

## **ANALYSIS OF THE ACTIVITIES OF PUBLIC ASSOCIATIONS OF MUNICIPALITIES AND POSSIBILITIES FOR THEIR FURTHER DEVELOPMENT**

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### **Abstract**

The aim of this article is to analyse the current state of the register of municipalities in the Czech Republic with focus on Southern Moravia Region. Available information from the register of municipalities is updated and systematically assorted to support the development of co-operation between public authorities and private sector. Information about the individual associations from their websites and questionnaires was used for this purpose. Data were processed using graphs and tables. The final product described in the article may be used, with the advantage of considerable transparency, to establish commercial and non-commercial co-operation in the field of science, research, development and realization of public administration needs.

### **Key words**

association of municipalities register, assessment of needs, public administration, public sector, subsidy policy

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## 1 INTRODUCTION

The Czech Republic is due to its fragmented settlement structure characterized by the fact that especially small municipalities are not able to fulfil the tasks of local authorities that are determined to them by law. Shortage of funds related to it leads many municipalities to a specific kind of cooperation with neighbouring municipalities. The second option is the merging of municipalities, which most of these municipalities want to avoid. Thanks to voluntary associations of municipalities, these municipalities can preserve its independence. This means that they can decide about their own affairs themselves.

Voluntary associations of municipalities represent one of the ways of interregional cooperation. According to the Act no. 367/1990 Coll., it is defined as an association of municipalities a public group or association as a legal entity. [1] But municipal cooperation based on a contract or participation in other public or private companies is not excluded. Cooperation can be realized even with municipalities or unions of municipalities of other states possibly through membership in international associations formed by regional self-governing authorities.

The purpose of all associations of municipalities is to provide public services to their members. Even though their legal form is established by law, they may, as in other European countries, vary in organizational structure, scope of delegated powers, and the subject of service provided, responsibility and form of funding.

Voluntary associations of municipalities (VAM) in the Czech Republic represent one of the ways of interregional cooperation, which allows using all available resources much more efficiently. There are differences among states, e.g. in Germany [2], in Norway [3], in France and Italy [4]. Great experiences with municipal cooperation are also in Israel. The findings suggest that regional cooperation can be an efficient tool in promoting advanced wastewater treatment, and has several advantages: an efficient use of limited resources (financial and land); balancing disparities between municipalities (size, socio-economic features, consciousness and ability of local leaders); and reducing spillover effect [5].

The results of empirical analysis, which they conducted among a sample of very small municipalities, indicate that small towns that cooperate incur lower costs for their waste collection service. Cooperation also raises collection frequency and improves the quality of the service in small towns [6].

Increasingly, it seems that not only businesses, but also individuals need to respond instantly to changing conditions, they need to improvise. Improvisation and necessary flexibility can by no means substitute preparation and planning, but they can naturally complement them [7].

## 2 METHODOLOGY

The main aim of the article was to analyze the register of voluntary associations of municipalities (the VAM) of the South Moravian region. To obtain the necessary information from the VAM register it was necessary to update the already existing one. Information about the individual associations from their websites and questionnaires was used for this purpose. When searching for information, it focused on the subject of activity, the current members in each association, contact e-mail addresses, revenues for the last three years and possible termination date.

During the detailed inspection of the members, serious shortcomings in the existing register have been identified. Some registers have grown by other municipalities, other ones left them.

Misspelled names of municipalities have also appeared. Outdated data was caused by the fact that the associations have an obligation to report these changes to the competent regional office, but often do not do it.

Another objective of this research was to determine the usefulness and effectiveness of the associations of municipalities, to identify marketing needs of municipalities and to create for them a recommendation through associations of municipalities as a possible solution to their problems.

