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INTER-MUNICIPAL AND DISTRICT CO-OPERATION  
IN THE SPHERE OF DEVELOPMENT<sup>1/</sup>

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IN THE SPHERE OF DEVELOPMENT

Modernisation in public administration, or reforming it, is an endeavour as old as administration itself. This trend, this urge, I believe, will not subside, and it is nearly the same in most countries. This is understandable, because life does never stand still and changes perpetually, and it is our wonderful duty to fall in line with these changes or - even better - to keep up to date at the core of such evolution and try to manage and to steer it as far as possible. Besides of ever reforming our normal institutions of local government in our cities, rural districts, towns and villages, there is an additional good means for handling and solving many such problems of change within our own field: it is inter-municipal co-operation.

As you know by your own experience, it is oftentimes very difficult to succeed in reforming our normal local government set-up, because there are a lot of traditions and of historical and political impediments to be overcome. In all varieties of inter-municipal or inter-communal co-operation it is much easier to solve such problems and to keep abreast with the ever-changing requirements of our times of progress and development. This I shall attempt to prove.

I am only able to give here an account of some German experience in this field. You know your own situation best, and it is you alone who can decide what elements of our experience might be applicable and useful for your home countries. If there are some useful ideas in it, it should be our common purpose to find the best solutions for yourselves and to protect you from errors as we suffered during a long time of practical tests and trials and we should do so by an exchange of ideas and experience.

In some report written by one of the consultants of this seminar, Dr. Marshall, University of Birmingham, made the significant remark that inter-municipal co-operation is a characteristic of German public administration. This excellent expert knows local government systems inside and outside of Europe so thoroughly that we may accept this statement to be correct. Indeed, German tradition and experience in this field extends over more than half a century. I believe, the most important reason for this is that German local government is real self-government, that is, local autonomy with great independence from State government in administrative as well as financial matters. Thus we are eager to establish such self-government also for organs intended for administrative functions outside or above the limitations of normal local authorities. It is a tradition in Germany not to ask primarily the State for help in an emergency, but rather to look for a solution within the scope of self-government. In most cases the State also adheres to the same intention or general trend.

I am not a professor, although I like and admire professors and their work very much. So I can just try to present here a more practical lecture. I come from practice and worked more than thirty years in the administration of cities of different sizes and in the staff of the German Association of Cities and Towns. At present I am City Manager of Leverkusen, a city with a population of 105,000. May be you never heard of the place, but surely you know Bayer, the famous producer of pharmaceuticals, of international reputed medicines (Aspirin), is the very best tax-payer in my city with revenues of about 40 million deutschmarks to my treasury per year.

You have received my paper on "Inter-Municipal Co-operation for Planning, Financing and Execution of Development Programmes". In this paper I tried to give you some basic rules about the principles, the bearers, the systematics, forms and technique, and the contents and the advantages of inter-municipal - or inter-communal - co-operation. So, I believe, I may limit this lecture to the

characteristic features in this field, explaining them by examples from the practical experience in Germany. Some case material about three of such examples you have already been handed out.

Firstly, I should like to give you a brief survey of inter-municipal co-operation by special deviations from the normal patterns of local administrative organisation and also a short description of more informal coordinated action procedures.

Secondly, I shall give you an outline about forms and contents of inter-municipal co-operation as it is done in Germany under public law and

Thirdly, you will hear something about the possibilities in Germany of organizing inter-communal corporations under the conditions of private law.

The first complex:

Some weeks ago I attended a seminar in Berlin comparable to this one here. It was organized by the Research Institute of the German Association of Cities and Towns and dealt with the subject of "Regional Planning". It was very interesting to get there once more the definite confirmation that in Germany and in most countries of the western world - as we were told by participants from other countries - a serious and important change of Local and State government is urgently necessary. In many fields it is impossible to solve the problems now which arise from industrialization, the congestion in the cities, the growth of traffic, automation in administrative work, the requirements of public asf., in the traditional ways and by the existing institutions. Everywhere one looks for new solutions and, usually, the best way appears to be some kind of co-operation. Research-work done by science and practice in this context goes about in three directions:

There are first of all the small villages, and I presume we have here comparable problems. In Germany we have more than 20,000 local

communities. A very high percentage of these are very small; so small, indeed, that they will be unable to solve by themselves or by the help of normal institutions, like for instance, the rural districts, the problems with which modern ways of existence confront everyone of us.

