

Mapping the facilitators and obstacles of Inter- Municipal Cooperation: Systematic Qualitative Analyses in Hungary

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Abstract

Inter-municipal cooperation (hereinafter: IMC) is an important element of local government reforms across Europe. There is a growing attention both in academic literature and on governments' reform agendas to examine the forms and results of different IMCs. This wide-spread phenomenon did not avoid Hungary either. There has been a long discussion since the early '90s – the establishment of the current local government system including almost 3200 local governments with extremely broad scope of responsibilities – on the adequate forms of IMC. Despite of this permanent debate and the introduction of many government policies intending to stimulate the greater cooperation on local level, the rationalities behind IMC and the factors that might trigger local governments to engage in increased cooperation with their neighbors have not been systematically analyzed yet. Hence, this study aims to explore what factors might facilitate or, the other way around, hinder the cooperation of local governments. There is strong evidence underlined also by previous studies that beyond the economic rationalities, such as cost reduction or increasing efficiency of service delivery by obtaining economies of scale, there might be other rationalities - such as administrative, political factors or the common identity - explaining the more active cooperative behavior of municipalities. The study presents an analysis on explaining the main motives (incentives and barriers) of creating and running IMCs. In order to explore these explanatory factors 62 semi -structured interviews were conducted with mayors and senior officials from local governments across Hungary on their experiences related to municipal cooperation¹. These interview manuscripts were systematically coded and analyzed with qualitative data analyses software (MAXqda) in order to proceed more systematic and more transparent overview of underlying motives of IMC.

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1. The aim of the study: Understanding the incentives and barriers of Inter- Municipal cooperation.

It is one of the main specific characteristic of democratic states that the power and state authority are divided between the central and local government entities. By the introduction of subnational/ local government entities the inclusion and representation of heterogeneous local interests can be more effectively guaranteed (Bruszt 2008). But the delegation and division of power might result in fragmentation and lower economies of scale, which means providing public service in a larger per – unit cost. In order to reduce or eliminate the above mentioned negative consequence of the allocation of tasks and authority, the implementation of public policy and service provision requires at least some cross –boundaries cooperation between local governments. This raises the questions of adequate form of cooperation and the effective circumstances and incentives used to ensure cooperation between local governments. Hence, this study aims to explore what factors might facilitate or ,the other way around, hinder the cooperation of local governments. There is strong evidence underlined also by previous studies that beyond the economic rationalities, such as cost reduction or increasing efficiency of service delivery by obtaining economies of scale, there might be other rationalities - such as administrative, political factors or the common identity, shared values and interpersonal relationship - explaining the more active cooperative behavior of municipalities. In this study, we test the effect of three logics that might important in decision making and serves as potential explanation for local government (non)cooperation.

- The first logics suggested by rational choice theory states that decision makers rely on rational calculations to achieve outcomes that are in line with their own objectives. These decisions provide them with the greatest benefit or satisfaction and serves their self-interest.
- The second theoretical framework suggests that actions and decisions are “driven by rules of appropriate or exemplary behavior, organized into institutions. Rules are followed because they are seen as natural, rightful, expected, and legitimate.” (March and Olsen 2004). Actors seek to fulfill the obligations encapsulated in a role, an identity, a membership in a political community or group, and the ethos, practices and expectations of its institutions. Embedded in a social collectivity, they do what they see as appropriate for themselves in a specific type of situation. This approach called as the logic of appropriateness where matching of identities, situations, and behavioral rules may be based on experience, expert knowledge, or intuition, in which case it is often called “recognition” to emphasize the cognitive process of pairing problem-solving action correctly to a problem situation (March and Simon 1993, pp. 10-13)
- The third explanatory framework is based upon a social motivation concept suggesting that an environment characterized by trust and fair procedures will activate strong cooperative attitude and encourage joint actions. (Tyler et al 2007).

