

# Attempts at Local Government Reform in Estonia

Raivo Linnas

## Abstract

It is widely acknowledged that the list of mandatory tasks and obligations of local government units is by all means too long for the actual capacity of the majority of local government units in Estonia. Discussions on the theme of local government reform have been acute for a long time in Estonia, but no systemic, comprehensive and holistic reform of public administration has been done there up to now. There is a gap between the need for and success factors of local government reform in Estonia.

**Key words:** Estonia, local self-government, administrative reform, territorial reform.

## Aim and Purpose of the Article

This paper briefly examines the attempts at local government reform (hereinafter called LGR)<sup>1</sup> in Estonia over its time of re-independence. The author provides a brief overview of the state of the local government sector in Estonia for a better understanding of the context of the main issue. The aim of this paper is to discuss the matter of attempts at LGR in Estonia, particularly focusing on the analyses of different attempts at LGR, the lack and presence of some key factors of success and several arguments supporting the implementation of LGR in Estonia. Some authors have discussed the theme of LGR in Estonia, but the author considers the issue more comprehensively on the one hand and goes more in-depth in the analyses of the strengths and weaknesses of attempts at LGR and of the arguments supporting LGR in Estonia on the other. The author has no intention of denoting how, what, when and why politicians and practitioners should do in preparing LGR, but only refers to some success factors and inhibitors of the reform process.

## Introduction

The concept of local governance is as old as the history of humanity, but only recently has it entered into broad discourse in the academic and practical literature (Shah and Shah 2006, p.2). Local self-government has been recognized as a governing principle by the European Union. The local authorities are one of the main foundations of any democratic regime (COE 1985). However, both the academic and non-academic literature confirms the following: 1. Local self-government units in many countries do not deliver public services and grant constitutional rights to local inhabitants as stated in the constitution or laws. 2. Local self-government units rather often have a low capacity in the context of outcome and impact or have failed completely to meet the reasonable and well-grounded expectations of the citizens of the local government unit in question. 3. Local government units do not have autonomy to the full extent constituted in the legal framework. 4. Local government reforms rather often do fail or are not completed as planned. Situations such as these have been common in Estonia during its entire period of re-independence. Therefore,

the matter of local self-government being the continuous object of research and policy is of the utmost importance.

Public administration has undergone several changes in the last few decades all over the world (Wollmann 2000, p.923; Carvalho *et al.* 2007, p.3), but the need for and actions of public administration reform are an old and permanent phenomena (Roosevelt 1937, p.235). The typology and taxonomy of LGR are various. The reasons for and models, scope, focus, driving forces, major actors and degree of intensity of LGR are quite varying in the global, European and country levels. There are many strategies, goals, objectives and targets of LGR. All of these approaches have had varying degrees of achievement ranging from full success to complete failure. Therefore, the matter of local self-government reform as object of research and policy is of the utmost importance.

Local self-government is a diverse, complex, complicated and interdisciplinary matter of research. Therefore, the author used a multi-method research design to integrate the qualitative and quantitative methods of collecting, processing and interpreting data. A structural search of the relevant theoretical publications and other sources of information and data on public administration reforms were performed. In particular, the focus of the sources of information were official reports, interim-reports, publications, and the minutes and correspondence of the institutions responsible for planning, executing and monitoring the reforms of local government in Estonia. The information and data collected by the author were validated, analyzed and synthesized. The sources of information the author used were qualitatively analyzed for semantics and content.

### Short overview of local self-government reforms in Estonia

The development of the local self-government sector in Estonia can be broken down into three periods: 1918–40, 1940–90 and from 1990 until today. Local government in Estonia

had constituted a significant part of administrative arrangement before the Soviet era, but a new system had to be established rather than an old one restored, as the interim centralized regime had brought about thorough reorganizations. Estonia during its re-independence has had a number of attempts at administrative, regional, territorial and administrative territorial reform. Discussions on the theme of LGR have been acute for a long time (Mäeltsees 2009, p.56; Almann and Arumäe 2010, p.117). Different drafts of LGR programs (See Table 1) have been submitted to the different cabinets of the Government of Estonia, but none of them have gotten the widespread support of society. The resistance to and opponents of LGR in Estonia have been so strong that nearly all attempts to initiate LGR have failed. LGR planning teams in Estonia have given too little attention to citizens and society, such as what happened in the Netherlands during the implementation of the Tilburg Model (Hendriks and Tops 1999, p.137). Attempts towards LGR in Estonia have been often linked or even focused on the amalgamation of LGUs, but this strategy is unpopular with both local (Sancton 2005, p.323) and state electorates (Dollery and Johnson 2007, p.199). Focusing on the amalgamation of LGUs diminishes the degree of participation and representation (Dollery and Johnson 2007, p.198). There were changes of public administration structure on different levels or in some spheres during 1990–97 (Aru 1999a, p.14), but no systemic, comprehensive or holistic reform of public administration has been carried out in Estonia up to now.

The main goal of LGR performed during 1990–93 was a re-creation of local democracy to serve as a basis for the re-establishment of a nation-state (Aru 1999a, p.13; Almann and Arumäe 2009, p.116; *Estonica*; Kiisler 2009a, p.2). Minister Jaan Õnapuu (2003a) proposed 4 models of regional reform for Estonia: 1. A combined model;<sup>2</sup> 2. A strong county governor model;<sup>3</sup> 3. A strengthening of the functional management model;<sup>4</sup> 4. Introduction of a two-level local government system. According to Almann and Arumäe (2009, p.117),

there are no big differences between the part of the plan concerning the territorial issues of Minister Aru's LGR plan and the reform plan of Minister Tarmo Loodus. The LGR plans of Ministers Õunapuu and Reimaa match each other and they fit with the LGR plans of Ministers Aru and Loodus. The LGR plan of Minister Kiisler differs completely from the LGR plans of the other ministers.

According to Vallo Reimaa (2007, p.6), a former Minister of Regional Affairs, in Estonia the main goals of attempts to arrange regional administration during 1998, 2001 and 2003 were an even development of regions; balanced regional management; a clear separation of functions and better administrative capacity on the county level; binding connections between state and local self-government; wider implementation of the principles of democracy, subsidiarity and regionality on the county level; improvement of state supervision; the establishment of an institution to carry out the identity of the county-side based on the association of LGUs in the county in question; and the democratic administration of EU funds and warranty for the effective usage of the possibilities of the information society.