We should not at all consider combining those small communities into larger units, because the self-government of the villages should be maintained, so they may continue to be the "school of democracy" on the local level. So the local government charters in Germany provide that several villages may jointly recruit officers or specialists, may set up joint administrative services, or elect a common mayor, or a common manager, or may organize a joint treasury or accountancy. Now we are to look for better and more modern forms of this pattern of co-operation.

The second direction in which research endeavors to go is the very hard problem to find the best way for the administration for the management of smaller or larger economic areas. There are some excellent examples that I shall discuss later on (The Ruhr area, Greater Hannover, and in the USA, the Tennessee Valley Authority).

The graver problems in this field go far beyond the capacity of local authorities and have to be solved by the States or nowadays even by European institutions. For instance: the German State of North Rhine-Westphalia with its 15 million population, where I am coming from, had coal-mining and the production of steel as the economic base for decades. Now both are diminishing rapidly and hundreds of thousands of workers have to change their jobs and homes within the next few years.

This implies a high degree of shifting in the population between the cities of the area. Thus, my city, having a big chemical industry, had an increase of about 50,000 inhabitants during the

late twenty years, and continues at a rate of 2,000 to 3,000 per year. I must admit that we were unable so far to cope with the problems involved. In smaller economic areas consisting of but a few cities, districts or towns, we by now have not found satisfactory solutions either. We experimented to find a line to follow in establishing a balanced arrangement between cities and rural districts, and we did not find a solution even for the area around our temporary capital of Bonn. In all these cases the only way to make the best of the situation is the more informal inter-municipal co-operation, described in my work paper.

The third direction of research work now is to look for good ways of controlling the situation of our big cities with populations of about 500,000 and more. You all know this situation comparable to that in the closer surroundings of your big cities in Africa. Neither here we have found real solutions, and again the best way to help appears to be all kinds of inter-municipal co-operation among neighbouring cities and adjoining rural districts and with other kinds of organizations. It may be a satisfaction for yourselves that European and other highly developed countries, what they are assumed to be, also have so many problems and so much really hard development work to do in their own national spheres these days.

At the end of this first complex I should say one more word about the simplest, the cheapest and, as I believe, the most important form of co-operation for the total development of local government. This is the exchange of experience, which should actively begin on the international level and finally on the local level. You know, we have the very active International Union of Local Authorities with headquarters in The Hague, Netherlands, which is also represented here in this Seminar. Most of the countries have national associations of this nature. We have in Germany four different ones for the cities, the rural districts, for the towns and the smaller communities. They work closely together and have state-wide associations in each of

the states. They are financed by the member cities, the rural districts etc. and are absolutely free of influence of the Federal or State governments. They work "in the lobby" and have a good strong influence on the parliaments and the government departments. Their most important task is to provide for the exchange of experiences between the member communities. For their work they maintain well-equipped headquarters with a full-time staff. So the German Association of Cities and Towns has a staff of more than 50 and the Executive Director is as well salaried as the Mayors and Chief Administrators of our biggest cities. This staff prepares and executes the decisions of the board and committees of the association. I myself am a member of more than twenty of these bodies, as the committees f.i. for personnel matters, the advisory committee for the conclusion of contracts about salaries between the local communities and the trade unions, committees for statistics, public health, public hospitals, electronic data work in the city administration, for scientific research work, for staff training and advanced studies of city managers, and one recently set up on European problems. These activities require a lot of time; from one to three full days a month I am away from the city hall and my own preparation for the meetings I do over weekends. But the profit for the city is considerable, because I am always up-to-date on all questions of development in legislation and other affairs long before they become public, and I have an excellent personal exchange of ideas and experiences with my colleagues at the meetings. This exchange of experience can and must also occur on the local level from one administration to another, from officer to officer, among neighbouring cities, municipalities of comparable size and similar or identical problems.

