

Factors Driving Inter-Municipal Cooperation in Moscow

Rosaline Georgevna Agiamoh

PhD Student, Faculty of Social Science, Department of Public Administration

National Research University, Higher School of Economics

No. 20 Myasnitskaya Str., Moscow 101000, Russian Federation.

Ragiamoh@hse.ru / rosaline.agaimoh@gmail.com

ORCID: <https://orcid.org/0000-0001-7272-0769>

Abstract:

Inter-municipal cooperation is often regarded as a fiscal strategy for municipalities seeking to reduce budgetary expenditure through partnership, the exchange of services and technical know-how. This paper however argues that inter-municipal cooperation could function as a compulsory public relations tool for the legitimisation of government decisions in urban planning within a predominantly bureaucratic system. The study reviews the current municipal partnerships within the Moscow megalopolis and identifies key factors driving said partnerships. The paper also contributes to critical social theory and advocates for bureaucratic positivism within the context of modern collaborative governance frameworks.

Points for Practitioners:

The paper provides background information on inter-municipal cooperation in Russia. It also provides factual data on active legal agreements between Moscow City and the Moscow Region. These agreements provide ad hoc opportunities for public partnership arrangements which could be interesting for foreign investors in the related sectors. Given the novel nature of this area of study specifically for Russia the paper serves as a reference point for further research in this field.

Keywords:

Inter-municipal Cooperation, Bureaucratic Positivism, Critical Social Theory, Collaborative Governance

Introduction

Inter-municipal Cooperation (IMC) in its essence is an age-old economic strategy through which hamlets worked together toward common goals. In a more contemporary view inter-municipal cooperation gained popularity following the industrial revolution as towns and cities began developing at unprecedented levels. A popular example of such historic city cooperation is the *Hanseatic League* (also known as *Hansa*) which comprised north German towns and German merchant communities in other countries (Latvia, Poland, Netherlands, Estonia and Sweden) in a bid to protect their mutual trading interests.

IMC as defined by Agranoff and McGuire (2004) is a process involving cooperation between municipalities through legal agreements and co-production towards promoting regional service coordination and attaining economies of scale. IMC is therefore a process of collaboration across municipalities through which various stakeholders within a particular network cooperate towards specific outcomes and develop long-term formal institutions. IMC could be seen as a practical application of the ‘collaborative governance’ theory specifically in the case of waste management cooperation which deals with multiple private sector stakeholders. Ansell and Gash (2007) define collaborative governance as:

“A governing arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision-making process that is formal, consensus-oriented, and deliberative and that aims to make or implement public policy or manage public programs or assets”.

The key drivers for IMC as identified by Jackson et al. (2010) usually involve the need for attaining improved services and economies of scale for specific projects, access to funds and the drive for development within a specific catchment area. Municipalities may also require support in managing public infrastructure (such as waste management, water resources or public transportation) and may use IMC as a platform to bolster publicity and improve public relations. Ferreira (2018) also identifies that leadership, network management and common ground have a stronger influence on IMC especially for smaller urban areas which utilize IMC as a public administration solution to achieve enhanced sectoral service delivery and economies of scale.

Inter-municipal Cooperation can take on different forms based on the structure of the legal agreement and municipal functions. The most common forms of IMC across Europe as identified by Hulst & van Montfort (2012) are the quasi-regional governments, planning forums, service delivery organizations and service delivery agreements. Cooperation between municipalities could also be voluntary or compulsory based on the State’s governance structure (Bel and Warner, 2015). For instance, joint corporation is a popular system of IMC in Europe (practiced in Norway, Finland and the Netherlands) while inter-local contracting (via administrative organisations) is the preferred partnership method in

the USA (Warner and Hebdon 2001). Informal cooperation between municipalities is also more common in decentralized government systems while formal cooperation is predominantly characteristic of the unitary governance system which may also have special associations and networks to facilitate the process of region-wide municipal cooperation as is the practice in Russia. Kolsut (2018) identifies four types of associations across Europe based on their inter-connection with government tiers: The consolidated, bipolar, federative and fragmented model, interestingly all tiers exist in Russia at the federal, regional and local government levels as non-governmental, non-political organisations which serve in an advisory capacity to the municipalities and although the case for the fragmented model in local self-government (LSG) is still ongoing in Russia many scholars believe this model may not be successful due to high operational costs and low expertise in managing such associations (Lyakisheva and Shlegel, 2017; Shugrina, 2016). Literature on IMCs in Russia is relatively sparse and for the most part takes on a legal or local self governance viewpoint (Mironova, 2015). It is therefore quite interesting to witness the ongoing Inter-municipal cooperation between Moscow city and its surrounding suburbia.

