**Inter-municipal cooperation: novel forms and structures**

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**Abstract**

This study examines inter-municipal cooperation, and presents six case studies from three regional cooperation models that have emerged in Israel in recent years: the West Galilee cluster and the Beit Hakerem cluster (led by the Interior Ministry and the Finance Ministry); the Jezreel Valley-Harei Nazareth "equality zone" and the South Sharon-South Triangle "equality zone" (led by the Sikkuy nonprofit association); and the Megiddo-Maalei Iron partnership and the Menashe-Baqa al-Gharbiyya partnership, part of the "inter-community partnership" program in Nahal Iron-Wadi Ara (led by Givat Haviva).

Inter-municipal cooperation (IMC) is widespread in the United States and Europe, and in recent years has become a major strategy of the Council of Europe and the United Nations for addressing interregional disparities, the multiplicity of services undertaken by local authorities, and economic difficulties. It is also a preferred tool for regional development. In Israel, there are also various IMC models; however, the initiatives described here demonstrate novel inter-municipal and interdisciplinary models.

This paper uses Governance Network Theory and New Governance as a framework to examine inter-municipal cooperation.

The literature review discusses the changes that have taken place in public administration and local government in Israel and globally over the past 30 years; and in the Israeli case, the development of local government in Israel, characteristics and processes of local government in rural areas and within the Arab sector, central-periphery relations, Jewish-Arab relations, and urban-rural relations.

Most studies examining inter-organizational and inter-sectoral cooperation have focused on identifying appropriate areas for cooperation, motives and barriers to cooperation, regulation and institutionalization, the economic and administrative re-organization that such partnerships achieve, and the planning and processes involved in creating partnerships.

This study contributes further areas of research to the Israeli context: cultural, ethnic, and social diversity in the regions where cooperation is taking place, and how this impacts cooperation (the novel models of regional cooperation group together Jewish and Arab municipalities, development towns and established cities, and rural and urban localities); an examination of trust and power relations among stakeholders in the partnership body and the influence of these on inter-municipal cooperation; the existence of prior partnerships and their influence on cooperation within the partnership organization (such as collective cooperation, joint industrial zones, and other joint projects); the diversity and complexity of the partnership organizations (organizational structure, founding initiatives, backbone organizations, defined goals, etc.).

The study is a collective case study and employs a qualitative-constructive paradigm methodology. Data were collected from 71 subjects (the heads of local authorities and officials in the authorities involved in the IMCs, facilitators, consultants, and representatives from government ministries). We analyzed a total of 63 documents (founding documents, reports, minutes from team meetings, letters, and other working documents), and 19 observations (team meetings, discussions in various forums, workshops, and conferences).

**Research questions:**

1. To what extent do partnership projects involve a fundamental change in governance methods toward network governance?
2. To what extent do the projects have the potential to reduce center-periphery disparities?
3. To what extent do national-ethnic, ideological, and political differences constitute barriers to cooperation?

**Research findings**

Initial conditions: We mapped, described, and analyzed the local authorities' geographic and socio-economic data, and the problems and challenges that they face. We identified community-level challenges associated with a community's location and size, the local authority's financial strength and budgetary structure, management, planning, and development. At the regional level, we identified challenges regarding employment, transport, low level of services, severe environmental problems, and lack of regional perception. Further, we identified problems that were not specific to the regions being studied, such as regulatory burdens, political instability, dependence on personal relations with government echelons, frequent changes in government policy, resource allocation policies, and mistrust between local government and the state, especially in the Arab sector.

Cooperation incentives: We mapped a complex and entangled system of incentives for participating in IMCs. Each element has multiple incentives, sometimes shared and sometimes complementary or contradictory. The wide range of incentives enables the creation of shifting coalitions that may be inter-nested, and which cross national, organizational, and even governmental boundaries. Some of the incentives are open and measurable, such as an improvement in the economic situation of the authority or its residents, expanding employment opportunities, changing borders, expanding jurisdictions, and local and regional development. Other incentives are linked to relationships: political incentives, recognition, reputation, contacts with decisionmakers, and improved relations between Jews and Arabs. Most of the incentives are shared between the leaders of Jewish and Arab authorities, but we also found incentives that were characteristic only of the Arab authorities.