LGRs are often followed by a top-down strategy designed to minimize the opportunity for resistors to affect the LGR process (Wallis and Dollery 2001, p.533; Cole 2003, p.191). Taking into account recent history of the LGR in Estonia, one can conclude, that the top-down approach is rather suitable for implementation in Estonia, alike in Australia (Dollery and Johnson 2007, p.198), Canada (Sancton 2005, p.320), Latvia (King *et al.* 2004, p.947), New Zealand (Wallis and Dollery 2001, p.533), Trinidad and Tobago, Jamaica (Schoburgh 2007, p.161), and the UK (Wollmann 2000, p.922; Cole 2003, pp.190–91)<sup>5</sup>. Germany has had a number of bottom-up initiated reforms (Reichard 2003, p.347), but the majority of administrative reforms have not been particularly successful (Reichard 2003, p.348). Both the bottom-up and top-down strategies may become a long-term learning and adaption process (Wollmann 2000, p.928; Jones 2002, p.43; Sancton 2005,

p.317). However, the case of Germany shows expressively that initiative from the LGU level (bottom-up) is a strong alternative to central control (top-down). Also, the recent history of Estonia confirms that the voluntary amalgamation model has actually been preferred in real life despite the initial intention of using the top-down model. The first voluntary amalgamation of LGUs was in 1996<sup>6</sup>. Next amalgamations were in 1998,<sup>7</sup> 1999,<sup>8</sup> 2002,<sup>9</sup> 2005<sup>10,11</sup> and 2009.<sup>12</sup> However, the voluntary amalgamation model, known to be the only working model for LGU amalgamation in Estonia since 1996, has achieved no significant success (Kiisler 2009a, p.4). The number of LGUs with less than 1000 inhabitants is growing steadily because of decrease of population due the process of urbanization and emigration.

The case of Estonia confirms one more time that focusing on the amalgamation of LGUs diminishes the degree of participation and representation (Dollery and Johnson 2007, p.198). Besides, there is no linear link between the size and efficiency of an LGU (Dollery and Johnson 2007, p.199).<sup>13</sup> Andrew Sancton (2000, p.74) and others argue that there is no functionally optimal size for an LGU at all. This argument has been largely confirmed by the case of Estonia. Statistical data from 2008 verifies that no linear link exists between the size of an LGU and the value of the administrative costs of the LGU per capita of population (Tallinn over 5000, LGS average over 3000 and all other size groups between 2000 and 3000 *kroons*) (Jõgi 2009, p.24); the level of wealth and level of administrative cost of the LGU per capita of population except in the case of Tallinn (Jõgi 2009, p.24); the size of an LGU and the level of total expenditure *per capita* of population in it (Jõgi 2009, p.30); the size of an LGU and the structure of cost dispersions by economic subject matter (Jõgi 2009, p.31); and the size of an LGU and the value of investments per capita of population (Jõgi 2009, p.31). Nevertheless, in the case of Tasmania, calculations show that the costs of general administration rose when LGUs had fewer than 10 000 inhabitants and did so very sharply for those

with below 5000 (Haward and Zwart 2000, p.36). Therefore, one can hardly find scientific evidence confirming the existence of universal, certain, reliable and fitting for all societies LGR models. However, as far as plans of LGR in Estonia still exist only on paper, one cannot give any final assessment of the possible actual outcome of these plans. Still, LGR attempts in Estonia have been rather fragmented, non-holistic, unfinished or often not even developed beyond the planning stage. There are many objective and subjective major and marginal political, administrative, financial and other reasons for that. The author will consider some of them further on in this article.

### **Brief analysis of some success factors of LGR plans in Estonia**

No policy or project can be successful without comprehensive set of success factors, which should be at present during all phases of the policy or project. The LGR can be understood and treated like the policy or the project. Therefore, the LGR does have minimum set of success factors, which may consist clearly worded problem, vision and goals; achievement of common understanding and interests; sound and relevant sources of goals; robust and adequate legal basis; perceived and attached value to the aspect of complexity; relevant key mechanisms; clear and adequate time-frame; supportive political context and clearly stated focus.<sup>14, 15</sup>

### **Problem, vision and goals**

According to Anders Hanberger (2009, p.6), setting performance expectations for any public policy is a critical question of democracy. A clear description of the essence of the problem should be included in relevant LGR documents to avoid the considerable risk of failure. The results of the analysis of different documents and academic sources of different LGR plans in Estonia confirms that the reasons (problem wording) for LGR and the 0-point situation of the state of LGUs to be

covered by the reform are put on paper by different reform planning teams, but in superficial, unpretentious and grounded to an insufficient extent (See Table 1; Aru 1999a, p.2; SM 2001, p.14; Reimaa 2007, pp.4–5; Kiisler 2009a, p.1; Arumäe 2009, p.10, p.20 and pp.24–9). Vast majority of the general goals, objectives, targets and desired outputs are not measurable (See Table 1; Aru 1999a, pp.3–5; SM 2001, p.3, p.4, p.5 and p.9; Reimaa 2007, pp.6–7; Kiisler 2009a, p.2; Arumäe 2009, pp.10–1 and p.16).<sup>16</sup> The lack of clarity of LGR goals and impact leads to multiple interpretations of LGR goals and hinders its implementation.<sup>17</sup>

### **Consensus building**

Consensus building is one of the core success factors of LGR (Wallis and Dollery 2001, p.533 and p.535). According to Mäeltsemees (2009, p.62), no other reform needs such a long lasting and thorough explanation and argumentation to members of society like the LGR does. The success of LGR depends on the attitudes (Martin 1999, p.24), needs and preferences of the various groups of society (as participants but also possible beneficiaries of the impact of LGR). It is essential to ensure that the perspectives of all major stakeholders are embodied in the goals of LGR (Sanderson 2001, p.309). A broad collection of LGR stakeholders reached some principal agreements concerning the model, goals, principles, process, time-frame and some criteria during the relevant conference entitled *Regionaalhalduse reform Eestis* held in Toila in 2003.<sup>18</sup> However, no political consensus was reached concerning the LGR plan of Minister Õunapuu on the level of central government and the implementation of this reform plan was not initiated at all.<sup>19</sup> Regrettably it is impossible to state that the initiators of any attempt at LGR listed in Table 1 attached enough importance to consensus building.

### **Legal basis**

According to NALAD (2001, p.4), the existence of law on local self-government admin-

istrative-territorial reform is likely to add stability and continuity to the LGR process. There was no such law in Estonia from 1999 to 2009, when a draft was drawn up. A draft of the act of the reform of administrative-territorial arrangement was prepared by Minister Kiisler, but this was not presented to the *Riigikogu* because of resistance from the Prime Minister and his party. NALAD (2001, p.10) also recommended that a set of criteria for the formation of new municipalities is to be decided by the Parliament and laid down by law. The set of criteria for the formation of new municipalities recommended by NALAD to Estonia was sufficiently comprehensive and reasonable to use. There is evidence (Aru 2009a; SM 2001, p.15; Kiisler 2009) that the initiators of different attempts at LGR in Estonia have tried to develop some measurable criteria for the amalgamation of LGUs. However, these reasonable and usable recommendations proposed by NALAD have been denied in significant degree by the different governing coalitions in Estonia.