Literature Review

Research examining the drivers of inter-municipal cooperation (IMC) has evolved over the past decade. Various approaches have been applied to understand the factors responsible for cooperation between municipalities and until recently most of the literature has been focused on economic factors such as transaction costs, debt burden, tax burden, own fiscal revenues, and supra-local regulation limiting local taxation and debt (Bel & Costas, 2006; Bae, 2009; Bel et al., 2013).

Research in this sphere is quite limited despite the pertinent need for cooperation in this sector. Most literature feature multivariate empirical analysis on local services privatization and cost benefit analysis especially since services offered are usually billed (contractual) and therefore require government administrative oversight (Bel et al. 2009). In reviewing available literature on the subject, one tends to notice a succinct pattern in the general hypothesis presented:

- Inter-municipal cooperation saves cost
- Inter-municipal cooperation increases cost
- There is no evident cost difference
- Fiscal stress drives inter-municipal cooperation
- Other factors drive inter-municipal cooperation

Statistical test methods have been applied in most of the past studies to analyse the variation in municipal budgets over time including costs for utility payments (gas, water, electricity and waste disposal). The method of theoretical analysis on the other hand is predominantly associated with qualitative factors such as polycentric spatial development (Olsson & Cars, 2011), entrepreneurship (Ladygin, 2011) and institutional collective action (Tavares & Feiock, 2018). This study takes on a

qualitative approach to identify the underlying factors driving cooperation between Moscow City and the Moscow Region (Suburbia) drawing on municipal convergence between these regions and their shared territorial boundaries.

Methodology

The study is primarily qualitative in nature and looks at the possibility that factors other than fiscal constraints drive inter-municipal cooperation specifically in the case of the inter-regional cooperation between Moscow city and the Moscow Region. The study therefore hypothesizes that: Factors other than economics-of-scale drive inter-municipal cooperation. A review of public documents, economic indices comparisons and focus group surveys are applied in the study. The focus group survey is conducted within the Nekrasovka District of Moscow which was previously a part of the Lyubertsy district of Moscow Region transferred to Moscow City in 2012. The views of the residents of this locality are expressed in the findings below.

Findings

Like most European regions, IMC in Russia is driven by the need for regional, economic growth and towards facilitating the joint administration of public infrastructure. There are twelve economic regions in Russia divided based on territories sharing common characteristics of:

- Climatic, ecological, and geological conditions;
- Economic conditions and development potential;
- Social goals and living standards;
- Technical methods, and
- Customs oversight.

Federal Law No. 211 FZ¹ (adopted December 21, 1999) on the “general principles of organization and activities of economic interaction associations of the subjects of the Russian Federation” has been the bedrock of modern cooperation agreements (IMCs) between regions in the Russian Federation. The policies enacted serve as a guide for regional cooperation towards nascent economic goals. This law governs the creation and operation of economic associations, it further determines the development strategies, priorities and programs of such associations. Over the years various amendments have been applied to the legislature and more recent policies drafted to facilitate sectoral growth between economic zones such as the Presidential Decree No. 13² (Dated January 16, 2017) which approves the fundamentals of State policy on regional development of the Russian Federation till 2025. IMC within the country is most popular amongst neighbouring municipalities via partnership sought through the

¹ Federal Law No.211 FZ (In Russian): <http://ivo.garant.ru/#/document/57742816/paragraph/8994:0>

² Presidential Decree No.13 (In English) <https://cis-legislation.com/document.fwx?rgn=92911>

establishment of inter-municipal organizations, legal agreements and budgetary cooperation (Babun, 2013; Sabyna, 2016).

Moscow City and the Moscow Region belong to the Central Economic Region and are both members of the Central Federal District. Both territories are bound by a number of factors listed above, key amongst which are geographical (territorial borders, ecology, language, culture and history), political and socio-economic factors (Buchakova, 2010).

Figure 1: Administrative Map of Moscow and the Moscow Region



Source: By Author adapted from Wikimedia Commons

As members of the Central Federal District and due to geographic proximity and history, both territories are closely linked through administrative and legal oversight as such IMC agreements between both territories are quite common especially with regards to inter-regional public transportation services. Based on the aforementioned one can argue in favour of the hypothesis that *'factors other than economics-of-scale drive inter-municipal cooperation'* specifically in the case of municipalities within the same regional ambit.