The second complex:

Here I should like to present an outline of forms and contents of inter-communal co-operation as it is provided for in German public law. You will find this in special statutes decreed by State

legislations besides the municipal charters. All these formal patterns remain within the frame of local self-government. They differ only in the duration and validity of an agreement until a new body with a similar organisation and comparable rights and duties, as local communities normally have, is established.

For instance, the city of Leverkusen has to build an installation for burning the garbage because there are no more possibilities to deposit it. To get the installation to run 24 hours a day and to have it run most economically, you must have the garbage of some 200 to 250 thousand inhabitants. The cost to build the installation is about 17 million deutsch marks. As the city has a population of only 105,000 it needs some communities in the neighbourhood to make the project most economical. There are the following possible forms of co-operation:-

- (a) The city finances and builds the installation alone. The neighbouring communities use it and pay dues dependent on the proportion of participation. About this the partner cities make an agreement under public law. The competences and powers of the co-operating communities are in no way restricted, but they have to conclude the contract and have to meet its conditions. The city of Leverkusen will apply this solution, because it would like to remain independent of the possibly changing opinions of the councils and administrations of the other participant communities. But the basic condition is, that we have enough money to finance the installation alone, and we have at present.
- (b) The second possible form would be to conclude an agreement under public law with the aim that our city takes in hand this function to execute it responsibly and competently for and on behalf of the other partner communities who may uphold their right of contributive action or not. You can easily imagine that it will require a long time to get the

signatures of all the communities involved and to bargain for the rights and duties of contributive action. Besides, you need the approval and you have to accept the influence of State government.

(c) As a third form there is the possibility to organise a new inter-municipal body, a so-called Special-Purpose-Corporation, and

(d) a fourth way of selecting a solution under private law. Both I shall explain here.

Special-Purpose-Corporations are very common in Germany. There are now about 5,000 corporations of this type in West Germany. They were established for any purposes you can imagine in the local field, especially for the tasks you cannot and should not solve by one only community. We have Special-Purpose-Corporations, just to give some examples, for establishing and running for two communities or more:

Schools of all types, theatres, other cultural enterprises, hospitals, cemeteries, fire services, planning associations, sewerage purification plants, garbage burning plants, barrages, slaughter-houses, cattle-markets, covered-markets, savings banks and all kinds of public utilities for traffic, gas, water, power and other services.

These corporations have an organization similar and rights and duties comparable to those of local government. Law pertaining to rural districts is practicable for them. They have self-government and usually their own personnel. The charter of the corporation must prescribe a supreme policy making body, appointed by its member communities. The financial requirements must be met jointly by the member communities. Besides local communities also, State and Federal organizations of any kind, private persons and/or corporations may join as full members or by some other variety of association.

There are some especially interesting and outstanding examples of Special-Purpose-Corporations, organized like this, but based on special legislation:

The Tennessee-Valley-Authority (TVA) in the USA;  
the Ruhr-Regional-Planning-Authority; and  
the Greater-Hannover-Area-Association,  
both these in Germany.

The Tennessee-Valley-Authority is a world famous example for a good and fast development of a considerably large area. It was founded more than 30 years ago for the main part of the valley area of the Tennessee River with more than 100,000 square kilometres, covering parts of seven States of the USA. The main tasks of the Authority are:

to regulate the river, to protect from high water damages, to make it navigable and to promote agriculture and industry by supplying water for the production of electricity in the whole area. At present the Authority employs 20,000 people, operates more than 1,000 kilometres of navigable river with twelve sizeable harbours and produces an immense quantity of very low-priced electric power. Detailed information on TVA is easily available in a good library.

The Ruhr-Regional-Planning-Authority was founded in 1920 and is one of the oldest official regional planning organizations in the world. The area of this Authority is 5,000 square kilometres, but includes 5.7 million people which is more than one tenth of the entire population of the Federal Republic of Germany. The Ruhr area is one of the most industrialized and most densely populated parts of the world and is generally known for its coal and steel production. The Authority has to fulfil Local and State functions. It has to designate and to secure real estate for future purposes regarding transportation facilities and such as greenbelts. It either adopts

or rejects site plans along municipal boundary lines and provides area-wide frame-works for municipal master plans. Many details regarding this Authority you have been presented in a condensed documentation in English prepared by Bernhard Berkowith, Chief of Research and Analysis of the Baltimore City Department of Planning, Baltimore, Maryland, U.S.A.

