qualification in sub-national administration, especially at the local level, is one of the most frequent arguments used by “centralists” and certainly a strong barrier to devolving functions and powers from the state to the sub-national levels.

Institutions of the central governments, associations of sub-national administrative bodies as well as political parties are closely involved in improving this situation by offering training courses and establishing institutions or directing studies in this field. But financial shortages and demographic exodus, in particular brain drain, are severe obstacles especially in rural and smaller administrative units.

The lack of experts at the local and regional levels also hinders a wider participation of these levels in EU pre-accession programmes, since this depends on the adequate projects being drafted.

2.3 Harmonisation of regions with regional identities

Regional identity is a major factor for having a region and its authorities accepted by its population, for making its inhabitants commit themselves to common regional goals, in essence: for making the engine of a region run, for making it sustainable and more than a historical blip.

In essence, regional identity is cultural identity. This means that it matters whether an administrative region coincides with a historical or cultural region which had some kind of political autonomy in the past, in which certain traditions and a common consciousness have evolved. These traditions and this common consciousness may be connected with a certain ethnic or religious community specific for this region, but regional identity may also be based on a multi-ethnic and multi-denominational structure and thus be a proof of being stronger than ethnic, national or religious identities.

Among the countries in question, in Latvia, Lithuania, Romania and – curiously enough – Malta, distinct regional identities in this sense exist, while in Slovakia, only some parts of the country have regional identities and in Bulgaria and Turkey regional identities in the sense of cultural identities are practically non-existent.

But in contrast to Poland, analysed in the first study⁹³, none of the recent territorial-administrative reforms from Latvia to Malta have utilized regional identities as a potential for region building so far, even though, e.g., the Latvian constitution mentions the cultural regions as the country's principal components.⁹⁴

In Latvia, the four cultural regions Kurzeme, Zemgale, Vidzeme and Latgale contrast with a territorial-administrative regional level of 26 districts and 7 "Republic Cities"; in Lithuania the four cultural regions Zemaitija, Aukštaitija, Suvalkija and Dzūkija are split at the regional level into 10 counties; in Romania the seven cultural regions Banat, Crişana-Maramureş, Transylvania, Moldavia, Muntenia, Oltenia and Dobruja are subdivided by a system of 41 counties, and in Malta a regional administrative level has not yet been established.

Encouragement and hinting at the potentials of regional identity by the CoR and other European institutions would be very helpful in this respect. The argument that regionalisation respecting historical and cultural identities would promote

⁹³ The other two countries with distinct regional identities and analysed in this first study, the Czech Republic and Slovenia, have not (Czech Republic) or not yet (Slovenia) utilized this potential.

⁹⁴ The Czech constitution refer to Bohemia, Moravia and Silesia in a similar way.

national autonomism and even separatism can be countered by the fact that self-governing regions supported by strong regional and cultural identities are less in “danger” of being manipulated by ethnic and national groups for their national goals, even when they form majorities or larger minorities in representative councils. If regional identity is strong enough, it will prevail over ethnic or national identities.

2.4 Harmonisation of regions with functional spatial structures

Another important aspect is the socio-economic coherence of a region, i.e. how it coincides with the centralist system and corresponds to the catchment area of the region’s central area, determinable by the flow of persons and goods. This is a criterion of rationality and economic effectiveness which, if taken as a guideline for the demarcation of regions, expresses itself in synergies of all kinds, for instance in the fact that it is the same centre and administration that decides on investment in different social and economic sectors and can do this in a coordinated and systematic way.

It is however true that the existing territorial-administrative system at the regional level in all the countries in question (Malta has not such a regional level so far) corresponds at the best to the meso-system of functional regions (so do districts in Latvia, counties in Lithuania, districts in Slovakia, counties in Romania, regions in Bulgaria, districts and provinces in Turkey), while the macro-system of functional regions, i.e. the regions gravitating towards larger cities, is in most countries not reflected by the territorial-administrative system at all (Latvia, Lithuania, Romania, Bulgaria, Turkey), or is at odds with it (Higher Territorial Units and regions in Slovakia).

Discrepancies are to be avoided. The establishment of a territorial-administrative system corresponding to functional macro-regions would be advisable for reasons of better coordination in regional planning and disparity equalisation at the sub-national level. Territorial-administrative units corresponding to functional macro-regions would in all countries except Malta (because of its small size) also be the best frameworks for EU structural funding at the NUTS-2 level.

2.5 Implementation of a NUTS-2 level for Objective 1 structural funding

While so far only Poland has set up a territorial-administrative self-governing level covering the functions of NUTS-2 (the new system of 16 voivodships), some of the other applicant countries have tailored their NUTS-2 structures rather in line with the Czech and Hungarian model, i.e. they have created a layer of “planning”, “statistical” or “development” regions, which are not legal persons or territorial-administrative units; others have not even implemented such structures.

In Latvia “planning regions” coinciding with the cultural regions have been established, but they correspond to the NUTS-3 layer, not to NUTS-2. In Lithuania, nothing of this kind exists and the same is true of Turkey. In Malta, the creation of a regional administrative layer is just in the first stage of discussions, but when it is set up, it will correspond to NUTS-3 at best. Slovakia and Bulgaria have implemented planning regions at the NUTS-2 level by decree of the central government merging several administrative regions for the purpose of regional development and regional statistics. These are structures of

delegated state administration and are designed to provide the prerequisites necessary for EU Objective 1 funding.

So far, the only devolved NUTS-2 structure in the countries in question has been established in Romania. The eight Romanian development regions bringing together several counties each have been shaped according to the intentions of the self-governing counties and are administered by delegates from county and local authorities. Thus they are formally independent of the central state administration. But they are neither legal persons nor a territorial-administrative layer of their own; they are just voluntary associations of counties for the purpose of regional development and EU structural funding. They are also at least partly not in line with functional macro-regions, which questions the efficiency of regional planning.

The Romanian example, although clearly the most advanced in terms of devolution, demonstrates impressively the problems which arise, when the functions of the NUTS-2 level are not put in the hands of a self-governing territorial-administrative layer in its own right (as in Poland), but are assumed by a system which has only functions delegated by sub-national self-governing authorities:

- This system is politically weak compared to self-governing sub-national authorities, since only the latter can proclaim democratic legitimacy.
- In the event of clashes between the interests of the democratically legitimate sub-national authorities and this system, the system which has only delegated functions has always to give in.

- Lacking political power of its own, it is also in too weak a position to raise sufficient funds to run its own institutions, or to exercise coordinating functions between sub-national authorities on its territory.

To modify such a system, once it had been established, or to elevate it to the level of a territorial-administrative layer in its own right, is again difficult, since such an attempt will on the one hand meet the fierce resistance of self-governing authorities at the sub-national level benefiting from its dependent position and will on the other have the consequence that administrative and economic institutions, which have in the meantime been allocated according to this system, must be changed accordingly.

2.6 Share of functions and tasks between the regional and the local level

With basic territorial-administrative reforms like these carried out or not yet completed in most of the candidate countries, it is obviously a major problem to define a practicable share of functions, tasks and resulting powers between the different tiers of sub-national self-government. The optimum balance depends also on variables like size of the country, sizes of sub-national units, population density, settlement structure and economic structure, administrative traditions, and thus varies from country to country.

Size and shape of sub-national units must not be the starting point, but could also be tailored according to their pre-defined functions in such a way that the maximum number of functional territories, like policy districts, fire districts,

election districts, statistical districts, health and social care districts, school districts would coincide and thus make for a rational and efficient system.

2.7 Horizontal networking

Considerable efforts have to be undertaken in most of the countries in question to arrive at a situation in which sub-national governments are able to actively pursue and influence the economic development processes positively. These efforts could also be supported by following good practice examples within the European Union in establishing and promoting networks of small and medium sized towns.

During the Communist era, networks between towns were hierarchical and related to the manufacturing sector as well as to administrative and public functions, such as education and health care. These forms of networking have progressively disappeared during the transition period as the cities moved towards greater functional self-sufficiency. Now a need is felt for more horizontal forms of networking, both within the countries themselves and at transnational and cross-border level. However, a significant lack of know-how and experience exists in this respect.