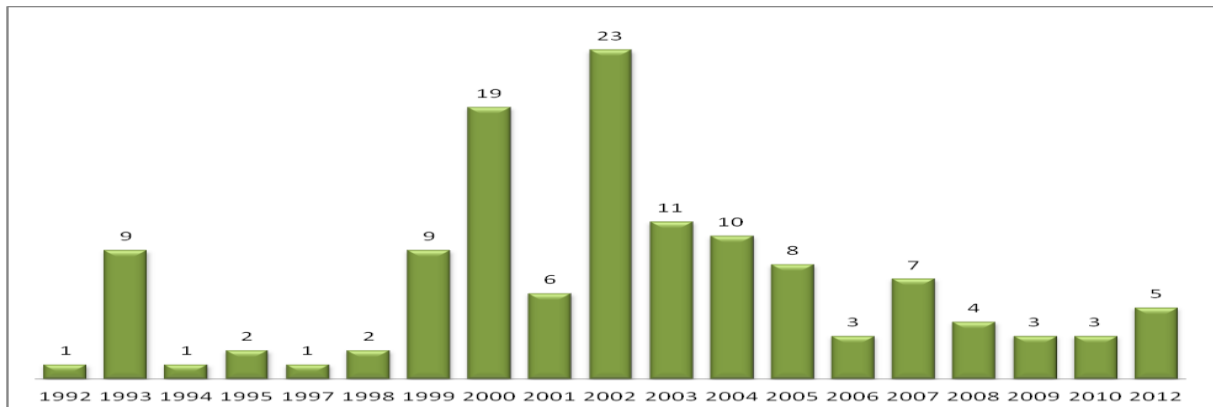
For more accurate qualitative research, a method of guided interview was used. Regards to the guided interview with an expert with long experience in the management of the association of municipalities have been adapted questions in the questionnaire. The questionnaire contained 16 questions. A substantial part of the questions examined what purpose of association of municipalities foundation and whether the focus of the activities has changed. Other questions focused on expected future of the association of municipalities. Some questions were general - the name of the association of municipalities, the position of the respondent, financing, cooperation with research centers, etc.

Research was conducted through a questionnaire survey of company website Survio. ([www.survio.com](http://www.survio.com)). All municipal unions in South Moravia were invited (127 members of municipal unions). The research was conducted from February 26<sup>th</sup> to April 11<sup>th</sup> 2016, the first group received a questionnaire on February 26<sup>th</sup> and the second group on March 22<sup>nd</sup>. The questionnaire was completed by 54 respondents. Data were processed using graphs and tables.

### 3 VOLUNTARY ASSOCIATIONS OF MUNICIPALITIES IN SOUTH MORAVIAN REGION

The first voluntary associations in the Czech Republic were founded in the early 90s [1]. Their initial focus covered 3 areas with 11 possible types of activities. A decade later, the scope of activity expanded by another 3, i.e. to 6 areas with 20 other possible activities. This allowed the Czech municipalities in combination with townships and cities to create a single-purpose or multi-purpose special-interest associations, founded either for solving a given task or for the long-term meeting the needs.

In the South Moravian region there are 127 voluntary associations of municipalities, representing 17% of the total of 747 registered ones by the Ministry of Finance [8]. The following chart Fig. 1 shows how municipal associations were formed in individual years.



*Fig. 1 Number of formed associations of municipalities in individual years [authors' own work]*