We found that those involved in the IMCs had an awareness and an understanding of the needs, constraints, and interests of the others, although there were disagreements over what methods were appropriate to find solutions. There was also understanding of the reciprocity and interdependence between the Jewish and Arab populations. These understandings may encourage cooperation.

We also found that there were conflicting incentives among the heads of the authorities themselves, among government ministries, between local and regional actors, and between these and actors at the national level. These conflicting incentives relate mainly to issues such as income distribution, land, border changes, and relations with the government—independence versus supervision, the development and increase of budgets versus savings and efficiency.

Identifying the incentives for each cooperative body is critical to understanding the options available to the cooperative bodies, the areas of activity, and chances of success. Over time, conflicting incentives and interests may arise that could result in controversy, arguments, or mistrust, or that may even undermine the whole process; thus, they pose a significant challenge to managing cooperation.

Parallel cooperation: We identified a total of 80 cooperative bodies in the regions studied. Of these, 61% were formed as a result of government initiatives. This indicates an approach that favors the joint provision of services in capital-intensive, land-intensive fields that have a significant advantage in size and professional specialization, and which are more "natural" for cross-border municipal cooperation. Most of the partnerships were in environmental protection (environmental protection, water, sewage, drainage, and sanitation). Only 15% of the IMCs were in the third or private sectors. This may indicate low civic involvement, an undeveloped third sector, weak social capital, or a lack of regional cohesion.

The scope is functionally and administratively split by the local authorities and another 44 government and official municipal bodies into non-overlapping areas. This makes it difficult to gather information on the subject, creates disorder and difficulties in coordination between government ministries, programs, and activities, and weakens the control and influence of local authorities over regional resources.

A history of unsuccessful cooperation creates mistrust and may constitute a negative incentive to join the IMC. In the Beit Hakerem cluster, we uncovered concerns and opposition to establishing a cluster in the wake of a failed cooperation that had been forced on them in the past (and which had been dismantled after a number of years), as well as a dispute that originated in an association of towns for sewage, which spilled across into the cluster and which almost resulted in Deir al-Asad leaving the cluster.

Organizational structure and tools: The factor with the most influence on the IMC structure and the tools at its disposal was the organization initiating and leading the cooperation. In our case studies, we compare a government office to two third sector organizations. The lead organization dictates whether there will be a cooperative association and if so, what its legal framework will be; the form of the organization dictates its structure; and the legal framework dictates the identity and role of the backbone organization. The incorporation and ratification of an official body enables the use of various tools such as employment, payments, raising funds, etc. by the cooperative bodies directly and not through one of the cooperative bodies or through the lead organizations. Non-incorporation and the lack of a legal body authorized to carry out these activities confers dominance onto the backbone organization, reinforces its role, creates dependence, undermines the IMC and casts doubt on its continued existence. The lead organization and the incorporation confer authority, legitimacy, and stability on the partnership. When the lead body is a government body, these components are greatly enhanced and further allow direct government funding of the partnership. Partnerships initiated by a government body are subject to strict regulation, but on the other hand have much more powerful tools at their disposal compared with third sector-led cooperatives. Such IMCs are more stable, appear to have longer and more secure lifespans, and provide access to decisionmakers at a higher level, thereby enabling large-scale, significant processes. Government-initiated cooperatives offer more incentives for the heads of local authorities to join them.

The complexity of establishing and maintaining an IMC, the multiplicity of stakeholders, and the work processes required to advance its shared vision and goals necessitates a dedicated body to manage the cooperation. Such organizations are known in the literature as "backbone organizations." Further, budgets, organizational infrastructures, and significant tools must be made available to the governing body of the cooperation.