The overall aim of a new urban networking is to achieve synergistic advantages by developing cooperation and division of labour between cities and urban regions. The local government representatives are considered as the initiators of a networked system of cooperation, whereas the actual players in networking are not just the institutions of local governments, but universities, educational institutions, public and private companies, infrastructure enterprises, NGOs etc.

Networking makes it possible to gain benefits which could not be achieved by single or separate activities. Networking activities may concern issues like public services, urban technology, incubator centres, infrastructure development, environmental management, urban and regional planning, cultural and educational activities, tourism services etc.

Presently, local authorities are facing a number of serious problems, such as urban decay in old neighbourhoods and a recent rise in housing projects, growing crime rates, provision of infrastructure and services, management of environmental problems, prevention of illegal construction, management of the land market, management of sub-urbanisation, etc. Urban governance is in a process of transition. The structures inherited from the Communist era have disappeared, but have not yet been satisfactorily replaced by modern ones. The need to develop integrated urban management is obvious, but so far these have been poorly implemented.

Urban networking does not only make possible better achievements of urban governance but could rather promote – by organised exchange of experience concerning topical policy issues – the process of common learning and increasing know-how at local government level.

2.8 Sectoral problems

These are problems of a more sectoral nature. But their solution would also contribute to enforce decentralisation and regionalisation, would require consultancy by the CoR or international cooperation between relevant authorities in the EU and in candidate countries.

2.8.1 Finances

Transfer payments from the state to sub-national authorities should not depend on annual political decisions, but be a stable percentage of the state budget at least for years, depending only on the political decision on the overall budget. This regulation would involve making state transfers independent of fluctuating political and party preferences and neutralising changes in political majorities at the national level. More stable and foreseeable transfer payments would help sub-national authorities in long-term planning and in planning major investment.

Devolution of functions must be compensated by additional and adequate financing.

The right of sub-national authorities to own assets entails more financial flexibility.

2.8.2 Sub-national interest representation at the national level

The coordinating and lobbying function of associations of sub-national interest representation at the national level is essential for the position of sub-national authorities vis-à-vis the central government. Their establishment and work should be encouraged and supported. To strengthen their negotiating position, they should have official status based on statute law or the constitution.

2.9 Items highlighted already in the first study, but with high relevance also for Bulgaria, Latvia, Lithuania, Malta, Romania, Slovakia and Turkey

Self-government at the regional level has in the countries in question so far been established not at all, or only with delay, or balanced by delegated state administration. While Bulgaria, Latvia, Lithuania, Turkey and Malta do not have self-government at the regional level so far, regional self-government has been established late in Romania and Slovakia and is balanced by delegated state administration. In Romania this balance is established within the same territorial-administrative unit (county) by a council representing self-government and the prefecture representing delegated state power. In Slovakia, the very specific solution of two different territorial-administrative units responsible for the same territory has been chosen, of which one (the region) represents delegated state administration and the other (the Higher Territorial Unit, in operation from 2002 onward) regional self-government.

While control mechanisms and influence from the central level on the sub-national level are relatively well developed, there is little if any institutionalised influence of sub-national self-governing authorities on decisions taken at national level. The comparatively most favourable situations in this respect are in Latvia and Malta.

Representatives of sub-national self-governing authorities are insufficiently involved in preparations for EU accession.

Responsibility at the national level for sub-national self-government is split among various ministries and central authorities. The situation was worst in this respect in Slovakia, but will be improved during the current reform.

Local authorities are very dependent on transfer payments from the state.

Local territorial-administrative units are too small. This is true also for the countries analysed in this study, except for Lithuania and Bulgaria.

There is little vertical coordination of local, regional and national political strategies and goals.

Only partly integrated concepts for regional development exist.

Distribution of functions among the individual administrative levels is not yet clear enough.

Border regions play a special role in more than one respect: They represent areas of potential cooperation, sometimes supported by ethnic ties, thus creating special potential for growth in both countries. This enhanced potential sometimes leads to additional pressure on these regions, mostly on both sides of the border. This also gives rise to adverse reactions by focusing on the negative aspects of cross-border interaction, for example, increasing transport volume, outflow of purchasing power etc.

Cross-border cooperation is not yet sufficiently developed, but could function as a driving force for integration. It would be especially important and fruitful in

areas where relatively young borders have divided a former functional region or a region with a common cultural identity. Examples for such cases are the Banat (Romania, Hungary, Yugoslavia), Crişana-Maramureş (Romania, Hungary), Bucovina (Romania, Ukraine), Moldavia (Romania, Republic of Moldavia), Dobruja (Bulgaria; Romania) and Zemgale (Latvia, Lithuania). But unfortunately, with the exception of the Banat, cross-border cooperation is not really developed in these specific cases.

A network of operational cross-border cooperation schemes, accompanied by an organised exchange of experience would support the spatial integration of border areas.

It is perhaps too much to expect that cross-border cooperation would in principle considerably contribute to disparity equalisation. When socio-economically peripheral regions cooperate (as e.g. within the Euroregion Carpathians) and not one of the regions functions as an economic “engine” due to higher economic potentials or a larger, prosperous urban centre, cooperation will not have too many economic effects. The existence, however, of such an economic “engine” creates the problem that the centre’s gravitational zone will expand into parts of another country. This will arouse fears for national integrity with repercussions on the attitude of the central level of the other country involved in cross-border cooperation. As studies on the Romanian-Hungarian border regions show, economic relations across borders favour rather larger urban centres in the hinterland and even the metropolises than peripheral, economically backward regions along the border.

Direct cross-border cooperation with regions in EU members would, with the countries analysed in this study only be possible between Bulgaria and Greece. Regional or local cooperation across this border has however just started.

In contrast to the first study, the argument that legal restrictions by the state level would hinder cross-border cooperation at the sub-national levels was only mentioned in a few cases by respondents to the questionnaires (there was a larger minority in Lithuania). Slovakia has ratified the European Framework Convention on Cross-frontier Cooperation between Territorial Units and Bodies.

Negative effects of an extension of the Schengen Agreement on candidate countries must indeed be expected, especially as regards cross-border relations between ethnic and national groups. It is certainly advisable to consider mechanisms capable of smoothing its impact on neighbouring candidate countries.

When the candidate countries join the European Union, the new external border line combined with the Schengen-border regime will be accompanied by a return of serious restrictions on both sides of the new frontier, especially where traditional contacts exist (Hungary – Romania, Slovakia – Ukraine, Baltic states – Russia, Lithuania – Belorussia, Bulgaria – Macedonia).

The challenges for the new member countries caused by the implications of the EU's external frontier regime are not only an issue for support from the Community level, but also a primary topic for horizontal cooperation between the countries involved.

B DRIVING FORCES BEHIND AND OBSTACLES TO DEVOLUTION AND REGIONALISATION

This is a brief summary of driving forces behind and obstacles to devolution and regionalisation based on the country studies and the results of the questionnaire. We also list factors which have not explicitly been mentioned by the authors of the studies or the respondents to the questionnaire, but are nevertheless important in the opinion of the study editor. The sequence of listing corresponds roughly to the relative importance of the factors.

1 Driving forces

While items (1.1) – (1.5) and (1.8) are personal or institutional promoters, items (1.6) and (1.7) list factors or conditions conducive to devolution and regionalisation.

1.1 Cities and economically prosperous regions

Larger cities and economically prosperous regions enjoy all the benefits of devolution and must not be afraid of disadvantages. Due to their favourable position in the socio-economic transformation process, they have sufficient financial resources of their own to be financially independent. The less they are limited by nation-wide financial and other regulations, the more they can conduct their own policy. They also do not suffer from limited manpower resources in respect of administrative staff. Benefiting from inward migration and a brain drain from less developed parts of the country, they usually have well-trained and qualified civil servants who are very capable of, e.g., drafting

development programmes, raise funds, cooperating with enterprises and establishing international contacts and cooperation. Larger cities and prosperous regions play therefore usually the most active role in interest representation of sub-national self-government at the national level. This is most obvious in Romania and Lithuania.

1.2 The intention to comply with EU accession requirements

When asked about their vote in a possible referendum on EU accession of their country, 84% of the Romanians, 80% of the Bulgarians and 68% of the Turks would answer “Yes”. This is the highest level of support not only among the countries investigated in this study, but among all candidate countries.⁹⁵ Complying with the requirements of European integration and EU accession meets no major political objections in these countries. It is relatively easy for governments to introduce administrative reforms by using the argument of accession requirements. Support for EU accession is, however, much lower in Malta (40%), Latvia (47%) and Lithuania (51%).⁹⁶ But in these countries too, positive votes are at least in the relative majority.