### Key mechanisms

The key mechanisms and measures put on paper by the different teams of LGR listed in Table 1 are not systematic or comprehensive, not very well supported by arguments, and are often only label addressing to measure a mechanism (See Aru 1999a, pp.10–1; SM 2001, p.7, p.8 and p.9; Arumäe 2009, pp.14–5 and 17–8). As a result, the sets of tools are unconvincing. Almann and Arumäe (2009, p.119) argue that only Ministers Aru and Loodus have put together an eligible and feasible plan of LGR in the recent history of LGR in Estonia. The author can support this opinion with major revisions. One can find a kind of time frame and milestones in the plans of LGR initiated by Ministers Aru (1999a, pp.32–3), Loodus (SM 2001, pp.15–6) and Kiisler (2009a, p.17 and p.21) as well as by Harju County Governor Värner Lootsmann (Arumäe 2009, p.11). In the LGR plans of Ministers Aru (1999a, p.32), Loodus (SM 2001, p.17) and Kiisler (2009a, p.22), as well as by Harju County Governor Värner Loots-

mann (Arumäe 2009, p.11), some financial measures supporting the implementation of LGR are listed, but these measures are in general terms and are not supported by any financial calculation, project budget or numbers.<sup>20</sup> Nevertheless, in the government reserve fund (part of the state budget) subsidies for the voluntary amalgamation of LGUs in 2000 in total 256410 EUR and for 2005 6410256 EUR were allocated. There is sense in setting goals only if the goals are important enough to become binding (SE21 2005, p.12). In the case of Estonia one can find no planned mechanisms or measures actually capable of making LGR goals binding.

### Political context

LGR in Estonia has consistently been over-politicized (Almann and Arumäe 2010, p.117). One significant political and legal reason is the peculiarity of the election system in Estonia. The situation in Estonia is complicated by the almost perpetual pre-election, election, and post-election times (Linnas 2007a, p.251; Almann and Arumäe 2009, p.119) because of the different periods of European-, state- and local-level elections. The practical experience of different elections during the time of Estonian re-independence has shown persuasively that it is very difficult to attain a consensus on any political or policy strategies or goals, including matters of LGR reform, between the political parties during a pre-election time. Second, if the President of the Republic is not elected by the *Riigikogu* even in the third round of voting, the President of the *Riigikogu* will convene an electoral body. Both in 1996 and 2001, the President of the Republic was elected by the electoral body. The electoral body is comprised of members of the *Riigikogu* and representatives of LGU councils. Due to mergers, the number of representatives of LGUs in the electoral body will decrease. Therefore, the number of LGUs is not only a matter of local issues, but also an important factor in state-level politics. Consequently, if the present system of elections remains unchanged, the factor of over-politicizing will

remain at present. The third reason for the over-politicization is linked with an aversion to changes by local politicians (Carvalho *et al.* 2007, p.2), administrators and influential sponsors of domestic politics. Mostly but not only with their subjective selfish interests which embarrass the reform process (Martin 1999, p.34; Sato 2007, p.453). There were 5464 civil servants in the LGUs of Estonia at the end of 2008 (Lipp 2008, p.42). In the context of Estonia, the unemployment level is rather high<sup>21</sup> in rural municipalities and small towns, and the number of employers is very limited. Accordingly, each employed person has to try to keep his or her job. Consequently, any change that threatens the stability and sureness of the jobs will be blocked by domestic actors if they are not be provided with certain and clear opportunities for new jobs after the LGR.

Arising from Estonia's political, legal, historical and cultural peculiarities, the impact of the public, primarily of the voters, on the political elite is almost negligible between elections. Both the state- and local-level electorate in Estonia lack legitimate possibilities of controlling and impacting on the activities of politicians after general and domestic elections (Linnas 2007, p.284). Therefore, politicians as decision makers do not actually depend on the wishes and pressure of the voters. The level of local democracy is rather weak in Estonia because there are few active citizens, weak non-governmental organizations, a lack of a participatory policy and direct-democracy, and non-existent democratic dialogue at both the state and local levels. In these aspects Estonia is very different from its Nordic neighbours: Finland, Sweden (Hanberger 2009, p.6) and Norway (Vabo 2005, p.567). Accordingly, the present political context does not support the success of LGR in Estonia.<sup>22</sup>

The loyalty of members of local government councils to their party will restrict the capacity of councillors to act as community representatives (Copus 1999, p.77; Vabo 2005, p.577). Allar Jõks (2008), former Chancellor of Justice, argues that in Estonia party affiliation is taking on terrifying dimensions, where

the preference of private interests over public interests is rather the rule than the exception, meaning that the clan economy needs to be handled. Jüri Saar (2011), professor of University of Tartu, argues that political parties have become power which slows down development processes in Estonia, because of amplification of the incompetence and selfishness through political parties. Therefore, if the loyalty of local councillors to their party dominates over loyalty to their voters, then one factor of success of LGR is missing.

Devotion to the completion and permanence of LGR is under real risk in Estonia as in any society because: 1. Central governments can only address a few problems at a time because of limited resources (Andrews 2008, p.178) and 2. New agendas should be developed because of the permanent need to attract voters with new enticements.

Rait Maruste (2007), a judge of the European Court of Human Rights, argues that the categories of a true and functioning constitutional democracy take much longer and greater effort to evolve than economic wealth or formal lawfulness. Changes can only happen if people can influence politicians (McIntyre-Mills *et al.* 2008, p.317). This is not the case in Estonia today. Because of that, it is somewhat optimistic to believe and hope that political parties will reach a political consensus for the design and implementation of LGR in Estonia in nearest future.

### **Some arguments supporting local self-government reform in Estonia**

In this chapter the author discusses some supportive arguments for the implementation of the reforms. The opinions of politicians, scientists and practitioners on the need for LGR or lack of it are very diverse in Estonia. There is no clear line between the politicians of the ruling coalition and opposition, scientists and local government practitioners. Since Estonia regained independence, its LGUs have had more and more tasks and functions heaped upon them, but in most cases there has never been enough money to fulfil them all (Mäelt-

semees 1994; Linnas 2008, p.69). Nevertheless, Andrus Ansip (2010), the Prime Minister of Estonia and the leader of the Reform Party, does not see any reason to initiate LGR in Estonia. According to Ansip, the LGUs of Estonia are free to amalgamate, but there is no need for compulsory state-level administrative action for that because LGUs in Estonia are strong enough to fulfil the tasks and obligations laid down by law. However, there is still no scientifically collected data available regarding the share of local self-government in the volume of public services rendered to the public by the public sector as a whole (Linnas 2007, p.292). Also, there is no clarity at all on the optimum balance between state- and local-level tasks and obligations, as well as an objective, reasonable and usable criteria for an LGU's capacity and suitability for Estonia's public administration model.<sup>23</sup> Consequently, the local self-government sector in Estonia is facing a real need for change in the political, economic and administrative fields, including aspects of audit, control and supervision. The author presents some of the factors supporting LGR in Estonia further in this article. The author recognizes that there are still a number of aspects and factors of LGR that are unclear and unequivocal.<sup>24</sup> Nevertheless, there is also no scientific theoretical or empirical information that confirms that LGR will not improve the wealth of LGU inhabitants or the administrative capacity and sustainable development of LGUs. Administrative practice confirms that different models of local government can co-exist (Hendriks and Tops 1999, p.150) and no unanimity exists on how to perform LGR (Jones 2002, p.38).