In this study we specially focus on the analyses of the incentives and barriers of Hungarian local governments. The research ambition can be justified by the fact that the relevance of IMC has been growing in the Hungarian reform agenda. In the last years, the government has introduced new initiatives that enable to increase the mandatory and quasi mandatory cooperation between local governments. In order to understand the underling motivation behind local government cooperation

we conducted qualitative research among a wide range of local government leaders. Altogether 62 semi – structured interviews were conducted in 2017 with mayors leading municipalities with different characteristics. These interview transcript were systematically coded and analyzed with qualitative data analyses software (MAXqda) in order to proceed more systematic and more transparent overview of underlying motives of IMC

As the recent studies and analyses on IMC suggests (cf. meta analyses by Bel and Warner 2015) that in most cases municipalities cooperate in a different way based on their internal characteristics. One of these internal characteristics is the fiscal /economic capability of the local government , and the other is the size of the municipalities. (Bel and Warner 2015) Relying on this findings we also selected different municipalities based on their size and economic condition for analyses.

2. Inter-municipal cooperation in Service Delivery: a Spreading Phenomena

In general, local governments can cooperate in service provision in many different forms and with many different actors – either with other local governments or corporate as well as NGO entities. But the cooperation between local governments, in particular, provides a form enabling them to avoid outsourcing the services to external provider. The literature identifies two common forms of cooperation between local governments in public service delivery. These are, firstly, IMCs and, secondly, contracting out the provision of service delivery to other municipalities (cf. Spitzel 2015, Siegel 1999). Many studies in the field of inter – municipal cooperation argues that the cooperation among local governments can be viewed as collective action generalized to governmental institutions (Ostrom, Tiebout and Warren 1961, Feiock 2004). One of the possible solutions to replace the traditional “one town - one public service provider” is the institutional collective action, that practically means the evolution of cooperative arrangements with other local governments. Inter-municipal cooperation (IMC) in many ways and forms has been a wide - spread phenomenon of local government reforms in the last decades. The increasing cooperation in service provision on the local level was triggered by various contextual conditions. These included the growing pressure on municipalities including the declining fiscal conditions, the increasing, or at least transforming nature of service obligations required by central government, the increasing public needs, and inhabitants’ expectations for better services and more effective government operations. Most often these factors forced local governments’ political leaders and managers to search for new forms for providing public services. IMCs can be different based on the extent of free choice of partners who are involved in the cooperation. In some cases, local governments are required by law or central authorities to engage in IMCs. There are however voluntary forms of IMC too, in which case local governments’ agreement to cooperate represents their mutual interest and negotiations. With regards to its form, IMCs can range from the formal relationships – usually based on contractual relations –, through inter-municipal agreements prescribed by the law, to the more ad hoc, sometimes not even institutionalized informal cooperation forms (Teles 2016 :19-20). The forms of IMCs can be classified according to the main tasks or aims for which they were created. Cooperation involving municipalities can spread from single purpose to multipurpose arrangements. The main goals of IMC range from the exchanges of information through mutual consultation through to the more formal

interactions between bodies, mutually making decisions, creating plans, and even municipalities working together to jointly operate public service infrastructures or to co-creation shared services (cf. Council of Europe 2007, Blair – Janousek 2013).

Municipal cooperation structures also vary on the heterogeneity and numbers of participants involving small and large numbers of municipalities and including municipalities with various size and capacity or sometimes involving private or civil sector organizations and upper level government. (Hulst – Montfort 2007).

3. The Hungarian local government system. Basic characteristics, structural features and responsibilities

The Hungarian administrative structure comprises three levels: the central, the territorial (county) and the local level. The current Hungarian municipal system was established in 1990, immediately after the transition. The municipalities were granted a large degree of discretion in their own actions. Decentralized self- government operate on two levels: on the territorial level one can find 19 county local governments and the local government of the capital city, Budapest. On the lower level there are 3178 local governments. These local governments operate in towns and villages with a relatively broad scope of competences in providing services. They are responsible for a broad variety of public services, including municipal development, kindergarten services and education (until 2012), social and childcare services, basic health care services (GPs), cultural services (library, support of art and theatre etc.), local environmental and nature protection, water supply management, housing management, disaster management, coordination of public employment programs in their towns or villages financed and created by central government, supporting local businesses and tourism, supporting sport activity and promoting youth policy, handling minority and ethnicity policy issues, waste management, and maintaining district heating services. In addition – until 2013 – the chief administrative officers exercised a broad variety of administrative tasks delegated to them by the central government.