1.3 Regional and local media

The diversification of the media landscape and especially the development of local and regional television and radio stations, in addition to local and regional newspapers, have created new conditions for “region building”, at least for the evolution of a regional (and local) consciousness among the population. Most of

⁹⁵ “Die Presse”, Wien, 19/3/2002, p. 6.

⁹⁶ “Die Presse”, Wien, 19/3/2002, p. 6.

the local and regional media advocate interests of their town and region, and some are even active supporters of devolution and regionalisation. Regional and local interest representation by the media is typical for Bulgaria and Turkey, but also for Slovakia. In Latvia and Malta the mass media in general pay special attention to regionalisation and devolution issues and are very helpful in conducting a wide public discussion on this matter. In Malta some of the media consider themselves as spearheads of subsidiarity.

1.4 Political parties rather of conservative and liberal directions

Within the spectrum of political parties from conservative to liberal, social democrat, communist, green to nationalist, the parties of a prevailing conservative or liberal tendency are usually the strongest advocates and drivers of devolution and regionalisation, if ethnic parties representing the interests of an ethnic minority are not taken into account. The concept of centralism prevails less with social democrats, but definitely with communist and post-communist parties. Nationalist parties represent the idea of a unitarian nation state. Green parties do not play a major political role in any of the countries concerned.

The pioneering role of Conservatives is most obvious in Malta, where the Nationalist Party (with a conservative programme) has so far been the main promoter of devolution. When it was in government, devolution proceeded. In Slovakia, the neo-liberal Democratic Party, the conservative Christian Democratic Movement and the Slovak Christian and Democratic Union, but also the Social-democratic Party of Slovakia were in the recent discussion on administrative reforms the most determined advocates of more devolution and

real regionalisation. In Lithuania, the Lithuanian Liberal Union and Lithuanian Centre Union are most committed to decentralisation.

1.5 Other political players

Apart from political parties and the media, those institutions with a certain role in society and politics are committed to devolution and regionalisation, which are themselves characterised by a regionalized and localised organisational structure, or by goals and interests of a regionally and locally diversified nature. This is mostly true for cultural associations, farmers' and fishermen's associations, but also for chambers of commerce. In Lithuania, e.g., the National Business and Employers Confederation is a strong advocator of local and regional interests in the economic field. It would be advisable to involve these potential and "natural" partners more closely into devolution and regionalisation efforts.

1.6 Coincidence of the territorial-administrative system with functional regions

When the territorial-administrative system of a country coincides with functional relations in the sense of the central area system, i.e. when the territory of an administrative unit roughly coincides with the catchment area of its urban centre, there is a strong case for devolving administrative planning including powers to this centre. This will contribute to harmonisation and better coordination of all societal and economic activities, i.e. result in remarkable synergetic effects.

While in Latvia the current regional tier of 26 districts coincides very well with functional relations, the planned 5 regions would not do so. In Lithuania the situation is similar: while the current regional tier of 10 counties is in line with functional relations, the 5 regions planned would not. In Slovakia the lower regional tier of 79 districts corresponds to the system of functional meso-regions, but the current upper regional level composed of 8 regions and 8 self-governing Higher Territorial Units deviates essentially from the pattern of functional relations. In Romania the current regional administrative level of 41 counties is very well adapted to the system of functional regions at the meso-scale, while the 8 Development Regions at the NUTS-2 level, which are not administrative units, do not correspond to functional relations. Also in Bulgaria, the current regional tier of 28 regions is quite in line with functional relations at the meso-scale, while the 6 planning regions do not correspond. In Malta, it would not be difficult to achieve regionalisation in line with functional relations. For Turkey an evaluation is not possible due to a lack of empirical studies on functional relations.

1.7 Regional identities coinciding with regional administrative structures

Regional identities expressing themselves in common cultural features (in a typical cultural landscape, in religious and linguistic specifics like dialects, eventually also in a specific ethnic composition, in traditional costumes, songs and food), in many cases due to autonomy, independence or affiliation to another state in the past, are a widespread phenomenon in the countries in question. Strong identities of this kind exist in Latvia, Lithuania, Romania and Malta, while Slovakia and Bulgaria lack do not have any regional identities

which could foster regionalisation. Regional identities with their symbolic values encourage the inhabitants of a region commit themselves to the community and to common goals. They help to understand devolution and especially regionalisation as a “natural” process. However, when they do not coincide with the current or the planned system of administrative regions (as in Latvia, Lithuania and Romania) and when they are not in line with functional regions (as in Latvia and Lithuania), they are not really helpful. Malta, where the establishment of regions is planned, would be in a position to use regional identities which are fairly in line also with functional relations.

1.8 Ethnic minorities not regarded as a threat to national integrity

When ethnic minorities are not regarded as a threat to national integrity by the central government and the state nation and do not prompt adverse reactions, when ethnic and cultural diversity is on the contrary regarded as an asset by the central government and the nation state, ethnic minorities become potential promoters of devolution and regionalisation, since self-government in local and regional administrative units, where they have a majority or a considerable share in political representation, helps them to create conditions for promoting their culture.

Since the rise of nationalism and the nation state idea, ethnic minorities have not frequently been welcomed by the central governments. This is especially true for Eastern Europe and the post-communist era. But there are signs of atmospheric changes, essentially supported by the prospect of EU accession and the need to adjust to European standards. A hopeful case in this context is

Romania after having signed the bilateral treaty with Hungary (October 1996). In recent years Romania has conducted a rather affirmative policy vis-à-vis its ethnic minorities including the largest, culturally strong and politically best organised group, the Hungarians. A recent (2001) act on multilingual sign-posts in all languages which are spoken by at least 20% of an area's population, is further evidence of this new and hopeful development.

2 Obstacles

This summary also highlights a blend of detrimental factors (2.1 – 2.5, 2.8, 2.9) and institutions (2.6, 2.7).

2.1 Tradition of centralism

All the countries investigated in this study are young nation states with a centralistic administrative structure from the beginning, shaped according to the French model. Even before they became independent, they were parts of centralist states: Latvia and Lithuania were part of the Soviet Union⁹⁷ and before that of Russia; Slovakia was part of the centralistic Hungarian Kingdom and later of the centralistic inter-war Czechoslovakia, the “Old Romanian Kingdom” evolved from centralistic structures under Ottoman sovereignty; Bulgaria and Turkey were part of the centralistic Ottoman Empire; Malta inherited the British model of administrative centralism.

⁹⁷ The Soviet Union was organised as a federation, but within the federative units (union republics) centralistic and top-down structures supported by the communist party structure prevailed.

In Latvia, Lithuania, Slovakia, Romania and Bulgaria, the Communist system contributed again to the preservation and even extension of centralistic attitudes. This makes it understandable that especially the elder population, the inhabitants of rural and disadvantaged regions, as well as disadvantaged strata of society in general address their expectations and wishes first and foremost to the centre and put little trust into subsidiary structures. Furthermore, better educated and younger people with international contacts have first to break a mental barrier before they take initiatives in favour of subsidiarity and sub-national self-government. The conviction that subsidiarity is superior to centralism has to grow slowly and must be proved by visible (economic) results.

2.2 Distinct and growing socio-economic spatial disparities

Transformation in the former communist countries has not smoothed out, but has generally exacerbated existing socio-economic disparities between regions. As a rule, metropolises and larger cities with good infrastructure, institutions of higher learning and research, western border regions with favourable external relations, as well as regions attractive for international tourism are gaining ground, while predominantly rural areas, old industrial regions and eastern border regions fail to keep pace. Lacking “economic engines” of their own, the latter regions depend on financial support from the state or on horizontal mechanisms of fiscal equalisation. In the post-communist countries, inhabitants and political elites have seen that devolution and subsidiarity means adjusting to ever declining transfer payments from the state and relying increasingly on own resources, which are not abundant. This does not enhance the popularity of these concepts and is seen as a negative aspect of devolution.