#### **Low capacity for the creation of wealth**

The growth of welfare enables all of inhabitants to reach a situation where Estonia is adequately valued as a place to live, work and obtain self-realization. This, in turn, is a precondition for realizing the goal of the viability of cultural space and other goals (SE21 2005, p.18). The level of welfare of Estonian society is relatively high in a global context,

but in the Northern European context Estonia is a country with a low level of welfare (SE21 2005, p.18). LGUs all over the world suffer from a mismatch between their responsibilities and sources of finance (Mäeltsemees 1994; Haveri 2003, p.319; Ryyänen 2003, pp.255–6). Still, too many LGUs in Estonia do not have the sufficient capacity to support central government in attempts to increase the level of welfare in Estonia. Conversely, the limited administrative capacity of LGUs often reduces the quality of public services and also inhibits their application for financial support from European funds (SE21 2005, p.25). According to Arno Lõo (2007, p.7), there were 65 strong and 56 weak (in the meaning of development capability) LGUs on average for 2002–2006 in Estonia. 20 LGUs were assessed to be critical, 41 relatively critical, 38 wealthy and 25 relatively wealthy in the sense of poverty (level of income) on average for the same years (Lõo 2007, p.8). Therefore, the capacity for creating wealth and warranting the sustainable development of LGUs should be a political goal.

#### **Weak and uneven administrative capacity**

It is widely acknowledged by scholars that small LGUs do not have a sufficient amount of financial and human resources (Haveri 2003, p.321; Pihlajaniemi 2003, p.268; Linnas 2007, p.284) and are failing to serve their inhabitants (Boex and Simatupang 2008, p.453).<sup>25</sup> The general index values of local government capacity calculated for the LGS in Estonia for the period 2005 to 2008 vary quite significantly.<sup>26</sup> Also the financial capacity (spare funds) remaining to provide public services to an LGU's inhabitants and to develop the local area is very weak in Estonia.<sup>27</sup> Nevertheless, while there is little difference in the share of operational costs of total expenditure of LGUs,<sup>28</sup> in general small LGUs have bigger share of operational costs of total expenditure as it is in big LGUs. Also operational costs per capita of an inhabitant are bigger in small LGU than in big LGU (Jõgi 2009). Therefore, smaller LGUs do have ob-

jectively less resources for serving local inhabitants. Some authors of LGR plans have seen the enlargement of LGUs as one measure for stopping the peripherization process in Estonia. Inversely, Sulev Mäeltsemees (2009, p.60) argues that creating greater LGUs causes a higher level of peripherization. Nevertheless, the general capacity of LGUs can be improved first of all by the improvement of the financial and economic situation<sup>29</sup> of LGUs. Consequently, some changes to improve and even out (by increasing, not reducing) the administrative capacity of LGUs should be performed. However, Smoke (2007, p.14) argues that LGUs should be handled differently depending on their capacity and performance, not on their size or classification.

### Regional imbalance

Counties in Estonia have different levels of and potential for development. In addition, the number of LGUs and their well-being differs significantly from one region to another. In Estonia, on average during 2002–2006, 49 LGUs were classified as periphery and 52 as centre on the centre–periphery socio-economical scale (Lõo 2007, p.11). Periphery units had a level of wealth more than two times less as the centre units on average for those years (Lõo 2007, p.11). There is at present a continuing tendency towards an increase in regional imbalance in Estonia and towards the “extinction” of peripheral living regions (SE21 2005, p.24). In unequal states, reforms should focus on economic and social injustice (Andrews 2008, p.178). Therefore, something has to be done to stop the development of regional imbalance in Estonia.<sup>30</sup> Otherwise, the level of social, economic and military security will decrease to the level that is dangerous for the independence and sovereignty of the State.<sup>31</sup> Nevertheless, different regions and different LGUs have their very own historical, cultural and economical peculiarities. Therefore, contextual factors are important to take into account for the sake of success of an LGR (Andrews 2008, p.171). In other words, all LGUs should not be even all over the country if there are very rational, significant and ac-

ceptable reasons for the diversity, unless an acceptable level of wealth of the inhabitants of the LGU under question is granted.

### Dependence on the state

Estonian local government sector depends to a great extent on the political decisions of each budgetary year of the sitting Parliament and State Government (Mäeltsemees 1994 and 2006; Linnas 2009, p.144) because local taxes are not relevant sources of income for LGUs in Estonia (Linnas 2007, p.284). According to the Ministry of Finance of the Republic of Estonia, the share of operational costs (staff, administrative and other costs) in the consolidated budget (expenditure) of the local self-government sector was 70% in 2003, 75% in 2004, 72% in 2005, 68% in 2006 and 71% in 2007.<sup>32</sup> Accordingly, the financial capacity (spare funds) remaining to provide public services to the local inhabitants and invest public money in domestic economy is very weak and any change in the allocation of supplementary funds from the state budget to the local government consolidated budget has a significant impact. Lower local capacities make local government more state-dependent (Sellers and Lidström 2007). Michal Illner (1998, p.29) argues that the levels of centralization and decentralization have to be weighed against the functional and contextual factors so that the optimum between them can be determined.<sup>33, 34</sup>

### Limited networking and co-operation

Global trends are towards an increasing share of networking (Aarrevaara 2003, p.302; Ketunen and Kungla 2005, p.357; Steyvers *et al.* 2008, p.134) and expanding co-operation between LGUs (Haveri 2003, p.316; Heuru 2003, p.258; Helander 2003, p.295; Oulasvirta 2003, p.340). According to §12 of the Local Self-Government Organization Act and to §2 of the Local Government Associations Act, LGUs in a county may form a county association of LGUs to foster a balanced and sustainable development of the county, to preserve and promote the cultural traditions of

the county, to represent the county and the members of the association, to protect the common interests of its members, to promote co-operation between the local governments in the county and to create possibilities for improved performance of the functions of its members as prescribed by law.<sup>35</sup> Many small LGUs in Estonia buy public services from neighbouring LGUs on a contractual basis (MI). However, wide-range co-operation between LGUs through the county associations of LGUs or the joint outsourcing or co-sourcing of different functions is still limited in Estonia mainly due to constitutional peculiarities and political reasons.<sup>36</sup>

### Other factors

There are some more factors that are rather supportive for the implementation of LGR in Estonia. Almann and Arumäe (2010, p.121) argue that Local Self-Government Organization Act and other laws on LG issues are out of fashion and LGR has to be performed for the sake of the development of Estonia. However, one cannot rely too much on the idea of an accomplished legal framework.