In the light of the fact that the Hungarian municipal system is dominated by very small villages with a population of less than 1000 inhabitants (more than 50% of the municipalities are in this category) and endowed with very restricted resources, one would find this broad scope of task portfolio very contradictory. Throughout the post-transition² years there were some legislative acts² enacted with the intention of stimulating IMC. They created additional financial incentives for IMCs. Still, no significant changes were achieved until 2011.

The historically stable and seemingly inalterable scope of local governments' autonomy and authority – both on the territorial and local level – underwent significant changes from 2012.

This overarching administrative reform was triggered not only by power related motives. “The harsh external (macroeconomic, financial and social) conditions set, from 2008 onwards, by the economic crisis and the related requirements of the EU and IMF with regards to the containment of public deficit and debt posed a serious additional challenge” (Hajnal – Kovacs 2013). On the municipal level there was a permanent fiscal and operational problem in the last two decades, but

² The Act CXXXV of 1997 on the Associations and Co-operation of Local Governments and the Act CVII of 2004 on Multi-Purpose Associations of Local Governments in the region

especially after 2008. The major root causes of the problems can be tracked back to the structural and operational features of local government system:

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Firstly, every municipality had the right by the Constitution to create its self- government³. Around 3178 local governments were created by the establishment of local government system. This system was highly and permanently criticized for the inefficient manner of service provision, being rigid in adapting central government initiatives and ineffective to cooperate (Pálné 2008). The system often referred as “difficult to manage both from administrative and financial aspects” (Dobos 2014).

Secondly, the phenomena of significant decentralization of tasks from the state to local level started in 1990 was not followed rationally and consciously by decentralization of central financial to the municipalities. It became quite common for municipalities to use loans for the daily operation. As a consequence of the combination of small size and resource scarcity of local government with the broad task portfolio many local governments turned to external sources of finance, loans for maintain their day-to-day service operation – obliged by the municipal law - or may raise funds for investment projects such as implementing territorial development project or the improvement of local physical infrastructure (cf. Medve-Bálint – Bohle 2016).

Thirdly, another often mentioned problem of Hungarian municipal system is the absence of a strong middle level (local) government system. Originally the county local governments were established to coordinate the complex regional development projects and provide services across municipal borders. Although this initial idea the middle level remained a ‘missing tier’ (Zongor 1999) in Hungary that would have been able to achieve a better coordination of local service delivery.

In the realm of the overarching government reform started in 2011 so many of the reform measures on the municipalities were motivated by consolidating municipalities, balancing the scope of duties with their actual capacities, spreading a higher “paternalistic” central control over the operation and budgeting of municipal system (cf. Pálné 2014). The mayor elements of this local government reforms are the following:

- Refinement of central government finance on local service delivery and introducing the task-based financial system.
- Central government restriction on taking loans by local governments and a Local Government Debt Consolidation program was introduced between 2012 and 2013.
- One of the major elements of the local government reform was the re-division of tasks and powers of municipalities and increasing the role of the state in local service provision. The majority of public administrative functions – delegated by the state to local government – were took over of by the newly established government administrative offices (“járás”). Also in certain fields the health care services got centralized and taken over by the government administrative offices or by the central government (e.g. operating and maintaining hospitals previously run by county local governments).