There are of course significant disparities in per capita income and living standards; nonetheless these differences also stem historically from the factual governance and administrative structure. Figure 1 shows the geographical map of both territories and Table 1 highlights their comparative peculiarities at a glance

Table 1: Comparative Administrative Profile - Moscow and Moscow Region

	Moscow		Moscow Region	
Area	2,561.5 km ²		44,329 km ²	
Population	12,692,466		7,687,647	
Unemployment Rate (2019)	1.5%		2.6%	
Executive Head	Mayor		Governor	
Administrative Centre	Moscow		Moscow and Krasnogorsk	
Municipal Districts (Okrug)	12		17	
Municipalities (Intra-city)	146		50	
Urban Settlements	125		69	
Rural Districts (Suburbs)	21		99	
Legislative Authority	Moscow City Duma		Moscow Regional Duma	
GDP Per Capita (2017)	Rubles	USD	Rubles	USD
	1,263,700	21,939	509,545	8,846
Average Monthly Salary (2019)	95,179	1,497	54,442	856

Source: ROSSTAT (<https://eng.gks.ru/>)

Legal IMC agreements between Moscow and the Moscow Region started to gain popularity in 2009. By Mid-2020 there were 39 active agreements between the municipalities in various sectors. Figure 2 highlights the active inter-regional or IMC agreements between Moscow City and the Moscow Region. A review of these agreements (Figure 3) reveal to a large extent the positive intervention of Federal law on local government policies mostly towards social welfare (e.g. transportation, health, utilities, waste management, etc.). However, inter-regional cooperation or inter-municipal partnerships are seldom publicized and a very small proportion of the population are even aware that such programs exist.

Figure 2: IMC Scope - Moscow City and Moscow Region



Source: By Author collated data from public documents

Figure 3: Top Cooperation Focus within the Moscow Megalopolis

Sector	Description	IMC Start Date
Transportation	Infrastructure Development & Expansion (Hubs, Stations, Routes). Transport Security & Traffic Management	30/12/2009
Solid Waste Management	Access to Landfills and Waste Processing Plants Construction of New Plants	25/10/2016
Debt Repayment	Budget overrun on social services: Transportation, Gas & Heating	21/10/2010
Healthcare	Cooperation between Medical Organisations, Research, Training and Information Exchange	01/06/2018

Source: By Author collated data from public documents

The Government of Moscow (Mayor Sergei Sobyenin) and the Government of the Moscow Region (Governor Andrey Vorobyov) recently signed an inter-municipal partnership agreement³ (Dated February 18, 2018) on trade, economic, scientific, technical, socio-cultural and socio-ecological cooperation. This cooperation is aimed at the strategic development of the Moscow Region which includes access to clean drinking water, environmental safety, health centres and public transportation amongst others. In the sphere of municipal waste management, the regional agreement between Moscow City and the Moscow Region under section 27 specifically provides for the:

- selection of technologies for the treatment of various types of waste, including municipal solid waste, currently in use or planned in the Moscow region;
- interaction with investors on the implementation of investment projects for the creation of solid municipal waste management facilities in the Moscow Region;
- spatial distribution in the Moscow region and the technical and economic characteristics planned for the use of facilities for the treatment and disposal of municipal solid waste, and the potential demand of the city of Moscow for production capacities (share of capacities) in relation to exit motorways.

The aforementioned cooperation points were developed on the backdrop of the initial MSWM cooperation agreement between the two regions which was formalized on October 25, 2016. This agreement was subsequently amended on December 24, 2018 and supplements added twice in 2019 with a final edit published on December 31, 2019. The new supplements (No. 1 77-1109-1)⁴ specifically include clauses on free access in transporting waste from Moscow city to the various landfills in the region, data management and budgetary allocation from Moscow city to the region for the establishment of new waste processing plants (Rub 13.5 Billion in 2019) and administrative operations (Rub 25 Billion 2019-2021). The updated agreement also contains an addendum of the agreed volume of waste to be handled by the Moscow Region, the proposed volume of waste to be

³ Moscow and Moscow Region cooperation agreement (In Russian)
<http://docs.cntd.ru/document/555621736>

⁴ Updated <https://mosreg.ru/download/document/1027870>

processed from 2019 to 2029 is estimated to range between 38.6 - 49.8 million tons. This agreement thereby facilitates the construction of four thermal waste processing plants in the Moscow Region each having an operating capacity of 700,000 tons/yr. Two of these plants are expected to be in operation by October 2021⁵