The external control and supervision system of LGUs in Estonia is *"definitely based on a solid and adequate constitutional and legal framework"*; *"is in full accordance with the European Charter of Local Self-Government in this particular respect"* and the administrative, constitutional, governmental, judicial and political control and supervision over the local government sector executed by the state in Estonia is *"in general and by large sufficiently public, transparent and democratic enough"* (Linnas 2009, p.141), but the control systems over the local government sector in Estonia are inefficient or ineffective. According to Hanberger (2009, p.19), a legitimate balance between trust, risk and democratic control depends on the model of governance and one's understanding of democracy. The model of governance has to be revised during the LGR in Estonia. As a matter of fact, instead of performing simply LGR the holistic, comprehensive and systematic change in the general governance model, including

both central and local governance level, should be done in Estonia soon.

Almann and Arumäe (2010, p.115) argue that LGR in Estonia is feasible. The author supports the opinion of Almann and Arumäe on the inescapable need for LGR in Estonia and shares their belief in its feasibility, but only to the extent that concerns theoretical feasibility. The author remains rather sceptical on the actual possibility of performing a sound LGR Estonia, because too many supporting factors are still lacking. Nevertheless, some balance should be reached between the improvement of the actual state of LGUs and a thorough, comprehensive, scientific enough and systematic preparatory process of LGR in the nearest future in Estonia. There is always a lack of relevant scientific arguments supporting or demurring any major change process in society. Nevertheless, life cannot be stopped only because of the availability of a small number of supporting arguments for the unavoidable processes of principal change. The political will for LGR should be strong enough (Smoke 2003, p.12). Laudably, some historical facts from recent history of Estonia do confirm that politics do have strong enough political will to make significant changes in society seldom.<sup>37</sup>

### Conclusion

Estonia is sustainable when the preservation of the Estonian cultural space, growth of welfare of the people, coherence of society and balance with nature are ensured (SE21 2005, p.31). The point that most influences the process of LGR today is the fact that LGR can significantly affect both the absolute and relative importance of the state- or local-level government or both. LGR will lead to a change in the state of political power in society. The author presented some major reasons for the lack of success of and aspects supporting implementation of the LGR in Estonia. Some successful examples of other similar projects (preparatory process for accession to the European Union, NATO and Euro-zone) do confirm persuasively that a robust system

for supporting the achievement of clearly stipulated and commonly accepted goals is a significant prerequisite for the complete success of projects with a large impact on society. The political environment determines both the extent of LGR and the impact it will have on society (Schoburgh 2007, p.159). The most powerful members of the political elite in a governing coalition are not interested in major changes of the public administration ordinance, but voters do not have the power to initiate major changes in Estonia. Therefore, to assure conduct of proficient, thorough, sound and relevant processes of preparation and implementation of the holistic, comprehensive and systematic change in the general governance model, a change in the political and cultural environment is needed in Estonia.

## Notes

<sup>1</sup> The term LGR is a general term that marks and covers all types of local government reform. The term for particular type of local government reform will be noted separately.

<sup>2</sup> A separation of local government and central government functions of the county governor. LGS functions inherent to the county governor are transferred to LGU associations. Introduction of centres of public services.

<sup>3</sup> Some central government functions are to be transferred to the county governor. The county governor will serve as a leader of regional development. Decrease the number of counties to 10.

<sup>4</sup> The county governor and his office are to be abolished and all functions are to be transferred to ministries.

<sup>5</sup> One can notice that implementation of the top-down or bottom-up strategy does not depend directly on the political order, degree of democracy, liberalism, welfare and socio-cultural environment of the state.

<sup>6</sup> Halinga and Pärnu-Jaagupi rural municipality amalgamated into the Haljala rural municipality (RTI, 30.07.1996, 55, 997).

<sup>7</sup> Abja rural municipality and the town of Abja-Paluoja amalgamated into the Abja rural municipality (RTI, 18.06.1998, 56, 842).

<sup>8</sup> The amalgamations of the town of Otepää and Pühajärve rural municipality into the Otepää rural municipality (RTI, 22.03.1999, 31, 427), the town of Lihula and Lihula rural municipality into the Lihula rural municipality (RTI, 18.05.1999, 45, 522), Vihula rural municipality and Võsu rural municipality into the Vihula rural municipality (RTI, 16.06.1999, 52, 564), Kaarma rural municipality and Kuressaare rural municipality into the Kaarma rural municipality (RTI, 17.06.1999, 53, 579), Antsla rural municipality and the town of Antsla into the Antsla rural municipality (RTI, 07.07.1999, 57, 606).

<sup>9</sup> The amalgamations of the town of Kohila and Kohila rural municipality into Kohila rural municipality (RTI,

18.07.2002, 62, 385); the town of Kehra and Anija rural municipality into Anija rural municipality (RTI, 18.07.2002, 62, 382); the town of Rapla and Rapla rural municipality into Rapla rural municipality (RTI, 18.07.2002, 62, 383), the town of Râpina and Râpina rural municipality into Râpina rural municipality (RTI, 18.07.2002, 62, 384); the town of Mârjamaa, Mârjamaa rural municipality and Loodna rural municipality into Mârjamaa rural municipality (RTI, 18.07.2002, 62, 386).

<sup>10</sup> The amalgamations of the town of Tamsalu and Tamsalu rural municipality into Tamsalu rural municipality (RTI, 30.06.2005, 37, 289); Lehtse rural municipality, the town of Tapa and Tapa rural municipality into Tapa rural municipality (RTI, 30.06.2005, 37, 290); the town of Jõhvi and Jõhvi rural municipality into Jõhvi rural municipality (RTI, 30.06.2005, 37, 291); Avanduse rural municipality and Väike-Maarja rural municipality into Väike-Maarja rural municipality (RTI, 30.06.2005, 37, 292); Olustvere rural municipality, the town of Suure-Jaani, Suure-Jaani rural municipality and Vastemõisa rural municipality into Suure-Jaani rural municipality (RTI, 30.06.2005, 37, 293); the town of Kilingi-Nõmme, Saarde rural municipality and Tali rural municipality into Saarde rural municipality (RTI, 30.06.2005, 37, 294); Kuusalu rural municipality and Loksa rural municipality into Kuusalu rural municipality (RTI, 07.07.2005, 38, 305); Kabala rural municipality, Oisu rural municipality, the town of Türi and Türi rural municipality into Türi rural municipality (RTI, 07.07.2005, 38, 306).