³ Although a small restriction was introduced in 1994, which allowed the establishment of new local governments only in communities of more than 300 inhabitants, the ageing society produced lots of villages where less than 100 people lived. (Dobos 2014)

4. An overview on the most common forms of formalized inter-municipal cooperation in Hungary

In Hungary the legal framework for local government allows a relatively large freedom and broad scope of cooperation to choose how and in what forms they will provide services.⁴ It allows the local governments a greater flexibility to make a choice about their engagement in any cooperation arrangements, choose the appropriate implementation form taking into consideration their available resources and capacities and being aware of their citizens' needs. In Hungary, basically the local public services can be delivered either independently (in-house service provision), in different forms of IMC or in cooperation with other external actors, usually in cooperation – or sometimes in competition – with social entrepreneurs and religious organizations or with private firms. Our study has the limitation that it only analyses the formalized structures of IMC in Hungary. It is a common practice, either in Hungary, that IMC involves formal agreement establishing coordination arrangement or formal procedures in order to enable joint production with other local governments (Agranoff and McGuire 2003).

One of the wide-spread forms of mandatory IMC is the creation of joint local government offices (közös hivatal). The primary function of the joint local government office is to support the work of the local government committee by preparing and implementing the local regulations and providing administrative services in those cases that are delegated to the scope of authority of the mayor and notary. Based on data gleaned from 2017, there are 738 joint offices operate across Hungary and 2633 municipalities – 82.8 percent of the total 3178 municipalities – are engaged in one of them. For municipalities with a population under 2000 joint local government offices has to be created to obey the new rule of the Hungarian law on the local government enacted in 2011.⁵ The rationality behind this IMC structure is that the small municipalities are unable to maintain their own administrative apparatus due to their scarce resources.

The other most common, but voluntary form of cooperation is the creation of single- or multi-purposes IMC agreement and local government associations (társulás). The Hungarian Local Government Act allows, and based on other sectoral legislation, even supports the local governments to create agreements between local governments in order to implement any of their tasks by increasing the efficiency of their service delivery or creating a more comprehensive way of planning on regional development. These IMCs might comprise only one specific purpose, but it is more common to make an agreement on delivering more than one type of public services jointly. These agreements also create a formalized organizational structure (association) that enables the co-decision making among the local governments. According to the register of the Hungarian State Treasury (data from February 2017), there are 1517 local government associations in Hungary. These associations comprise more than 10765 memberships.

The third analyzed form of IMC is the cooperation in Local Action Group (LAG) in order to qualify for application for European Union's LEADER funds aim to support rural development projects initiated at the local level in order to revitalize rural areas and create jobs. Local Action Group (LAG) is created to implement the Local Development Strategy within a certain region. An

⁴ According the Article 32.1 (c) paragraph of the Fundamental Law (Alaptörvény) the local governments are enabled to manage their tasks and duties by themselves in the frame of obeying the essential rules.

⁵ Act CLXXXIX of 2011 on Local Government of Hungary (Mötv.)

interesting feature of this cooperation structure is that it has to compose both public – mainly local governments - and private organizations from rural villages in order to guarantee a broad representation from different socio-economic sectors. This network type of local government cooperation extended to the entire territory of Hungary. 96 LAGs operate across the country encompassing 3020 municipalities out of the 3178. LAGs can be seen as a form of wide-range cooperation both in terms of their territorial scope and also in terms of the heterogeneity of the actors. One LAG most often encompasses 20-40 municipalities and beyond the large number of local governments cooperating in the group, a wide range of social actors (local businesses, NGOs) are also involved in the cooperation.

The fourth form of IMC in our investigation is the various cooperation forms in short – term projects for improving service delivery. In these cases, cooperation between local governments are often motivated by economic incentives, which can be seen as an indirect restriction for cooperation. This category might include tenders for government / EU funds where one of the major conditions for application might be creating cooperation across municipalities and integrating a large number and broad scope of public organizations and social actors. In our database, there are two types of such short term cooperation were recorded: the Children’s Chance Programs (CCP), where 473 local governments participating in one of the 24 consortiums across Hungary and the “Developing territorial cooperation programs for local governments in convergence regions” where 1744 municipalities were involved in the 83 regional program.