The Greater-Hannover-Area-Association is only three years old. It was established by State Legislation and comprises no less than 211 towns and villages, and four rural districts for the purpose of coordinating the adjoining area of a metropolitan city by joint planning and combined implementation. Hannover is a State capital city of 500,000 inhabitants whose peri- and external areas comprise a population of another 350,000. The Association endeavours to harmonise the residential with the industrial areas, the requirements of transportation and traffic with the need for recreation space. The city of Hannover does not hold the majority in the organs of the Association, although it is the most important member. The member communities send delegates to the General Assembly, but the delegates are free and not subject to orders of the council that sends them. There are some difficulties and there are favourable experiences, but it is still too early to arrive at ultimate opinions about this new way of solving the problems of a metropolitan city and its external area without incorporating the smaller communities into the large city unit.

The third complex:

Regarding this third complex I would like to comment on the possibilities in Germany for organising inter-communal corporations under the rules of private law. As in most other countries we are able also in Germany to organize private enterprise in the form of joint-stock companies with limited partnership, of limited liability or in co-operative societies. The specifics of these forms of organization in Germany are regulated by law. Government is also able to apply these forms. On the local level you find them chiefly in the field of public utilities, but also in cultural (theaters) and school affairs (private schools).

on the other hand they are not permissible in governmental affairs (as police etc.). The reason for adopting such private forms is not to administer any such, say, public utilities, but to operate them as economic enterprises; in many cases to move them a little away from the immediate political sphere. In my city we operate, for example, together with two rural districts of joint stock company for operating a bus traffic system. I represent my city on its supervisory board, and it is easier for me to distinguish impartially between objective necessities and more political desires, than it could be handled in political controversies in my city council.

Corporation of this type may be conducted with or without the participation of the State or of private members. If it is possible to gain some profit by such enterprises, as electric power plants, private participation is very interesting, because it attracts private capital:

The Electric-Power-Supply-System of Rhineland-Westphalia (RWE), a big joint-stock company, is a very interesting example for this. In the volume of its capital RWE is after Bayer Leverkusen the second largest joint-stock company in Germany. More than 50 per cent of its shares are held by more than 60 cities and rural districts. They buy electric power by this enterprise. These sixty cities, towns and rural districts are organized and bound in a limited liability company as the communal share-holders of RWE, in order to hold the majority. They are reciprocally engaged neither to sell the shares to outsiders nor to sell them just to other members. Thus it is possible to hold the majority also on the supervisory board, and thereby to have the decisive influence regarding price policy and the appointment of the management. The general manager is a former city manager.

RWE was founded in 1898. The mayor of the city of Essen in the Ruhr-area and a highly reputed manager of a coal mine were the two most important members of its first supervisory board. After some years RWE became a semi-public enterprise. From thereon the decisive influence of public corporations in all matters of business policy was guaranteed by authority of their proportionate ownership of capital stock.

Now RWE has a capital of 960 million deutschmarks (= 240 million US dollars) in shares. The total production capacity of electric power amounts to about 10 million kilowatts. The possibility for exchanging electric power always exists with Belgium, the Netherlands, France, Austria and Switzerland. First atomic power plants are productive, others are under construction. RWE now serves  $8\frac{1}{2}$  million people in 2,800 communities in an area of 27,000 square kilometres. More details about RWE you have received in two documentary reports in English.

May I now make these closing remarks:

Inter-municipal co-operation brings, I believe, very good advantages for planning, financing and executing development projects -

by creating bearer organizations adequate to the requirements of a task that goes beyond the capacity of a single local authority,

by co-ordinating local interests and

by achieving economic rationalization through joint planning and combined execution,

and last not least, and this is the main concern of this seminar

by combining and strengthening local financial resources.