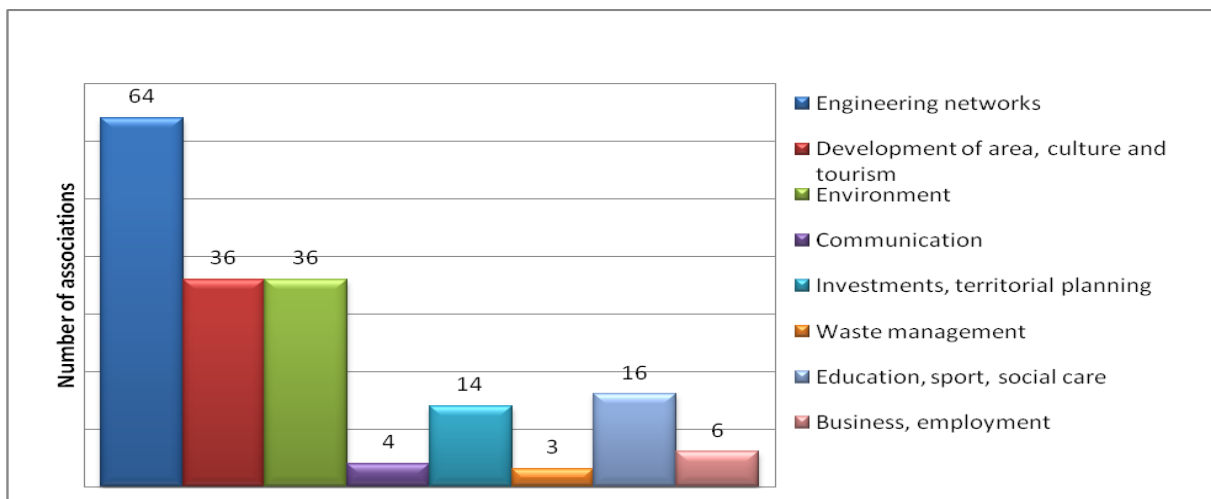
Similarly to other regions, common interests as well as a common border represent prerequisites for creating intermunicipal cooperation. Common border in the form of continuous territory may not always coincide with the boundaries of the region. Of the total number of the VAM associating 663 municipalities of the South Moravian Region, only 18 municipalities are from neighbouring regions, especially Vysočina and Olomouc regions.

The list of the activities of associations can be found in the Act no. 128/2000 Coll. about municipalities, §50. When analyzing the register it was found out that all associations follow this list and no exception was found.

Cooperation of the first associations of municipalities focused on municipal waste removal (1 VAM), drinking water supply (8 VAM), drainage and wastewater treatment (4 VAM). Those that are still single-purposely oriented form about 39% (49 VAM). The most common areas of cooperation is represented by building a common sewer system - more than 23% (11 VAM), the second most common area of cooperation is drainage and wastewater treatment with 21% (10 VAM), the third area is the supply of drinking water with 19% (9 VAM) and the last more numerous area is the gasification of municipalities 6% (3 VAM). The other 78 associations of municipalities (61%) are multi-purposely focused. Performed activities may or may not be thematically linked. Most multi-purpose activities are related to the field of environmental protection, coordination of investments and planning - 16% (13 VAM), the second largest area is the supply of drinking water, water cleaning and sewage treatment and sanitation 10% (8 VAM), the third area includes social care, engineering networks, culture, education and public space of 5% (4 VAM).

For better search in the register and its use by both public and private sectors, subjects of activity were divided into eight categories according to their focus.

Representation of associations in individual set categories can be seen from the Fig.2:

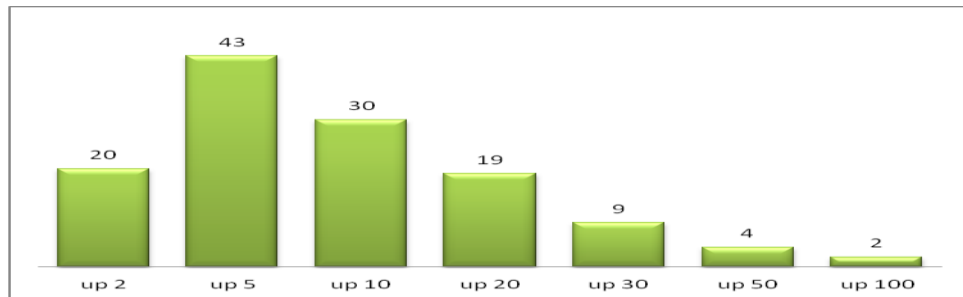


*Fig. 2 Number of associations according to the subject of activity [authors' own work]*

The chart shows that the most common subject of activity is the construction and maintenance of engineering networks. This means their establishment, reconstruction and subsequent use. In the field of the engineering networks, the most common reason for creating an association of municipalities is operating of sewerage and wastewater treatment plant. Associations then

raise funds from their operation by collecting fees for water and sewerage and connection of properties in the municipalities to the network.