5. Searching for explanation: The incentives and barriers behind IMC

Feiock (2004, 2005) identifies the high importance of individual and collective benefits for local actors that motivate inter municipal cooperation. Traditionally, it has been argued that actors are willing to make any cooperative action for practical or pragmatic reason. This type of rationally calculated driver called as instrumental motivation that refers the extent that people and organizations are motivated for acting together and cooperate with others depends on the degree to which they view their potential rewards and costs they can gain or lose from the exchange. (Tyler 2010, pp. 1 – 12) Studies on local government cooperation have indicated that (Feiock et al. 2009, p. 257) in each case cooperative actions are expect to arise when potential benefits are high and the transaction costs of negotiating, monitoring, and enforcing an agreement are low. But the potential benefit and the factors that blocks hinders cooperation be understood in various means and come to realize in different forms in inter - municipal cooperation.

Table 1: Theoretical overview on the factors influencing decision making on IMC

Theory bases	Factors driving decision making	Incentives	Barriers/ blocks
Rational choice theory /Logic of	Economic rationality	1.cost savings 2.overcoming resource scarcity,	1.information cost 2.negotiatin cost

consequences		3.the creation of opportunities for high quality and less expensive service delivery 4.optimizing the economic scale of service provision	3.reducing autonomy (external decision making cost)
	Political rationality	1.better meet citizens' expectation, "voter" satisfaction, gaining credit for local politicians 2. preserving local power and authority by avoiding forced amalgamation	1. cost of enforcement: there is the risk of credible commitment for jointly delivered services. 2. citizens might got dissatisfied by commuting more for joint services to another town
Logic of appropriateness	Command and control mechanism	Regulation force, authorizes or even motivate local government to enter into arrangements/contracts with other local governments for the join ownership of property or investment projects or join operation of services.	Regulatory framework discourages IMC or prefer another form of service delivery e.g. centralization by taking over local authorities or amalgamation of local entities.
	Traditions, past experience	Cooperation is incented by good past experience, gained lessons or previous tradition.	Cooperation is hindered by bad past experience, or there is no tradition in cooperation.
Trust – Social motivation	Interpersonal trust	Interpersonal trust between local politicians, mayors belonging to the same parties.	Mistrust between politicians, mayors representing opposition party groups.
	Institutional trust	Rule of law and credible and fair administrative procedures.	Mistrust in the administrative and legal system: Unpredictable administrative burdens, legal red tapes
	Common values and shared interests	1. Local leaders sharing common values. 2. Municipalities with similar characteristics might deal with similar problems.	Local leaders sharing different values. 2. Municipalities with different characteristics might have different interests where finding the alignment is difficult.

Neo – classical economic theories of decision making suggest a rational ways of understanding the choice of government entities. It suggests that the economic incentives trigger cooperation between local governments. According to Hilvert and Swindell inter - municipal cooperation in service delivery might result a number of positive effects (Hilvert – Swindell 2013). On the one hand cooperation likely creates cost savings by the division of the construction and operating costs of public service delivery infrastructures (Spitzer 2015),overcoming resource scarcity, the creation of opportunities for new and innovative ways to achieve high quality and less expensive service delivery. But on the other hand as Feiock (2009, p. 257, 2013, p. 399.) pointed out there is transaction costs of negotiating, monitoring, and enforcing an agreement are necessarily required for achieving joint actions. Transaction theories of organizations focus on uncertainty and four types of transaction costs as barriers that prevent government entities and authorities from reaching coordinated decisions and co –actions. The first is called as “information costs” limit the range of options being considered by bounded rational actors, the second type refers the “negotiation costs” that limits the number of alternatives for actors during the decision making process, the third cost is “external decision costs” that limit autonomy in conforming to collective decisions, and the fourth type of cost is related with the decision enforcement, because the joint action limits the ability to make credible commitments. (Feiock 2013, p. 399.)