<sup>11</sup> The voluntary amalgamation of LGUs implemented in Estonia in 2005 (Sootla, Kattai and Viks 2008, p.40) shows that the most common expected goals for amalgamation were a better quality of and access to public services, an increase in administrative capacity, a balanced development of regions, the formation of a pulling-center, an increased power of competitiveness and holistic solutions for mutual problems.

<sup>12</sup> The amalgamation of Kaisma rural municipality and Vändra rural municipality into Vändra rural municipality (RTI, 17.06.2009, 32, 204).

<sup>13</sup> For example, the biggest LGUs in Estonia had the largest budget deficits in 2008: the capital city Tallinn (20.26 million EUR), the town of Tartu (8.76 million EUR), the town of Pärnu (6.46 million EUR) and Rae rural municipality (4.67 million EUR) (Jõgi 2009, p.21). It is noteworthy to remember that all groups of LGUs in Estonia were in deficit in 2008 (Jõgi 2009, p.21). This is not a peculiarity of Estonia, but it is rather common that the larger an LGU is, the more willing its politicians are to spend more money (Vabo 2005, p.580).

<sup>14</sup> This list is neither exhaustive list nor the sole composition of the factors.

<sup>15</sup> The author will address only few of those in this article.

<sup>16</sup> Professor Mäeltsemees (2009, p.56) argues that the pros and cons of the so called 15+5 model of LGR offered by Minister Kiisler have never been scientifically analyzed at all. Professor Mäeltsemees (2009, p.56) argues that some goals worded in Minister's Kiisler LGR plan are misleading to a wider audience. Almanna and Arumäe (2009, p.118) are also critical of the Minister Kiisler's LGR plan.

<sup>17</sup> Most astonishing is that there are no links even to the Estonian strategy for regional development 2005–2015 except for the LGR plans of Ministers Reimaa (2007, p.2) and Kiisler (2009a, p.1). With some revisions, it is possible to admit that the plan prepared by Minister Reimaa (2007, p.6) is an unusual example for Estonia.

<sup>18</sup> According to Minister Õunapuu (2003b), this was a significant breakthrough in cooperation between central government and local government on a long-lasting way of achieving a qualitative jump on the regional level of public administration.

<sup>19</sup> An unconventional large-scale act of cooperation between different stakeholders was also seen during the LGR planning process of 1997–1999 (Arumäe 2009, Appendix 9, p.2).

<sup>20</sup> At the same time, occasionally there is an unnecessarily large share of irrelevant and out-of-scope theoretical overviews in some sets of LGR documentation. For example, pages of 1–17 of Appendix nr. 3 of the report of Arumäe (2009) are filled with an unnecessary overview of elementary postulates of organisation theory. Actually, this fact indicates a low level of quality and commitment to the LGR planning task. This example is not extraordinary, but rather common in Estonia's LGR preparatory processes.

<sup>21</sup> According to the Statistics Estonia, the unemployment rate in the 3rd quarter of 2010 was 15.5 % in Estonia.

<sup>22</sup> This lack will not be eliminated before the reaching of a sufficiently high level of local democracy, as well as the implementation of some tools necessary for direct democracy and direct politics to do what is expected by the local inhabitants. This needs a significant change in the political culture of politics and both habits and behaviour of voters. Almann and Arumäe (2009, p.119) are rather optimistic in believing that the pressure caused by the impact of social and economical factors arising from voters to the political elite will push the elite to start the LGR process in Estonia.

<sup>23</sup> Estonia, as small unitary state with small LGUs and located in a very particular geopolitical area, has to clarify what tasks and obligations are to be central-level tasks and what functions are to be actually accomplishable at the local self-government level. However, institutional change *per se* is no guarantee that the culture of local self-government organizations will improve (Martin 1999, p.34). Sooner the change in culture is one success factor of LGR (Wilson 2005, p.231).

<sup>24</sup> For example, the pros and cons of different models of LGR have not been academically studied (Mäeltsemees 2009, p.56), there is no scientific proof that LGUs as big as counties will be purposeful (Mäeltsemees 2009, p.56), there is no certainty that bigger LGUs will cause an increase in the share of importance of the LGS in the public sector as a whole (Mäeltsemees 2009, p.56), and a lack of facts supporting the argument that bigger rural municipalities will develop and support the economy (Mäeltsemees 2009, p.61).

<sup>25</sup> However, some other authors argue that the size of a territory and the organization and number of its inhabitants are not linearly linked with the level of administrative capacity, amount and quality of local services offered, and the level of compliance with laws and regulations of the LGU (Carvalho *et al.* 2007, p.2).

<sup>26</sup> From 83.6 to 13.3 points on the 100-point scale (Sepp, Noorkõiv and Loodla 2009a, p.12).

<sup>27</sup> For example, the share of operational costs (staff, administrative and other costs) in the total expenditure of the local self-government sector consolidated budget was 70% in 2003, 75% in 2004, 72% in 2005, 68% in 2006 and 71% in 2007 (MF 2009a).

<sup>28</sup> In Estonia in smaller rural municipalities the share of operational costs of total expenditure (16.2%) is bigger than in smaller towns (15.4%)

<sup>29</sup> Enlarging the budgetary income base, maximization of their own source revenue, enhancement of loan-raising capacity and warrant the balances between the tasks / obligations and resources available.

<sup>30</sup> The achievement of social cohesion means both social and regional balance, and overcoming of the excessively large in-country differences in Estonia (SE21 2005, p.23).

<sup>31</sup> One key mechanism towards achieving coherence in the society is a successful administrative reform resulting in the creation of larger LGUs with a strong administrative capacity and budgetary base and functioning in cooperation with third sector organizations (SE21 2005, p.25).

<sup>32</sup> This is similar to Latvia (King *et al.* 2004, p.947), Japan (Sato 2007, p.446) and the Netherlands (Van Helden 2000, p.86).

<sup>33</sup> Voluntary amalgamations implemented in 2005 show that what is noticed is the effect of economies of scale in respect to the well-standardized public services, a disappearance of deficit financing of less standardized public services in formerly small LGUs, significant changes in the proportions of budgets of LGUs and a decrease in the share of administrative costs in the total expenditure of LGU budgets with one exception (Sootla, Kattai and Viks 2008, p.75). Therefore, LGR may serve as a useful tool for the improvement of the budgetary and financial capacities of LGUs. However, it is too early to evaluate and assess the actual impact of amalgamations implemented in Estonia in 2005.

<sup>34</sup> Also a balance between the fundamental constitutional rights of local self-government and protection of the interests of the inhabitants of the LGU by state institutions should be reached (Linna 2009, p.155).