2.3 Distrust in ethnic minorities

When ethnic minorities are, in contrast to the positive development in Romania, regarded as threats to national integrity by the central government and the nation, they contribute to the formation of a mental barrier (with the central government and the state nation) to devolution. This is unfortunately still the case in most countries investigated, except Malta, which has practically no ethnic or religious minorities.

The most prominent case in point is Turkey with an estimated number of around 13 million Kurds⁹⁸, who are concentrated in the south-east of the country and have a share of about 20% in the overall population.

There is an obvious correspondence between the tendency to proceed carefully with devolution, while retaining the right to ascertain state control whenever necessary and the existence of ethnic minorities in Bulgaria and Slovakia. In Bulgaria, the ethnic minority of 9.4% Turks (1992) is not so much by its sheer number, but by its mode of settlement concentrating on two parts of the country, by its Islamic religion (in addition 3.7% Bulgarian Roma are Muslims) and by its association with the powerful neighbour Turkey considered as a threat to the country' integrity, and therefore also as a major obstacle to devolution, especially at the regional level. In Slovakia, the large (1991: 10.6%), culturally strong, politically well-organised and compactly settled Hungarian ethnic minority arouses similar apprehensions.

⁹⁸ PAN, PFEIL 2000, p. 169.

On a minor scale, the existence of compact autochthonous ethnic minorities hampers enthusiasm for devolution and regionalisation also in Latvia and Lithuania. In Latvia, the autochthonous ethnic minorities of 44% Russians and 6% Belorussian in the eastern-most cultural and planning region Latgale, in Lithuania the autochthonous Polish ethnic minority (6.9%) concentrated on the Vilnius county in the Southeast of Lithuania are objects of apprehension.

2.4 Lack of civil political participation

Devolution needs the involvement of pressure groups and the support of a wider public. When political participation of citizens confines itself to voting in elections, this is not enough. Efforts would be needed to encourage citizens to commit themselves to their commune and region. The involvement of the media in this respect is basic, but not strong enough in a majority of the countries in question. It would also be a task for neutral mediators to structure citizens' initiatives and to consult the local population and local political leaders on the basics of self-government. The strongest deficits in this context seem to exist in Bulgaria and Turkey.

2.5 Lack of qualified administrative personnel at the sub-national levels

Especially in smaller local administrative units and in rural areas, a lack of qualified staff hinders political initiatives and participation in development programmes. This is not only due to very limited financial resources, but also to the brain drain and eroding demographic potentials in general. Most of the central governments are already reacting to this situation and offer training

courses, often in cooperation with foreign and international institutions, but a decisive improvement will need some time.

2.6 Socialist, post-communist and nationalist political parties

Many of the socialist and post-communist political parties are still devoted to the socialist ideal of administrative centralism. In more practical terms they are also afraid of widening social and spatial disparities by pressing ahead with devolution. Nationalist parties cling to the idea of the unitarian nation state.

Both attitudes have become most apparent recently in Slovakia, where the national-populist Movement for a Democratic Slovakia (Mečiar) and the social-populist “Smer”, as well as the nationalist Slovak National Party acted as defenders of the centralistic structures in the reform debate. In Romania, the Party of Greater Romania advocating the unitarian nation state had the second-highest vote in to the last elections, but is not a part of the current government.

The current performance of governments under socialist and social democratic domination or participation in Lithuania and Romania, however, are rather examples which run counter to the above mentioned thesis that socialist parties were in principle obstacles against devolution.

2.7 Other political players

In contrast to Western Christianity (Catholicism, Protestantism) and in a way also to Islam, Orthodox Christianity is rooted in national churches which view themselves as strongholds of the nation and closely associated with the (nation)

state. In the spiritual and cultural sense, they are preservers of the unitarian national heritage and provide or at least support, the mental pattern of centralism. In a way, they also cultivate the perception of a “glorious history”. This may not have too much of a meaning in practical policy (direct political influence of the churches on certain measures), but has to be taken into account as an important concept in the wider background.

Cases in point are Romania and Bulgaria, where the national Orthodox churches have exactly these functions.

2.8 Lack of regional identities

When a country lacks regional identities, an important driving force for regionalisation is absent. This is true for Slovakia, where only smaller parts of the country have cultural and historical identities and a nation-wide regional administrative structure cannot be based on regional identities. This is also true for Bulgaria, where regional identities are at the best embryonic.

2.9 No correspondence between cultural and functional regions

When cultural regions in the sense of a common historical heritage and functional regions in the sense of catchment areas of urban centres do not coincide, it is difficult to build regions which are at the same time functional and widely accepted. Such an unfortunate situation exists in Latvia and Lithuania, where the respective five and four cultural regions do not correspond to functional regions.

C RECOMMENDATIONS FOR THE WORK OF THE COMMITTEE OF THE REGIONS

The results of the *survey* show that knowledge about the CoR is not really widespread, especially not among players at the lower sub-national levels. On average it is certainly lower than in the “first wave” enlargement candidate countries. But those who are acquainted with the CoR and its work display high appreciation and invest high expectations in cooperation with the CoR. As the potential and desirable role and function of an institution like the CoR, four major groups of roles or functions were highlighted: **(1) political representation:** the CoR should be the spearhead of regional and local interests at the EU level, a focal point for sub-national self-government within the EU; **(2) information provider:** the CoR is to disseminate information on the EU and on sub-national interest representation at the EU level on the one hand and know-how on devolution and self-government on the other; **(3) consultative function** in administrative reforms and related legislation, in harmonizing legislation on sub-national administrative structures at the international level, support with the implementation of the *Acquis communautaire*; **(4) consultative function** in sub-national practical policy: e.g. with developing inter-regional/inter-communal and cross-border cooperation, with the implementation of regional and structural policy, with the allocation of EU structural funding to regions.

Apart from these expectations of national experts, as a conclusion from this study, the following is recommended for the further work of the Committee of the Regions. Many of these recommendations are in line with the findings of the

first study on the Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus.

(1) With a view to enlargement and given the need to integrate a growing number of sub-national units into the work of the CoR, it is recommended to tighten up the rules on sub-national interest representation on the CoR.

Political weight expressed by voting in the CoR should be balanced between authorities of self-government at the regional level and authorities of self-government at the local level. This means that the sum of votes cast by the delegates of the local level of a certain country would have the same weight as the sum of votes cast by the delegates of the regional level, provided that both categories of delegates are directly or at least indirectly elected. Should a third self-governing territorial-administrative level exist (as in Poland), this rule has to be extended also to the third level. This means that within a given country the votes of the three self-governing levels would have the same weight.

Sub-national authorities without self-government should have the chance to be represented in the CoR, but without the right to vote. If a country does not have self-governing authorities at the regional level, the right to vote would be confined to delegates of the local level.

Such a rule would in cases of self-government at both the local and regional level avoid political domination of the local level, which is usually much larger in numbers, but not necessarily more important in terms of subsidiarity, than the regional level.

To confine the right of voting to delegates from self-governing authorities means in the first line to promoting self-government also at the regional level, but also to excluding the representation of central government interests. Looking at most of the candidate countries and all the more on their “second wave”, this seems to be very necessary. While at the local level, exclusive self-government is implemented in all countries in question, the regional territorial-administrative level is in most of the countries of the “second wave” still exclusively (Bulgaria), predominantly (Lithuania, Turkey) or partly (Slovakia, Romania) a matter of devolved state administration. Only in Latvia regional authorities (district councils) represent in principle pure self-government, but are not directly elected by their population. In Malta so far no regional tier exists.

While a balance of political representation of the individual levels of sub-national self-government is considered important in order to avoid a dominance of the lower levels by their sheer number, it is at the same time considered as an essential advantage that the CoR combines the representation of local and regional levels. Both levels are closely related, are in some countries interlocked (Latvia) and have a lot of common interests to represent at the relevant national levels, as well as in Brussels.

(2) Apart from the mode of political representation in the CoR, it is in general considered to be an important CoR task to support the rather underdeveloped state of regional self-government compared to local self-government in all candidate countries, but even more so in the “second wave”. The inadequate state of regional compared to local self-government is in the post-communist countries mainly due to a very quick and comprehensive devolution of powers

to the local level, after the turn of politics, as a symbolic act of democratisation, while the regional territorial-administrative level - having been rather discredited as a means of devolved party rule in communist times - had to take what was left. In Malta, the small size of the country, in Turkey, the long tradition of the administrative system may be considered as major reasons for a lack of self-government at the regional level. In general, of course, a history of centralism forms the wider background in all the countries concerned. Regional self-governance, however, would be of special importance in the "second wave" candidate countries, since it would help to build regional identities which in turn could contribute to overshadow national and ethnic identities, some of the most critical potentials of political conflict.