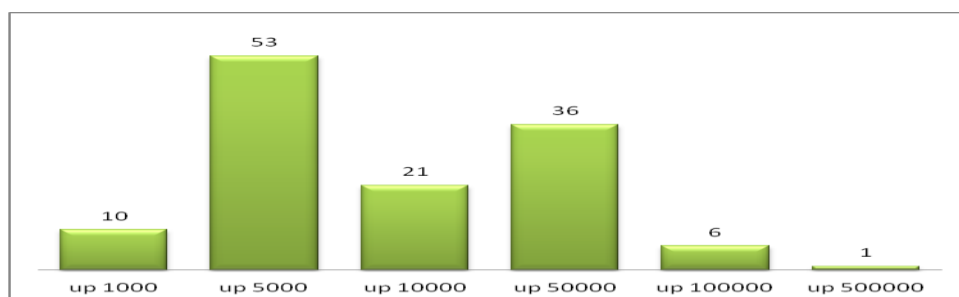
Obtained data was subsequently used for the creation of the chart that illustrates the representation of the associations' sizes according to the number of municipalities belonging to them.



*Fig. 3 Number of municipalities in the association [authors' own work]*

The Fig. 3 shows that the most common form of association of municipalities is created by ten or fewer municipalities. It can also be seen from their most common purpose which is construction and maintenance and reconstruction of engineering networks. For this purpose, a group of up to five municipalities that can share their engineering networks and their costs of construction and subsequent maintenance can be divided into the budgets of its members is the most effective. Also wastewater treatment plant can serve for more municipalities together and the cost of its construction therefore does not burden one municipality.

The associations are mostly made up of municipalities with smaller population, which can be seen in the Fig. 4. It can be assumed that the reason is also savings in operation and construction of technical infrastructure as well as tourism industry development.



*Fig. 4 Number of associations according to the population [authors' own work]*

The income of voluntary associations of municipalities becomes vital information for investment purposes. All associations of municipalities are obliged by law to publish their budgets and financial results [9]. This analysis concentrates on incomes of municipality associations in 2013, 2014 and 2015. As it is a legal obligation to disclose the budget, however, in a restricted range, it is in some cases possible to indicate only the amount of revenue and expenditure. In the case that the association has its share in the implementation of the programme or project co-financed from the EU budget, its budget must contain a specified amount of funds allocated for co-financing of EU programme or project. It can also be assumed that the associations benefit from government subsidies and financial contributions, for instance in tourism area (entrance fees, sale of services, etc.).

After completing and updating the data in the already existing register of voluntary associations of municipalities, the subsequent research concentrated on the type of financial sources which pay for the investment and operational activities of the individual associations of municipalities. Based on the analysis of the budgets of the individual associations of municipalities and on survey carried out, it was found that associations use to small extent contributions from individual members, but investment activities were primarily funded from grant sources. They used both grants from the EU funds [10] and grants from the state and regional budgets.

Integrated territorial investment (ITI) is a new tool of the European Union. It allows metropolitan areas new approaches to strategic planning and financing their development in the period 2014 - 2020. To finance these plans, the European Commission recommends using a combination of financial sources from different funds. A new programme will allow financing the activities of towns and municipalities from more than one operational programme and implementing projects within the wider range of the city which means a territorial agglomeration. Seven agglomerations [11] have joined the programme of integrated territorial investment in the Czech Republic.

#### **4 RESULTS OF THE QUESTIONNAIRE SURVEY**

As the research was interested in the needs of the public sector, first issue examined were the reasons for the creation of associations of municipalities.