Beyond the above mentioned economic rationality there might be other well-calculated motivation behind local government cooperation, such as political rationality. Elected politicians are driven by predicting and calculating the political influence of alternative policies or courses of government action - including IMC - based on the risk of whether they will gain more power, or will they be punished by voters or gain more credit from them for supporting and pursuing different policies. This proposition supports the argument that local government collaboration is also driven by a desire to maximize political power and benefit. Hilvert – Swindell (2013) suggest that the successful IMC enabling local governments to better meet citizens’ expectation and reach higher satisfaction among the potential voters. Another clear advantage of increasing the extent of local governments’ cooperation might be that it provides an alternative solution for optimizing the economic scale of service provision without the execution of either territorial reorganizations (amalgamation of local governments) or the centralization of local tasks to upper government level (Hulst - van Montfort 2007). With less intervention to local governments autonomy, municipal cooperation implies less radical changes for local governments and still provide more power and authority to the local politicians and leaders. (Hulst - van Montfort 2007).

However, building up relations with other local governments is not always or not exclusively driven by rational assessments of economic or political benefits of cooperation. Local governments’ action on (non)cooperation might be shaped by internal rules or norms or external expectations – like international trends or requirements - relevant to the situation. In these cases inter- municipal cooperation is triggered by the willingness of complying the rules or expectation, where rules prescribe what is appropriate action and tell actors where to look for precedents, who are the authoritative interpreters of different types of rules, and what the key interpretative traditions are (March and Olsen 2004). So besides the formal rules and legal traditions based on past experience

and memories gives also direction and meaning to local governments leaders how they act and how they actors cope with cooperation. This theoretical approach where decisions are driven by norms, traditions or legal directives which set principle on the proper and acceptable behavior called logic of appropriateness. (March and Olsen 2004)

But recent studies on the factors shaping cooperation (Bouckaert 2012; Tyler 2010; Tyler et al 2007) argue that interactions among partners is not only based on utility maximailzation and maximizing the self- interest. By contrast, collaboration can be seen as self-regulatory, trust-based form of co-action. where the linkage between people, groups or organizations is built on mutually shared attitudes, common values, cultural norms, shared social identities, and emotional connections inducing or entailing trust. Most scholars have described collaboration as the most elaborate and developed level of co-action (cf. Mattessich and Monsey 1992, Thomson and Perry 2006). In such network type relationships partners can reduce transaction cost and enhance credible commitment by decreasing the effort on the decision making and negotiation process and control the other's behaviour or monitoring (cf. Feiock 2013). The trust is a central determinant of these collaborative relationships, which means that actors rely on each other's actions and they have positive expectations and beliefs that others are well-intentioned and will behave in ways that are helpful or at least not harmful for them. According to the organization approach of trust, most scholars distinguish between interpersonal trust and institutional trust (Sitkin and Roth 1993: 368). Interpersonal trust refers that positive expectations based on personal experience in interacting with another persons or socially constructed attitude on social/demographic/political status of someone which serve as a proxy for personal experience (Sitkin és Roth 1993). One of the special form of interpersonal trust might based on common political values or the mayors' same party membership. The other type of the trust is based on relying on institutional arrangements (cf. Boda 2013:76-81) that reflects the use of contracts, sanctioning capabilities, or fear procedures in a reliable, truth worthy manner. In this case, trust takes the form of credible institutional arrangements through formal certification of expertise, legalistic mechanisms and fear procedures and reliable administrative tools.

6. Empirical analyses of the incentives and barriers behind the Hungarian IMCs

The local governments where interviews were taken selected based on the size (population) and the economic condition of the municipalities. All together 62 interviews were conducted in the selected local governments with the mayors. In order to systematically analyse this large and complete data sets we developed a comprehensive code system were developed based on mainly theoretical consideration – the key explanation theories were described in details above – but also inductively new coded created based on the findings. The relevant information within the transcripts were marked and coded based on this code system Several to many of the same codes were repeatedly throughout the texts due to there are mostly repetitive patterns of motivation and consistencies in local government behavior. The primary goal of the analyses is to find these repetitive patterns of these incentives and barriers in the data set.