<sup>35</sup> There is a regional association in each county that unites almost all the LGUs within them (MI 2005, p.20). There are two national associations of LGUs in Estonia: the Association of Estonian Cities and the Association of Municipalities of Estonia (MI). These two cooperative bodies established a joint body, the Co-operation Assembly of Associations of Local Authorities, to conduct negotiations with the central government of Estonia (MI).

<sup>36</sup> More widespread and tight co-operation between LGUs might turn out to be the favourite scenario because of the many supportive legal, political, financial, cultural and historical factors in Estonia.

<sup>37</sup> Estonia would still be out of the European Union, NATO and Euro-zone and within the USSR if politicians, scholars, civil servants and citizens didn't have a strong enough will and initiative to cause major political, social and economical changes in society.

## Annex

**Table 1.** Some characteristics of attempts at LGR in Estonia. NB! Table 1 consists of an overview of only the main characteristics of LGR. The list of LGRs and attempts at LGR is not complete.

	Administrative reform of 1990–94 <sup>1</sup>	Reform plan of Minister Peep Aru <sup>2,3</sup> (1999)	Reform plan of Minister Tarmo Loodus <sup>4</sup> (2001)	Reform plan of Minister Jaan Õunapuu <sup>5</sup> (2003–4)	Reform plan of Minister Vallo Reimaa (2007) <sup>6,7</sup>	Reform plan of Minister Siim-Valmar Kiisler <sup>8</sup> (2009)	Reform Proposal of Harju County Governor's commission (2009) <sup>9</sup>
<b>Number of LGUs during reform planning time</b>		253 (46 towns and 207 rural municipalities; 01.01.1999)	251 (46 towns and 205 RMs; 01.01.2000)	246 (43 towns and 203 RMs; 01.01.2003)	240 (39 towns and 201 RMs; 01.01.2005)	226 (33 towns and 193 rural municipalities; 02.11.2009)	226 (33 towns and 193 rural municipalities; 02.11.2009) <sup>47</sup>
<b>Type of reform (administrative, territorial, regional, administrative-territorial)</b>	Administrative.	Administrative, regional, administrative-territorial.	Administrative, regional, administrative-territorial.	Regional.	Regional.	Administrative-territorial.	Administrative-territorial.
<b>Method of performance (voluntary, compulsory, mixed)</b>	Mixed.	Mixed.	Mixed, still rather compulsory.	Compulsory.	Voluntary (amalgamation of LGUs) + compulsory.	Compulsory.	Mixed.
<b>Goals of reform</b>	Make a clear distinction between state and self-governmental management. Re-creation of local democracy to serve as a basis for the re-establishment of a nation-state. Decentralization of public administration.	Warrant balance in society. Decentralization of public administration. Put in order territorial base of LG. Put in order the distribution of functions on the state level. Put in order the territorial base and distribution of functions on the regional level.	Modernization of LGS. Balance between tasks and resources of LGUs. Balance between principles of subsidiarity and economies of scale.	Improve the quality of public services. Increase efficiency of regional development in a county. Strengthen democracy. Optimize public administration.	Balanced regional development. Even quality of and access to public services all over the state.	Warrant economic contriving of LGUs. Warrant even level of public services all over Estonia.	Strengthen local democracy. Improve the access to and quality of the public services offered by LGUs to inhabitants.

Dimension (radical, moderate, incremental)	Radical.	Radical.	Radical.	Radical.	Moderate.	Radical.	Radical.
<b>Main cause of reform</b>	Need for re-creation of local democracy and liquidation of Soviet administrative system.	Disproportion between different levels of public administration. Disproportion between different fields of public administration. Need for systemic and balanced development of public administration.	Low-level administrative and financial capacity of LGUs because of excessively large number of LGUs. About 1/3 to 1/2 of LGUs are not able to provide all the obligations and tasks laid down by law. Lack of sufficient legal framework for cooperation of LGUs.	Lack of performance of local functions on the regional level. County governors are not able to warrant an integral and balanced development of county. LGUs lack sufficient capacity to provide all needed public services to inhabitants of LGUs.	County governments in Estonia are not a subject of regional policy in the European context. Associations of LGUs in counties are not developed enough. Duplication of functions of development on the county level. Local, regional and county levels do not form a holistic balanced system.	All LGUs have equal tasks and obligations, but have quite varying capacities to perform them. Differences in the levels of quality of living standards and development between the capital city and other regions are increasing.	Disproportion between different levels of public administration. Disproportion between different fields of public administration. Differences of access to public services in different LGUs. Differences of quality of public services in different LGUs. Legal framework that is old-fashioned and hinders the development of LG.
<b>Main (Expected) outputs</b>	Democratization of public administration. Decentralization. Creation of LGS. Adaption of the LGOA (1993). Two-level LGS. Establishment of LGUs.	Separation of policy making and providing of public services. Implementation of NPM. Elaboration and implementation of methodology for analysis of the operation of public administration. Optimization of the number of LGUs. <sup>7</sup> Implementation of a two-level (county and district) regional administration. Single-level local self-government.	Increase of accountability and responsiveness of local politics. Min. number of inhabitants in LGU is 3500. Number of LGUs from 40 to 110. Prolong the mandate of an LGU's council from 3 to 4 years. Separation of political and administrative management of an LGU. Changes in relevant laws and regulations. Increase the level	Introduction of county council ( <i>maakogu</i> ) as the representative body of LGUs on the county level. Introduction of the regional administration level of the CG. Separation of duties between CG, RG and LG. Introduction of units of public services in county centres and pull-centres. Changes in relevant laws and regulations.	Decentralization. County will operate as a cooperation area of LGUs. An LGU has to be a member of the LGU association in the county (compulsory). An LGU association in a county should be a public law entity. County government will serve only as a state supervisory authority. An increase in the base of budgetary income. Balance between	Strengthen LGUs. Develop local democracy. Min. number of inhabitants in an LGU is 25000. 15+5 LGUs. Create preconditions for balanced development of areas.	Strengthening of the county associations of LGUs. Even the level of quality and access to public services. Standardization of public services provided by an LGU. Increase in the administrative capacity of LGUs. Separation of political and administrative management of LGUs. Decrease in the number of LGUs. Setting up of an optimal financial model for LGUs.