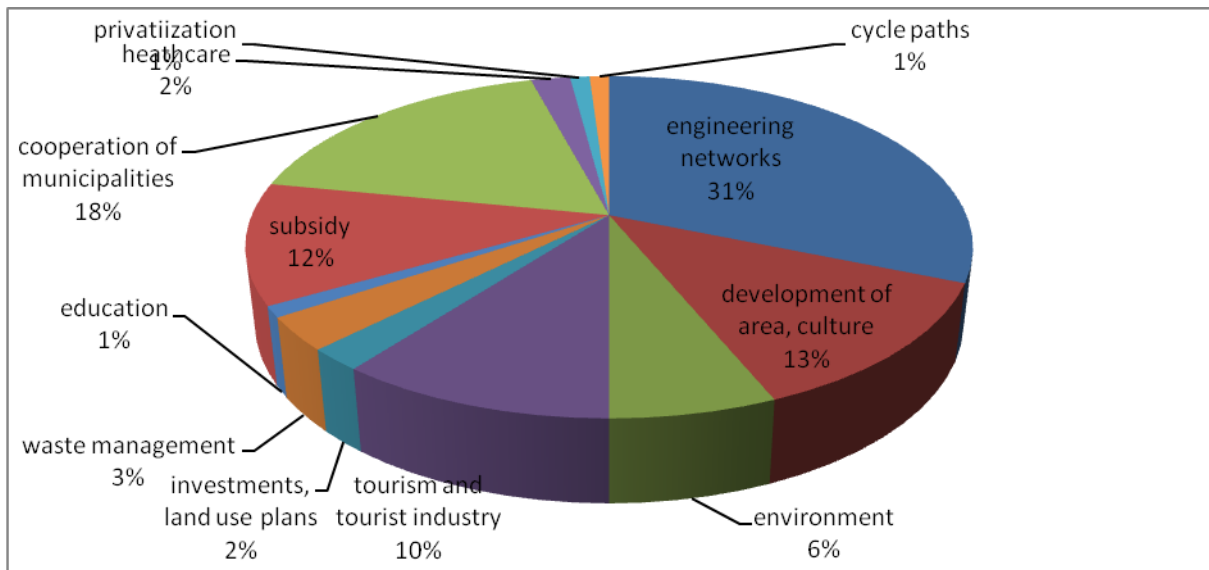
##### **What was the reason for the creation of your association of municipalities?**

This question was directed more to the causes, but most municipalities described their subject of activity instead. Nearly a third of associations were therefore established to build engineering networks, where almost a half dealt with building a sewerage system, 27% of them with the drinking water supply, another 27% with the construction and operation of wastewater treatment plants and 1 association needed to expand gas line through individual municipalities.

Another reason for creating an association was cooperation between municipalities, promotion of their common interests related to the development of the region in the field of culture and environment, sport, leisure time activities, tourism and tourist industry, implementation of common projects and combination of forces and means to promote these goals.

13% of associations of municipalities have also been created because of the development of the area, both the development of their own municipalities and the whole regions.

Surprisingly, out of all 54 municipalities, only 11 answered that question in terms of finance and drawing on subsidies, which according to our opinion seems to be the main reason for creating the association of municipalities. Another reason is by 10% tourist industry, whether in the field of tourism, castles and chateaux or wine tourism. 6 associations were created because of environmental protection, 3 for wastewater management, 2 for healthcare, 2 in terms of coordination of investment projects and land use plans. Education, building new cycle paths or consequences of privatization occur sporadically. See Fig. 5:



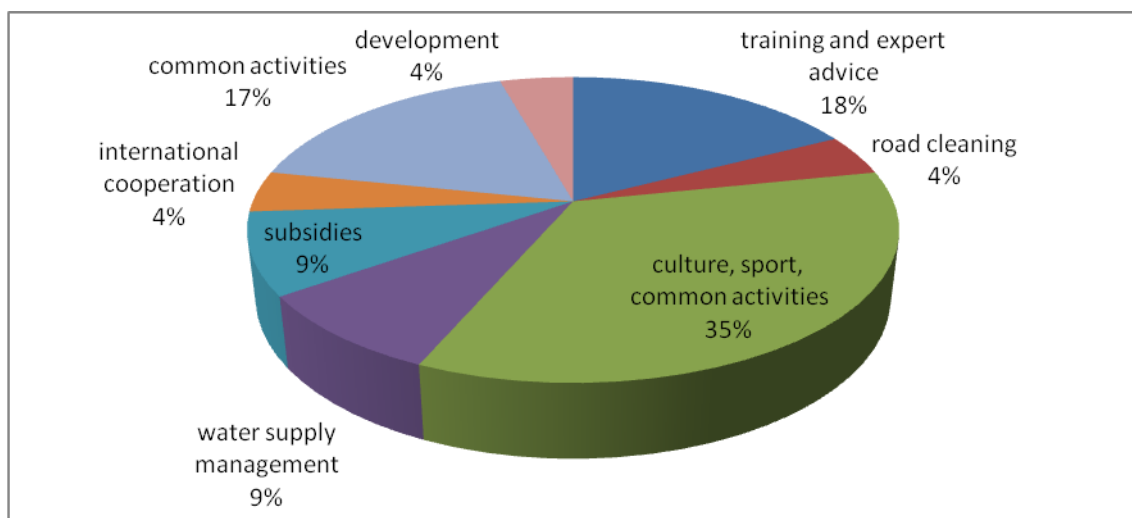
*Fig. 5 Reasons for creation of the associations of municipalities [authors' own work]*

As it was found out during the survey that the associations have set what they can deal with and what not by law, many of them might disclose the use of association also for other purposes.

They responded to the question "**Does the association serve also for other purposes?**" as follows: half of the informants nevertheless said that the association is also used for other purposes, specifically, 35% for the activities in the fields of culture, sports and social events. Furthermore, 18% provide training of representatives and expert consultancy to help smaller municipalities, particularly in obtaining grants or in case of legal issues.

4 associations are besides principal activity engaged in common activities or implementation of other projects. Some also carry out actions that are not common to all municipalities that are members of the association of municipalities.

Furthermore, water management occurred among the responses, particularly well drilling, water reservoirs or water supply systems, the above mentioned subsidies, cleaning the roads by a sweeper machine, international cooperation and regional development. See Fig. 6.



*Fig. 6 Other purposes of use of the associations of municipalities [authors' own work]*

The research and analysis of numerous public construction projects which were carried out in transition and post-transition social circumstances has shown the occurrence of characteristic risks [12].

Scientific and research centres as well as universities are interested in cooperation with both the manufacturing sector and the public administration. In this part it was researched what is the interest of the other party.

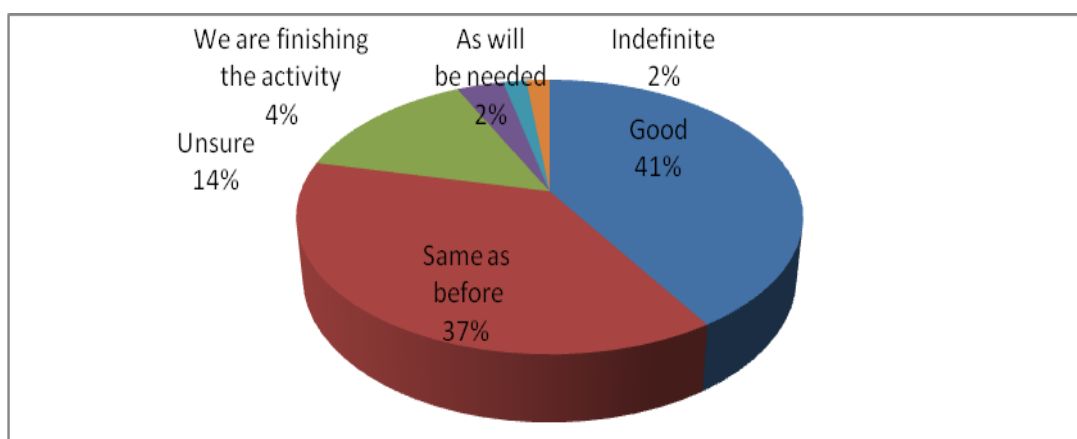
**Have you ever used the possibility of cooperation with scientific research centres (such as ADMAS, JIC, etc.) or universities?**