The role of the three backbone organizations was central to the establishment of the IMCs (Givat Haviva and Sikkuy exclusively, JDC-Elka initially with Buhbut and later as part of the joint commission). All three define their roles as integrators who establish frameworks, advise, build cooperative bodies, and assist in strategic processes; further, the three organizations worked to write a model and a working theory. The three organizations are non-governmental organizations (NGOs) and were described by various interviewees as bringing vision, hope, innovative thinking, a better viewpoint, and as representing or mediating the needs of weaker groups—mainly Arabs—vis-a-vis the government. On the other hand, these remarks were limited to Sikkuy and Givat Haviva as NGOs in areas such as finance, authority, and long-term stability, and their ability to realize significant change in complex issues.

The managers of the IMCs and the facilitators use the tools of new governance--mediation, compromise, negotiation, and persuasion--only with respect to the leaders of the participating authorities. At this stage, civil society and the business sector were not involved in decision-making processes. There were no differences between the models studied.

Relationships between cooperative bodies: we found that the politics of the IMC lent a great deal of weight and exerted a crucial influence on cooperative bodies. There was a close relationship and mutual influence between the parameters that we studied. Power relations were the significant factor that influenced how discourse and decision-making were determined in the IMC. All three together influenced the extent of the trust that the authority leaders had in the IMC and their commitment to the process. Further, the way that conflicts were managed, quashed or resolved depended on the trust and commitment between the heads of the authorities and between local and central leadership.

The power gaps between the cooperative bodies were most significant and were one of the main reasons for the lack of trust among the cooperative bodies and in the IMC process itself. Therefore, it is the responsibility of the leadership to balance the power gaps to ensure that discourse represents the interests of all the partners and that decision-making processes are agreed-upon and transparent. These are critical components for creating trust and for the long-term and effective existence of the IMC.

A significant difference between the models studied was in the ability of the various IMCs to address these challenges. Formal leadership, a responsible director who ensures fair representation and inclusion, long-term commitment from government ministries, and a structure that ensures authority, legitimacy, and stability can improve commitment and trust between the partners. The structure of the organization also influences its internal politics. A structure that guarantees fair representation for each local authority, thematic frameworks reflecting the interests of all of the cooperative bodies, and authorities and budgets reflecting government commitment will strengthen commitment at the local level and enable stability and the establishment of mechanisms.

An awareness of internal politics is imperative not just at the initial stage. Rather, it is the central axis that accompanies the IMC throughout its existence. In the light of the large potential for conflict, work should begin in agreed areas that have a high potential for success, and only later, when the IMC is stable and cemented, should problematic issues be addressed. In addition, an organizational culture should be created that is sensitive to cultural differences, respects diversity, and where different opinions can be safely expressed.

Shared networking and inclusion: In the three models we examined, networking was mainly carried out with government offices. The development of working relationships with government offices took place vis-a-vis defined areas. The clusters have more relationships compared with the equality zones and the intercommunity partnerships. A special effort was required in order to develop relationships and from the outset this was accompanied by reservations from government ministries and by bureaucratic difficulties, until the regional concept had been assimilated and appropriate mechanisms found for transferring funds. The main areas in which working relations were created were economic and environmental.

Close ties with government are required in order to promote significant programs, but uncoordinated IMCs led by third sector organizations experience a great many difficulties in creating such ties, since they lack legitimacy and authority, as described in detail in the chapter on structure and organizational tools. In the three models, residents and field organizations from civil society and the commercial sector were not included in the decision-making process. Government offices and the heads of local authorities had reservations about including plans, mapping, applied research, field surveys, and evaluation studies conducted through external consultants in the three models.