(3) Professional training for civil servants to increase the quality of administration at the sub-national, especially at the local level(s) and in rural areas would be of utmost importance and a primary task for the CoR. Know-how transfer could be arranged by courses organised by the CoR, by CoR experts teaching in the framework of courses arranged at the national and sub-national levels, as well as by training partnerships between authorities in the candidate countries and in the EU. At the local level, mediation of civil initiatives in the framework of communes would be required in order to arouse and support the commitment of the local population to common goals.

(4) The CoR should not refrain from political statements on matters of special importance for the sub-national levels. Regional policy and disparity management are two crucial issues in this respect. It will very much depend on the success of socio-economic disparity equalisation, whether devolution is seen by the majority of the population as a process with a positive outlook, or just as

a matter of compliance with integration requirements and as favouring only a few. Only if the impression prevails that larger rural areas and peripheral zones and not only larger cities and economically prosperous regions profit from devolution, a wider scope of endogenous driving forces for devolution will gain momentum and the process will shed its top-down character and achieve sustainability. The tasks of the CoR in this context comprise, in the first instance, assistance in defining appropriate mechanisms for transfer payments from the state to sub-national units and for horizontal fiscal equalisation at the sub-national levels by, e.g., communicating best practice models as well as pointing to the advantages and disadvantages of exogenous and endogenous regional development practices.

(5) Closely related to the former item, but too important not to be put as an item of its own, is the recommendation that the CoR should insist on the call to establish regions at the level of NUTS-2 and eligible for later EU Objective 1 structural funding, not as non-administrative units and non-legal persons, but as territorial-administrative units in their own right with self-government authorities along the lines, e.g., of the Polish example. Neither the solution taken in Bulgaria (state-dependent planning regions), nor the Romanian model (development regions politically dependent on the counties) seem to be suited to solving the task of raising and assigning EU structural funds properly. The power of a democratically legitimate authority to coordinate development efforts within a region, to initiate proposals for development projects and to allocate the funds received in an optimal way. This would require Latvia, Lithuania, Slovakia, Romania and Bulgaria to implement an additional upper regional tier of self-government, while Latvia, Lithuania and Slovakia should

more likely restructure the current territorial-administrative system (once again).

(6) Ethnic minority issues are indeed essential for many policy fields in the countries in question and the CoR should have the right to be consulted also as regards minority rights and minority situations. This is even more important with the “second” than with the “first wave” of enlargement candidates, most important with Turkey, Bulgaria, Slovakia, Romania, Latvia and Lithuania. Only Malta is in the clear here. Ethnic and national consciousness as well as inter-ethnic relations have in these countries, hosting a variety of and in some cases large autochthonous minorities, great influence on a large number of these policy fields on which the CoR has already the right to be consulted, especially on social questions, employment policy, school systems, youth, culture, economic and social cohesion, structural and regional policy, general and vocational education, trans-national cooperation. In all of the countries mentioned above (to some extent with the exception of Romania) ethnic and national minorities are also seen as a threat to national integrity and constitute therefore obstacles to further devolution and regionalisation.

(7) The CoR should have the right to be consulted also in the context of EU external and Schengen borders. There is the danger of a backlash related to the current level of trans-border cooperation and trans-border relations, once the Schengen border shifts eastwards. If the Schengen Agreement has to be taken over as an integral part of the *acquis*, this may raise new difficulties for some accession countries, especially at the local and regional levels. At the borders of post-communist countries, this will be experienced as a return to pre-Cold War situations and “national communism “(Romania), especially where trans-border

traffic and trans-border relations have developed intensively in the 1990s (Hungary – Romania, Hungary – Ukraine, Poland – Ukraine, Lithuania – Poland, Slovenia – Croatia after a “first wave” of enlargement; Romania – Republic of Moldavia after a “second wave”). Being part of the external frontier of the European Union will anyway prove a serious challenge for these countries. Measures to smooth the effects of the Schengen border should be given serious consideration. They must, however, refer not only to national minorities on the external side of the Schengen border (e.g. Hungarians in Romania), but include all inhabitants of the other country or at least the inhabitants of border regions and must not provoke new discrimination.

(8) At multilateral meetings of representatives of the individual sub-national levels of self-government hosted or organised by the CoR, an attempt should be made to distil common positions and common interests of the individual tiers in all countries. This would make it easier for the CoR to define its own policy and to establish a clear list of priorities.

(9) It is obvious that, especially with the “second wave” enlargement candidates, acquaintance with procedures for direct interest representation with the EU, with the functioning of the EU and with development programmes is still low. The CoR's task should be to offer and disseminate actively information, inter alia by presenting itself as the basic clearing-house for sub-national interest representation in Brussels. This would be most effectively done by organising conferences in the candidate countries themselves, which usually attract wide attention in the media and by the general public, as it was proved by conferences in Bratislava, Bucharest and Sofia in 2001.

(10) To ensure that devolution in the candidate countries does not remain a top-down approach of “enlightened Europeans”, it is of fundamental importance to popularise this concept by involving the media and by kindling public discussions on every single step. In particular with regions, it is of utmost importance to embed them in public consciousness and to make them an object of identification (The local level is much closer to everyday life and does not need to be "sold" in the same sense and to the same extent). It is recommended that the CoR gets involved in promoting the need for public awareness and consent on devolution vis-à-vis central governments and in providing assistance with methods and technical matters.

(11) It is proposed that the CoR commission a specialised study on the preconditions for the functioning of Euroregions. As many examples in the countries in question show, Euroregions are frequently no more than artificial fabrics with little real effect on inter-regional cooperation. With the Euroregion Carpathians, e.g., some of the reasons can certainly lie in the fact that it is much too large for purpose-oriented work and that it suffers from being an accumulation of economically weak peripheral regions. A study identifying the factors for promoting and impeding the success of Euroregions by comparing those Euroregions implemented so far, could be an important contribution to the promotion of sub-national trans-border cooperation in general.

CHAPTER V:
STANDARDISED QUESTIONNAIRE FOR ALL
COUNTRIES,
MAPS

STANDARDISED QUESTIONNAIRE

The Austrian Institute of East and Southeast European Studies is drafting a study *"The Europe of the Regions: Strategies and Perspectives in View of the Forthcoming Enlargement of the European Union"*. One part of this study deals with the attitudes and expectations of selected representatives at national, regional and local level with regard to the role and the function of the Committee of the Regions (CoR).

For that reason we would ask you to support our work by completing the following questionnaire and sending it back to:

Dr. Peter Jordan

Austrian Institute of East and Southeast European Studies

Josefsplatz 6

A-1010 Wien

Austria

Tel. +43 (1) 512 18 95 41

Fax +43 (1) 512 18 95 53

*Questions may be answered on an optimal basis.

Personal questions

***Name and surname**

What is your profession?

Who is your employer/Which institution are you working for?

What are your main fields of work?

Questions about the internal role of the sub-national level

1. a) Are the current structures of regional/local representation sufficient to meet the interests of regions/municipalities at national level?

not sufficient sufficient

- b) If there is a need for improvement, which changes should be made?

2. a) Would you generally prefer more centralised or more devolved political structures in your country?

- more centralised
 more devolved
 no change necessary

- b) Why do you think so?

3. a) Should the regions/local bodies in your country have more or less executive, or more or less legislative competencies?

	regions	municipalities
more executive competencies	<input type="checkbox"/>	<input type="checkbox"/>
less executive competencies	<input type="checkbox"/>	<input type="checkbox"/>
more legislative competencies	<input type="checkbox"/>	<input type="checkbox"/>
less legislative competencies	<input type="checkbox"/>	<input type="checkbox"/>

- b) Why do you think so?

4. a) Are there any policy fields where you would explicitly call for stronger regional powers? Please name them.

- b) Are there any policy fields where you would explicitly plead for stronger *local* powers? Please name them.

5. a) Can regional/local authorities sufficiently participate in the decision-making process on national level as far as *European issues* are concerned?

not sufficient sufficient

- b) If there is a need for improvement, which changes should be made?