This cooperation in municipal waste management however is seen by most as the government's legitimization effort in creating some form of public relations solution to the ongoing waste management challenge between the regions. Landfills were historically situated at the outskirts of the city within the Moscow Region, however due to urbanization and city expansion these sites have drawn closer to residential communities and due to recent overfilling have resulted in air and ground pollution directly affecting nearby residential communities (Agiamoh & Larionova, 2020). There has been mass public outcry and protests since 2013 on this very issue with communities calling for the complete closure of landfills and waste disposal sites, these protests have resulted in blockades of transportation routes and restricted access of waste trucks into their territories - calling for Moscow city to handle its own waste. The government of both territories have been very proactive on this front which could be seen as a true example of positive bureaucratic administration; as of December 2020, thirty- nine landfills had been closed in the Moscow Region. The decommissioning of such sites has triggered the need for innovative waste management technologies and administrative oversight. To this end, inter-municipal cooperation (IMC) between both territories now focuses on long-term development cooperation, specifically within the context of spatial development, municipal solid waste management (MSWM) and social infrastructure (Agiamoh, 2020).

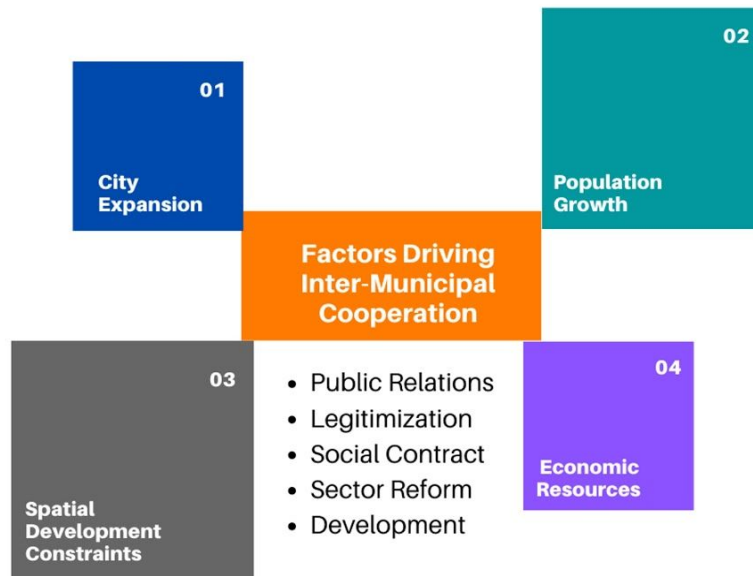
The focus group survey involved 257 responses from residents of Nekrasovka (Moscow City) and neighbouring Lyubertsy (Moscow Region). Major complaints of the respondents involved *poor local administration* which they blamed on the *corruption of officials* and *their poor managerial skills*. The respondents said this was evident by the '*continuous built-up space and infrastructure being developed by mass housing companies in the area*'. With government officials turning a blind eye to the ongoing degradation of the surrounding environment and the increased pressure on already *stretched infrastructure* resulting in traffic, lack of parking space and surrounding greenery/parks as well as overcapacity in schools and clinics. The respondents also mentioned that the *air pollution* in the region was becoming intolerable especially at night. Most respondents from Lyubertsy felt a sense of *inequality* as social welfare schemes within the Moscow City territory were far better than that of the Moscow Region even though they were territorially juxtapositioned.

⁵ News Archive (in Russian): <https://news.solidwaste.ru/2019/09>

Conclusion

IMC has been functioning actively in Moscow since 2002 under Local Self Government . Cooperation between Moscow City and the Moscow Region started to take a formal approach in 2009 through the execution of Legal Agreements and is primarily focused on the provision of Social Infrastructure.

Figure 4: Factors Driving IMC in the Moscow Megalopolis



Source: Author

Key Sectors for IMC between Moscow City and the Moscow Region involve Transportation, Solid Waste Management, Healthcare and Debt Repayments. The factors driving IMC between Moscow City and the Moscow Region stem from the following commonalities: Geographic location; territorial borders; history, tradition and culture; governance structure and budgets; shared social infrastructure.

Factors driving IMC between Moscow City and the Moscow Region, could be identified as city expansion, population growth, spatial development constraints and economic resource planning specifically human capital (Figure 4). In view of the challenges being faced by Moscow city with regards to the aforementioned, IMC is leveraged as a means of social contract legitimization, in the process of policy reform and regional development in a predominantly bureaucratic system.

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