Activity in the IMCs: The goals of the IMCs are vaguely defined. The IMCs lack goals that have been formulated in a uniform, clear, and agreed upon manner. Different stakeholders define goals and successes in slightly different ways. While the lack of clarity enables a broad basis for joint activity and allows for softening objections, this may result in a lack of focus in terms of activity, or in disappointment and frustration.

The main subject of the activity is regional development, with an emphasis on its economic, employment, infrastructure, and environmental aspects, and in response to regional problems and challenges as seen by the heads of the local authorities. The clusters' preoccupation with development is a "deviation" from the Finance Ministry's original intention to emphasize the issue of cost saving. However, it does meet the original intention of establishing the cluster, which does constitute regional development and addresses areas outside the routine. Despite the intention, so far no "big" plans have been implemented that could have a significant impact on the region. The topics under consideration, such as employment zones, landfills, sites for energy production, new infrastructure, etc., have not yet been realized. They are complex, require massive government involvement, huge budgets, lengthy planning and would take a long time to realize. Programs in "softer" areas have been carried out or are in progress: a tender for waste collection, cleaning up rivers, and specific tourist projects.

Since clear objectives were not defined, no clear success measures were defined. Opinions in the cooperative bodies are divided regarding actual successes. In the clusters, we can note certain successes in institutionalization and fundraising and "small" successes in specific projects. However, disappointment and frustration were expressed over slow progress in large and significant projects. In particular, there is disappointment regarding the old cluster—the Western Galilee cluster—which despite 10 years of activity has not yet achieved any significant successes. Sikkuy described the project as "unsuccessful" and Givat Haviva, despite officially presenting it as a success, also showed evidence of disappointment and frustration at the lack of real cooperation and meaningful results.

Regarding the evaluation of the programs, there has been meticulous charting and research for each project, but a vacuum in evaluating outcomes. This, of course, is linked to the absence of clear goals and definition of success measures, and also stems from the fact that the IMCs have only been active for a short period. Further, a future evaluation model has yet to be collaboratively formulated.

External influences on the cooperative bodies: We examined political, legislative, and security incidents and their impact on IMCs. Security incidents may slow down or halt activity in the IMC for a limited period, but a moderate and restrained approach by the local leadership prevents deterioration and escalation. The goal of Jewish and Arab authority leaders is to preserve the fabric of coexistence. Economic events, legislation, and policy were not found to affect the cooperative bodies. Political events at local and national levels had a significant impact on the cooperative bodies in terms of their ability to promote, delay, and even terminate cooperation.

Conclusions: The clusters are new structures. They differ from previous IMCs in that they were created from the bottom up, are voluntary, multidisciplinary, and have a certain degree of freedom in choosing areas of activity. They involve lateral cooperation between local authorities and a limited degree of change in the relations between central and local governments, they speak a new language, they cross the spatial divide, and they give rise to hope among the partners, but they remain organizations for cooperation between government bodies, since they lack partnerships with the business and civil sectors and therefore do not reflect a new governance approach.

Many of the problems within local authorities and the large disparities between them are the result of long-term government policy, and in view of the weakness of local authorities in the periphery and the limited tools at their disposal, and local government and clusters cannot be expected to address them. The clusters can contribute in a number of areas, such as encouraging small business, strategic thinking, regional planning, professional training, service improvement, and developing new services with some cost savings, making use of existing resources and helping obtain additional resources, and monitoring the implementation of government decisions. However, largescale involvement and significant tools from the government are required in order to reduce disparities.

A problem-solving approach helps the partnerships bypass national ideological and political barriers, since this allows for joint activity even when there is disagreement, assuming that agreement has been reached regarding activity. This is due to differences in approaches between the political leadership on the national level--which tends toward exaggeration and criticism--and local leadership, which tends toward calm and problem-solving. Political events and considerations were found to present a much more significant barrier. While national, ethnic, and ideological differences may engender divisions, they do not endanger participation in the cluster, whereas political events and considerations may delay activity for considerable periods and could even result in withdrawal from IMCs.