6. There are several strategies for the regions/local authorities in your country to strengthen their position within the EU. Which do you suppose to be most successful?

- a wide coalition at regional/local level
- interregional/cross-border cooperation with partners in other applicant states for EU membership
- interregional/cross-border cooperation with partners in EU Member States
- cooperation within the CoR
- other channels/strategies:

7. Is the national level and are the regions/municipalities of your country adequately prepared for the EU regarding their:

		not prepared	sufficiently prepared
- administrative structures?	(national level)	<input type="checkbox"/>	<input type="checkbox"/>
- administrative structures?	(regions)	<input type="checkbox"/>	<input type="checkbox"/>
- administrative structures?	(municipalities)	<input type="checkbox"/>	<input type="checkbox"/>
- economic jurisdiction?	(national level)	<input type="checkbox"/>	<input type="checkbox"/>
- economic jurisdiction?	(regions)	<input type="checkbox"/>	<input type="checkbox"/>
- economic jurisdiction?	(municipalities)	<input type="checkbox"/>	<input type="checkbox"/>
- competitiveness?	(national level)	<input type="checkbox"/>	<input type="checkbox"/>
- competitiveness?	(regions)	<input type="checkbox"/>	<input type="checkbox"/>
- protection of minorities?	(national level)	<input type="checkbox"/>	<input type="checkbox"/>
- protection of minorities?	(regions)	<input type="checkbox"/>	<input type="checkbox"/>
- protection of minorities?	(municipalities)	<input type="checkbox"/>	<input type="checkbox"/>

8. Do EU financial programmes (e.g. PHARE) decisively enhance the political and economic development of sub-national entities in your country?

(regions) no enhancement decisive enhancement

(municipalities) no enhancement decisive enhancement

Questions on interregional and cross-border cooperation

9. Do you wish the regions and municipalities of your country to participate more actively in transnational networks?

(regions)

should not participate more actively should definitely participate more actively

(municipalities)

should not participate more actively should definitely participate more actively

10. Which main problems will arise in the future representation of regional and local interests at European level?

- complexity of structures and decision-making procedures
- no individual contacts with interlocutors in European institutions
- lack of financial resources of the regions/municipalities to run own offices and to employ staff at Brussels
- restrictions in representation due to national legal provisions at
- other problems: _____

11. Interregional and/or cross-border cooperation is of high importance for:

	no importance	high importance
- political efficiency	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
- economic efficiency	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
- democratic consolidation	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
- integration of minorities	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

12. a) Do you think cooperation of the regional/local authorities in *your* country with other regional/local authorities *in Europe* will increase or mitigate existing conflicts between them and the national level in your country?

increase conflicts mitigate conflicts

- b) Why do you think so?

Questions on the “Europe of the Regions” in general

Info: Due to the idea of a *Europe of the Regions* in which decisions should be taken as close as possible to the citizens, the member states' regions and local bodies serve as a sub-national tier in the EU multi-tier-system.

13. Which predominant connotation do you attribute to the expression "Europe of the Regions"?

	weak connotation	strong connotation
- reduction of regional disparities	<input type="checkbox"/>	<input type="checkbox"/>
- strengthening of competitive regions	<input type="checkbox"/>	<input type="checkbox"/>
- counterbalance to tendencies of centralisation	<input type="checkbox"/>	<input type="checkbox"/>
- growing complexity of European politics	<input type="checkbox"/>	<input type="checkbox"/>
- more cultural pluralism	<input type="checkbox"/>	<input type="checkbox"/>
- political decision-making close to the citizens	<input type="checkbox"/>	<input type="checkbox"/>
- other effects:	<input type="checkbox"/>	<input type="checkbox"/>

14. In which fields do you expect positive effects from a "Europe of the Regions"?

	no effects	highly positive effects
- employment	<input type="checkbox"/>	<input type="checkbox"/>
- culture	<input type="checkbox"/>	<input type="checkbox"/>
- health	<input type="checkbox"/>	<input type="checkbox"/>
- social matters	<input type="checkbox"/>	<input type="checkbox"/>
- transport	<input type="checkbox"/>	<input type="checkbox"/>
- structural and regional policy	<input type="checkbox"/>	<input type="checkbox"/>
- environment	<input type="checkbox"/>	<input type="checkbox"/>
- human rights/minority issues	<input type="checkbox"/>	<input type="checkbox"/>

Questions on the Committee of the Regions (CoR)

Info: Profile of the Committee of the Regions and local authorities (CoR)

The CoR was established in 1994 to enable the regions and municipalities participate in the institutional decision-making process of the EU. It has 222 full members and 222 alternates nominated by the Member States and appointed unanimously by the Council. The CoR members represent the local and regional authorities in the European Union. Their main task is to monitor the adequacy of EU legislation to local and regional problems and needs as well as to channel regional and local interests into the European decision-making process.

The CoR has consultative powers as provided by the EU treaty. Consultation of the Committee is mandatory in the fields of trans-European networks and transport, public health, environment, social affairs, employment policy, education, youth, culture, economic and social cohesion, structural and regional policy, general and vocational training, transnational cooperation.

15. What could and should be the role and function of an institution like the CoR?

16. Do you think the CoR is a promising instrument to represent regional/local interests in the EU?

(regions) not promising very promising

(municipalities) not promising very promising

17. In which field(s) of work would the CoR's support be helpful for regional/local institutions?

(regions)

1. _____

2. _____

(municipalities)

1. _____

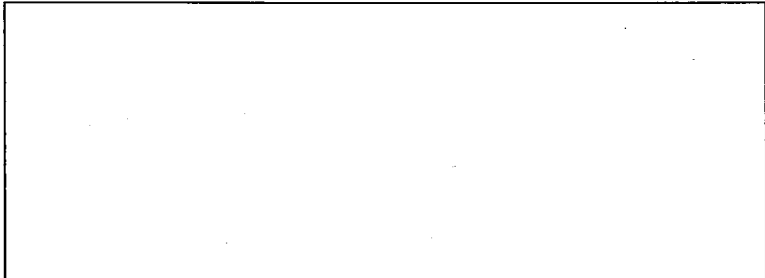
2. _____

18. Please assess the CoR's ability to contribute to problem-solving in the following policy fields:

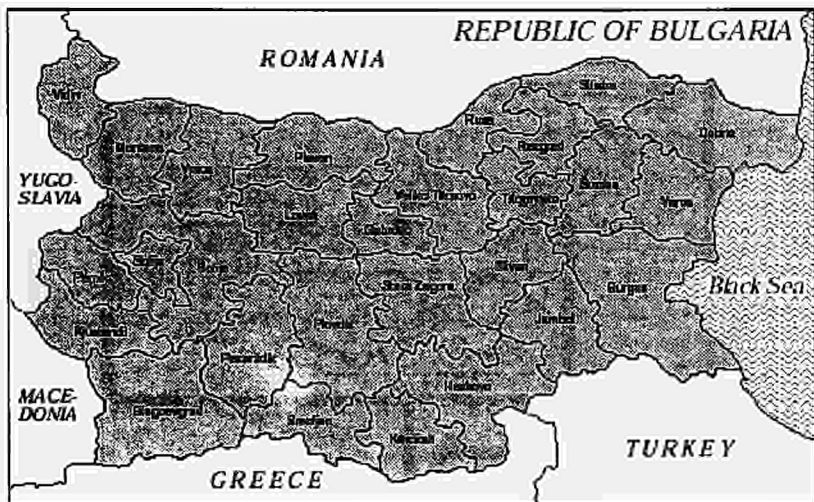
	no expertise	high expertise
- employment	<input type="checkbox"/>	<input type="checkbox"/>
- general and vocational training	<input type="checkbox"/>	<input type="checkbox"/>
- culture	<input type="checkbox"/>	<input type="checkbox"/>
- health	<input type="checkbox"/>	<input type="checkbox"/>
- social matters	<input type="checkbox"/>	<input type="checkbox"/>
- transport	<input type="checkbox"/>	<input type="checkbox"/>
- trans-European networks	<input type="checkbox"/>	<input type="checkbox"/>
- structural and regional policy	<input type="checkbox"/>	<input type="checkbox"/>
- environment	<input type="checkbox"/>	<input type="checkbox"/>

19. *Taking your experience with the Congress of Local and Regional Authorities (CLRAE) into consideration: where would you see the "added value" of the CoR's work?