According to the assumption, the use of associations of municipalities for cooperation with scientific research centres or universities is not common. 85%, i.e. 46 out of 54 associations have never used this option. 4 associations have cooperated with the Masaryk University in Brno, rarely occurs ADMAS centre, Veterinary and Pharmaceutical University etc. due to consultations when deciding about wastewater treatment plants or writing expert opinions.

According to the analysis carried out, interest in this cooperation is not big, mainly because it is not needed (29%), the associations do not know what it might consist of (32%) or they see no reason for such cooperation (25%). Other associations even have not considered it, do not have enough financial resources or have too much paperwork.

Only 28% would be interested in cooperation as inspiration especially in area of the register use, needs of municipalities in waste management, security and transport, general information regarding associations, development of the region and the area of drawing subsidies. 74% of the associations want to continue in the future and 20% probably too. Only 2 associations of municipalities are unwilling to continue or they are terminating their activities. Paper depends on its content, but authors are strongly recommended to divide the manuscript into clearly defined and numbered sections.

As a final part the interesting issue of **how representatives of associations perceive their future was researched**, see Fig. 7:



*Fig. 7 Perception of the future of the associations of municipalities [authors' own work]*

Equally important was to determine whether the creation of association has fulfilled its purpose.

63% of associations of municipalities are satisfied and 29% are almost satisfied. It can be concluded that their creation was really useful. One representative of the association which was not satisfied replied that they got little grants and other informant of associations of municipalities wrote that he hopes that it has fulfilled its purpose.



## 5 CONCLUSION

Cooperation is very important for every human activity. It allows achieving results which would independent entities hardly reached. Therefore intermunicipal cooperation is so important. Municipalities associate to refine and improve the performance of local authorities, to have better access to financial sources, to achieve the greatest possible development and ensure their citizens better living conditions.

Voluntary associations of municipalities have found their firm place in the system of the public administration in the Czech Republic. It is possible to say that this form of cooperation is used for the purpose of drawing grants from different sources. In many cases, it is an investment subsidy for construction of technical infrastructure. Association of municipalities is optimal for the construction projects, because compared to one municipality; it has a greater chance of obtaining grants for construction investment. By the spread of VAM the development of many rural areas could begin to develop thanks to this form of cooperation.

This article deals with the possibilities of use of the voluntary associations of municipalities as potential partners of the public and private sectors. Since voluntary associations provide a wide range of services to their members, it is possible to identify the areas on which preparation would participate private bodies especially construction investments could be targeted. With the exception of the facilities for drinking water supply, drainage and wastewater treatment and building a common sewer system where the associations have already set up their own organizations to ensure these needs, the area of investment cooperation could be particularly designated as the area of environmental protection, common facilities providing pre-school childcare, social services focused the elderly as well as social housing.

This cooperation of municipalities is beneficial because it considers the general structure of the Czech Republic. There are almost 80% of municipalities that have a population of less than 1,000. This brings the municipalities considerable complications in addition to the positive aspects. Small municipalities face problems such as lack of financial income, poor technical and transport infrastructure, limited employment opportunities as well as shortage of qualified administrative apparatus, limited performance of public administration and others. Efficient and effective cooperation can be thus greatly beneficial for such municipalities [13].

## ACKNOWLEDGEMENTS

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