Table 2: Distribution of selected local government for deeper analyses

Municipality Category based on the size	Poorer municipalities (N = 21)	Wealthier municipalities (N = 41)
Small settlements (The number of inhabitants is under 2001)	13	14
Medium-sized settlements The number of inhabitants is between 2001 - 20000	9	19
Large settlements The number of is over than 20000	0	8
N (Interviews)	21	41

In order to explore and get a deeper insight to the main patterns of small municipalities cooperation experiences 13 poorer and 14 wealthier municipalities were selected and the mayors were interviewed about their experiences on IMC.

Table 3: Exploring smaller municipalities experiences in IMC

	Smaller villages with lower economic capacity (frequency of occurrences)	Smaller villages with higher economic capacity (frequency of occurrences)
Purpose of getting engaged in IMC	<ul style="list-style-type: none"> - joint application for development projects and founds (4) - delivering mandatory tasks and services (5) - Maintaining municipal operation and ensuring the continues existence of local government (2) - joint maintenance of public institutions (2) 	<ul style="list-style-type: none"> - joint application for development projects and founds (7) - delivering mandatory tasks and services (5) - joint maintenance of public institutions (4) - sharing information (3) - increasing economic rationality / optimizing the economic scale of service provision (3) - Maintaining municipal operation and ensuring the continues existence of local government (3)
Incentives	<ul style="list-style-type: none"> - overcoming resource scarcity by applying for extra founds in cooperation (4) - interdependence (4) - common interests / mutual benefits (4) - cost savings, lack of resources (3) 	<ul style="list-style-type: none"> - overcoming resource scarcity by applying for extra founds in cooperation (9) - interdependence (5) - interpersonal relationships (5) - regulatory requirements /legislative prescription (4) - lobbying, joint advocacy (4) - common interests/mutual benefits (3)

- Barriers/ blocks**
- urban inequalities between municipalities and different interests (5)
 - lack of capacity , high transactional costs (3)
 - too many participants in the cooperation/ high transactional costs (3)
- urban inequalities between municipalities and different interests (5)
 - bureaucratic/administrative difficulties(Institutional mistrust) (3)
 - centralization/taking over of former local tasks (3)
 - lack of capacity, high transactional costs (3)

Interviews were conducted with mayors from middle-sized municipalities. We investigated 9 poorer and wealthier local governments' experiences. The findings are summarized in the Table 3 below.

Table 3: Exploring medium size municipalities experiences in IMC

	Medium size municipalities with lower economic capacity (frequency of occurrences)	Medium size municipalities with higher economic capacity (frequency of occurrences)
Purpose of getting engaged in IMC	<ul style="list-style-type: none"> sharing information (3) joint application for development projects and funds (2) delivering mandatory tasks and services (2) 	<ul style="list-style-type: none"> joint application for development projects and funds (10) delivering mandatory tasks and services (8) increasing economic rationality / optimizing the economic scale of service provision (7) joint maintenance of public institutions (3) improve the quality and performance of public services (3)
Incentives	<ul style="list-style-type: none"> interpersonal relationship (4) balanced power ratios between actors/ commonalities between local governments (3) 	<ul style="list-style-type: none"> overcoming resource scarcity by applying for extra funds in cooperation (8) interdependence (7) interpersonal relationship (6) common problems (6) common interests / mutual benefits (5) Cooperative leadership (Mayor) (5)
Barriers/ blocks	<ul style="list-style-type: none"> independence (2) bureaucratic / administrative difficulties(Institutional mistrust) 	<ul style="list-style-type: none"> rivalry (6) prefer another type of solution (4)

(2)

too many participants in the cooperation/ high transactional costs (4)

Mayors from 8 larger municipalities were interviewed and their incentives and barriers for cooperation were examined in the Table 4 below.

Table 4: Exploring medium size municipalities experiences in IMC

**Larger municipalities with higher economic capacity
(frequency of occurrences)**

Purpose of getting engaged in IMC	joint application for development projects and funds (3) increasing economic rationality / optimizing the economic scale of service provision (1)
Incentives	overcoming resource scarcity by applying for extra funds in cooperation (4) feeling solidarity for poorer and smaller municipalities (3)
Barriers/ blocks	prefer another type of collaboration (2) lack of expertise (2)

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