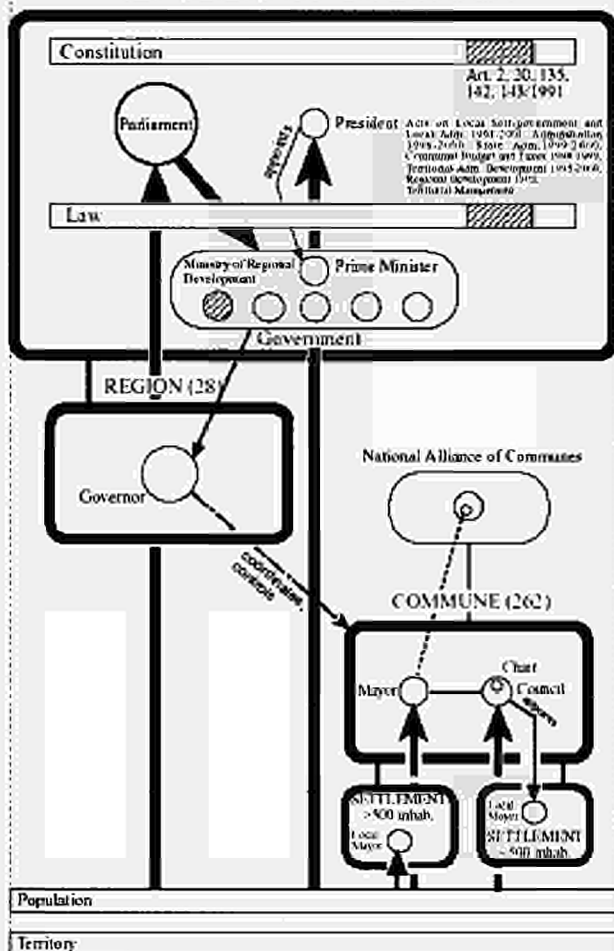
20. *Additional remarks:



Thank you very much for your cooperation!

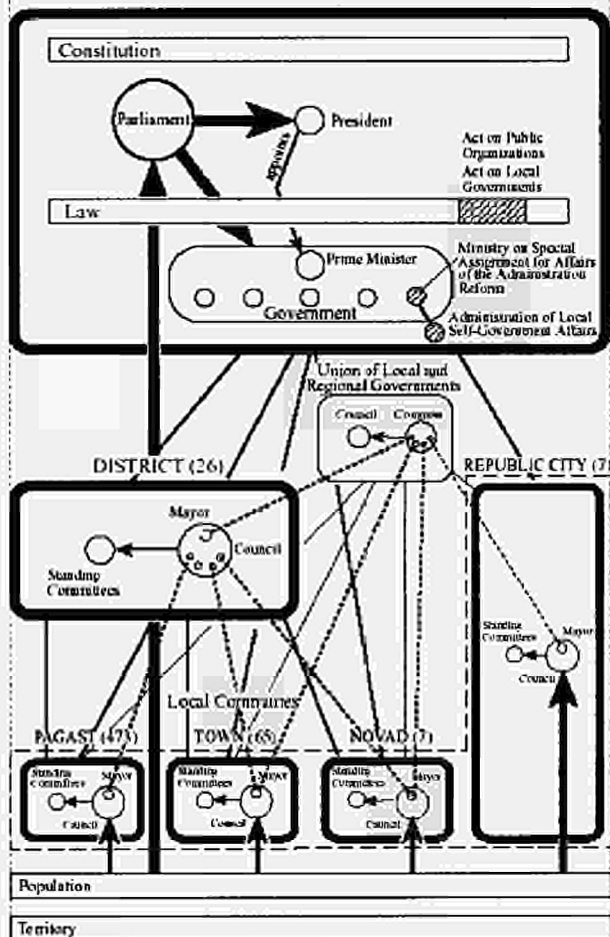


REPUBLIC OF BULGARIA



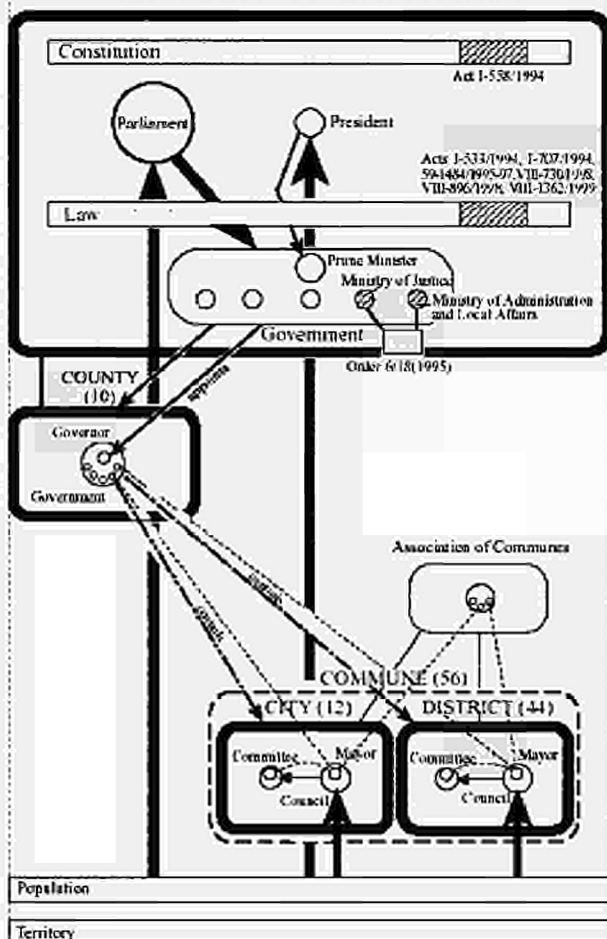


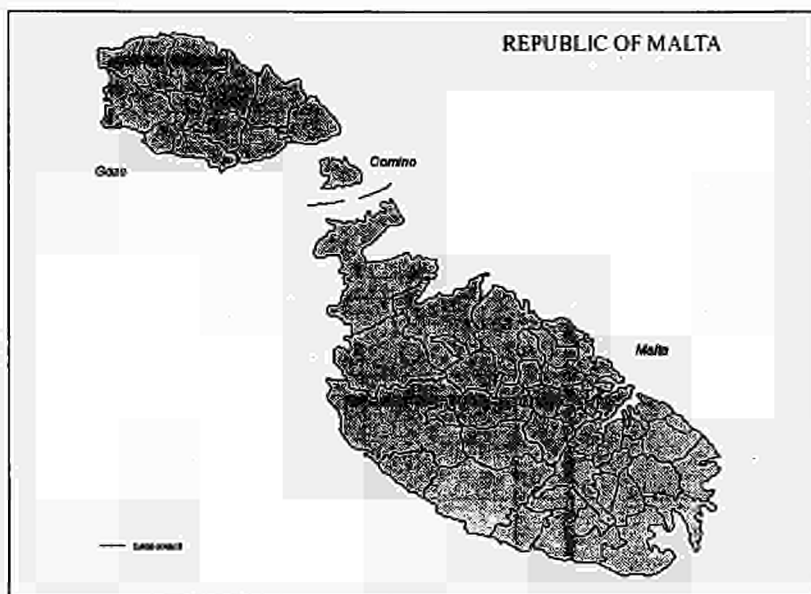
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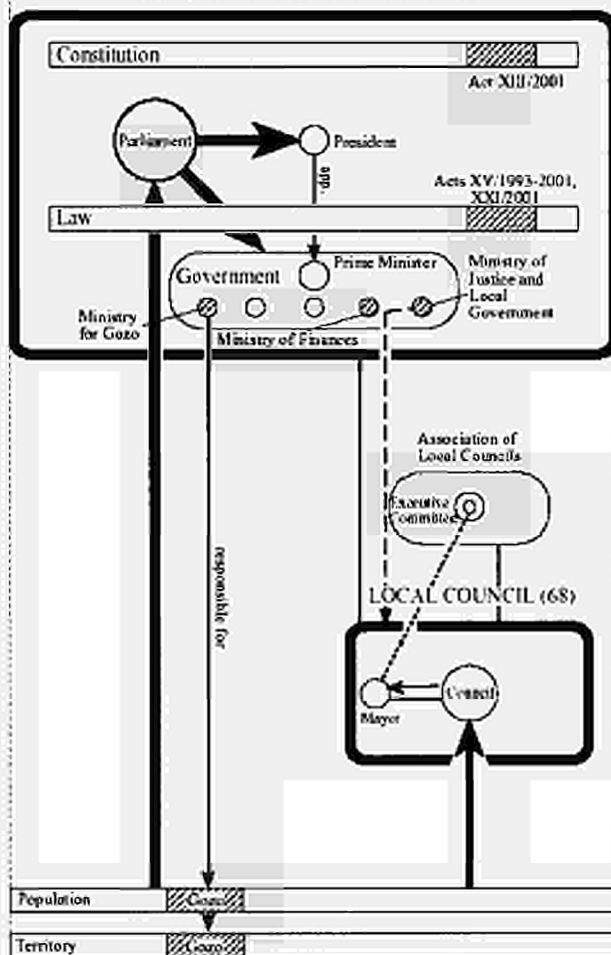


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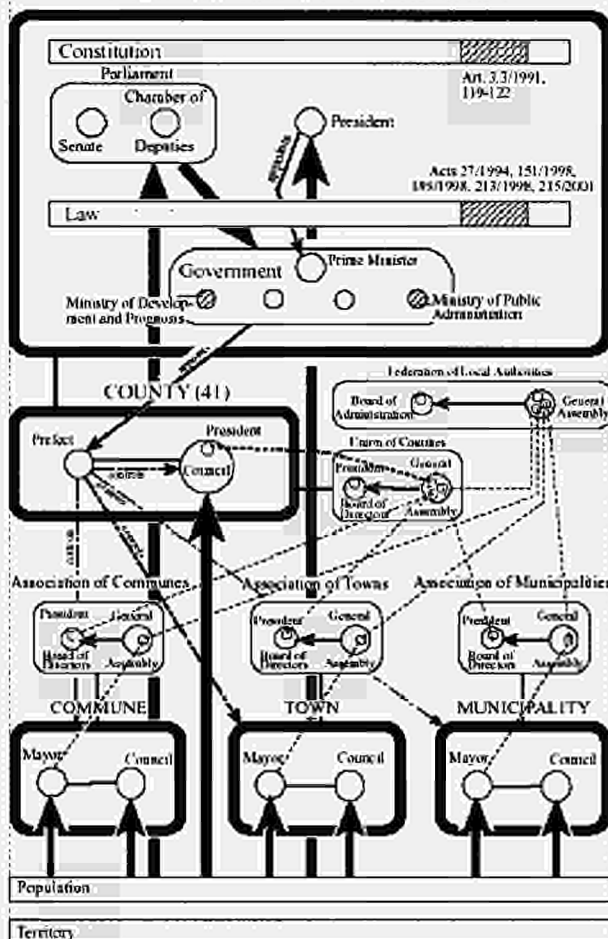


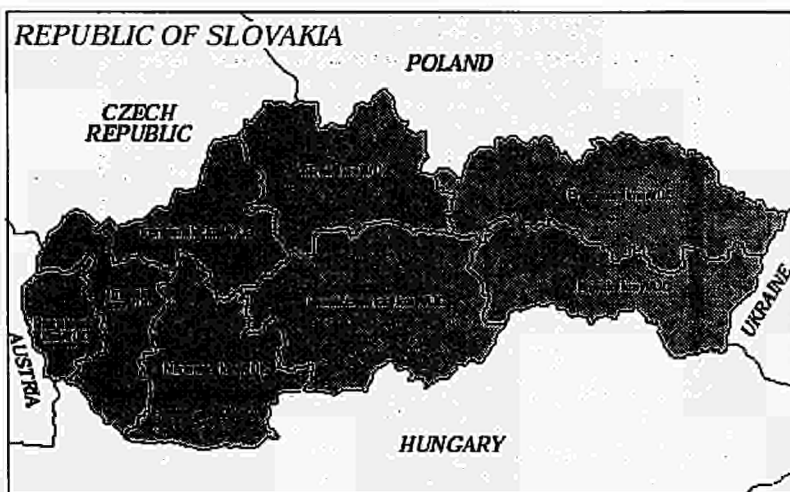
REPUBLIC OF MALTA



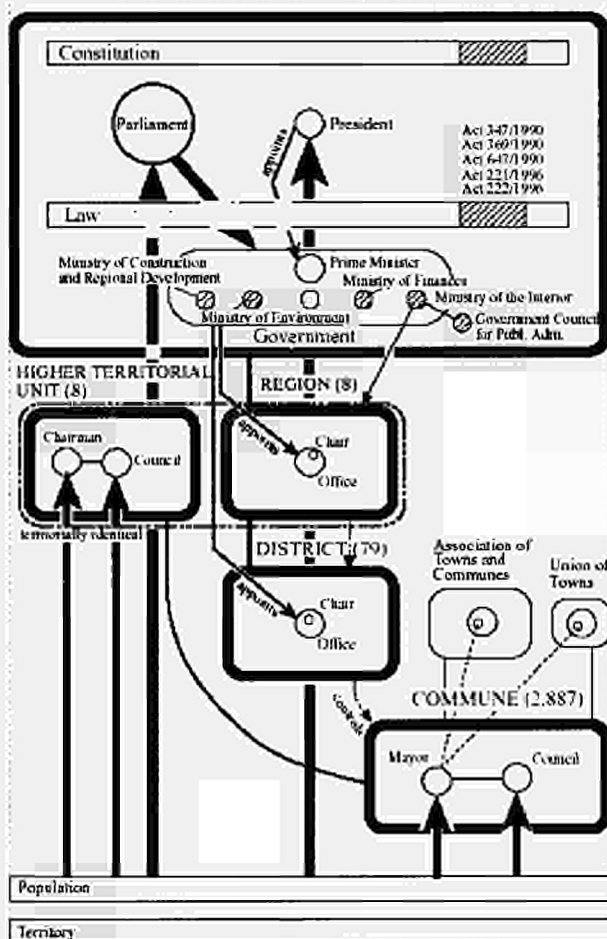


REPUBLIC OF ROMANIA



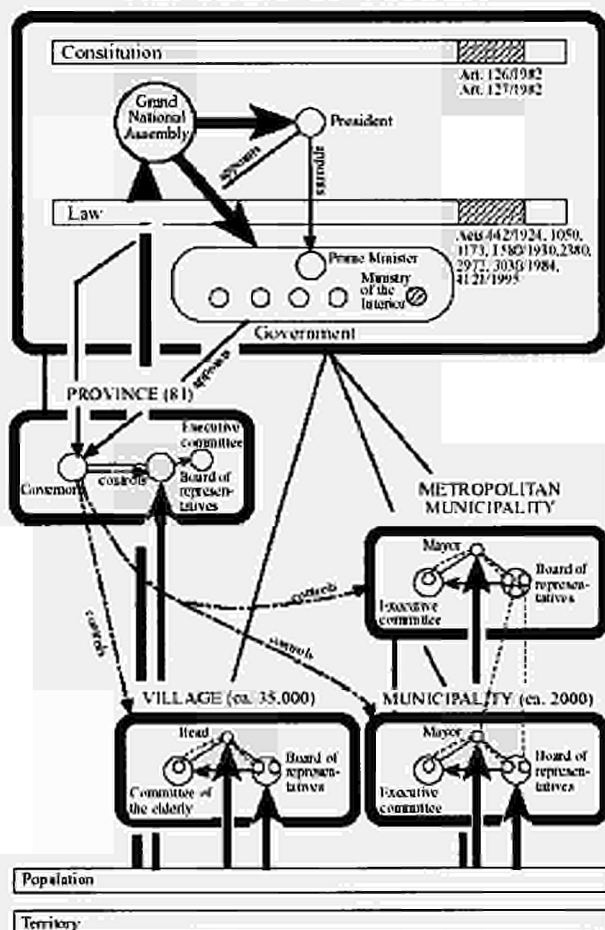


REPUBLIC OF SLOVAKIA





REPUBLIC OF TURKEY



Committee of the Regions of the European Union

A EUROPE OF REGIONS AND CITIES

Strategies and Prospects for EU Enlargement

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