		Transfer of some functions from county governments to the associations of LGUs. Analysis of the tasks and obligations of LG. Changes in the financing of LG. Widening cooperation between LGUs.	of decentralization within an LGU. Clarification and separation of tasks and obligations between CG and LG. Stabilization of the income base for an LGU's budget.		resources and tasks and obligations to be carried out.		Warrant balance between obligations and resources available in the LGS. Changes in relevant laws and regulations.
<b>Main (expected) outcomes and impact</b>	Not stipulated <i>expressis verbis</i> in measurable terms. LGUs are to be able to perform and support different reforms.	Not stipulated <i>expressis verbis</i> in measurable terms. Reaching a balance in society.	Not stipulated <i>expressis verbis</i> in measurable terms. Balance between the tasks and resources of LGUs. Balance between the principles of subsidiarity and economies of scale.	Not stipulated <i>expressis verbis</i> in measurable terms. Improve the quality of public services. Increase the efficiency of regional development in a county. Strengthen democracy.	Not stipulated <i>expressis verbis</i> in measurable terms. Even quality of and access to public services all over the state.	Not stipulated <i>expressis verbis</i> in measurable terms. Warrant economic contriving of LGUs. Warrant even level of public services all over Estonia.	Not stipulated <i>expressis verbis</i> in measurable terms. Strengthen local democracy. Improve the access to and quality of the public services offered by an LGU to its inhabitants.
<b>Actual result</b>	Ceased. The two-level local self-government system which existed in 1989–93 has vanished. County assemblies by means of mandatory statutory bodies of co-operation were eliminated.	Ceased.	Denied by the central government.	Ceased.	Denied by the <i>Pro Patria</i> and <i>Res Publica</i> Union leadership.	Denied by the Prime Minister.	Denied by the central government.

<sup>1</sup> Commission set up under the decision of 8 August 1989 of the Supreme Soviet of the Estonian SSR.

<sup>2</sup> Commission set up under Government Regulation nr. 452-k of 11 June 1997.

<sup>3</sup> A minister without portfolio in the Cabinet of Prime Minister Mart Siimann (17.03.1997–25.03.1999).

<sup>4</sup> The Minister of the Interior (09.11.1999–28.01.2002) in the Cabinet of Prime Minister Mart Laar (25.03.1999–28.01.2002).

<sup>5</sup> A minister without portfolio (10.04.2003–13.04.2004) and the Minister of Regional Affairs in the Cabinet of Prime Minister Juhan Parts (10.04.2003–13.04.2005).

<sup>6</sup> The plan was never confirmed by the Minister of Regional Affairs and the Government of the Republic.

<sup>7</sup> The Minister of Regional Affairs (05.04.2007–23.01.2008) in the Cabinet of Prime Minister Andrus Ansip (05.04.2007–Present).

<sup>8</sup> The Minister of Regional Affairs (23.01.2008–Present) in the Cabinet of Prime Minister Andrus Ansip (05.04.2007–Present).

<sup>9</sup> Commission set up under orders nr. 755-k of March 19, 2009 and nr. 849-k of April 13, 2009 of the Harju County Governor.

## References

### Books

Sancton, A. (2000) *Merger Mania: The Assault on Local Government* (Montreal and Kingston, McGill-Queen's University Press).

### Chapters in Books

- Illner, M. (1998) 'Territorial Decentralization: An Obstacle to Democratic Reform in Central and Eastern Europe?', in *Transfer of Power: Decentralization in Central and Eastern Europe*, Kimball J. D. (ed) (1998)
- Shah, A. Shah, S. (2006) 'The New Vision of Local Governance and the Evolving Roles of Local Governments', in *Local Governance in Developing Countries*, Shah A. (ed) (2006)

### Journals and regular publications

- Aarvevaara, T. (2003) 'Municipalities and Europeanized Networks', *Finnish Local Government Studies/Kunnallistieteellinen Aikakauskirja*, 4.
- Almann, A. Arumäe, U. (2009) 'Omavalitsussüsteem kui demokraatliku riigikorra alus', *Riigikogu Toimetised*, 20.
- Andrews, C. W. (2008) 'Legitimacy and context: Implications for public sector reform in developing countries', *Public Administration and Development*, 28.
- Boex, J. Simatupang, R. R. (2008) 'Fiscal Decentralisation and Empowerment: Evolving Concepts and Alternative Measures', *Fiscal Studies*, 29, 4.
- Carvalho, J. B. Camões, P. J. Jorge, S. M. Fernandes, M. J. (2007) 'Conformity and diversity of accounting and Financial Reporting Practices in Portuguese Local Government', *Canadian Journal of Administrative Sciences*, 24, 1.
- Cole, M. (2003) 'Local Government Reform in Britain 1997–2001: National Forces and International Trends', *Government and Opposition*, 38, 1.

- Copus, C. (1999) 'The Party Group: A Barrier to Democratic Renewal', *Local Government Studies*, 25, 4.
- Dollery, B. Johnson, A. (2007) 'An Analysis of the Joint Board or County Model as the Structural Basis for Effective Australian Local Governance', *The Australian Journal of Public Administration*, 66, 2.
- Hanberger, A. (2009) 'Democratic Accountability in Decentralised Governance', *Scandinavian Political Studies*, 32, 1.
- Haveri, A. (2003) 'Inter-municipal Cooperation as a Part of Local Governance', *Finnish Local Government Studies/Kunnallistieteellinen Aikakauskirja*, 4.
- Haward, M. Zwart, I. (2000) 'Local Government in Tasmania: Reform and Restructuring', *Australian Journal of Public Administration*, 59, 3.
- Helander, V. (2003) 'Public Sector Reforms and the Third Sector', *Finnish Local Government Studies/Kunnallistieteellinen Aikakauskirja*, 4.
- Hendriks, F. Tops, P. (1999) 'Between Democracy and Efficiency: Trends in Local Government Reform in the Netherlands and Germany', *Public Administration*, 77, 1.
- Heuru, K. (2003) 'Development of Municipal Administration in Finland', *Finnish Local Government Studies/Kunnallistieteellinen Aikakauskirja*, 4.
- Jones, R. (2002) 'Leading Change in Local Government: The Tension Between Evolutionary and Frame-breaking Reform in NSW', *Australian Journal of Public Administration*, 61, 3.
- Kettunen, P. Kungla, T. (2005) 'Europeanization of Sub-national Governance in Unitary States: Estonia and Finland', *Regional and Federal Studies*, 15, 3.
- King, G. J. Vanags, E. Vilka, I. McNabb, D. E. (2004) 'Local Government Reforms in Latvia, 1990–2003: Transition to a Democratic Society', *Public Administration*, 82, 4.

- Linnas, R. (2009) 'Legal Framework and Present State of External Control and Supervision over Local Self-Government Units in Estonia', *Kunnallistieteellinen Aikakauskirja*, 2.
- Linnas, R. (2008) 'Audit in Small Local Government Units: The Case of Estonia', *Kunnallistieteellinen Aikakauskirja*, 1.
- Linnas, R. (2007) 'Theoretical and Practical Problems Related to the Audit, Control and Supervision System of Local Governments (Based on the Case of Estonia)', *Kunnallistieteellinen Aikakauskirja*, 3.
- Linnas, R. (2007a) 'General Theoretical Approach and Practical Aspects of Innovation Policy Planning: Based on the Example of Estonia', *Acta Universitatis Latviensis*, 718.
- Martin, J. (1999) 'Leadership in local government reform: Strategic direction vs. administrative compliance', *Australian Journal of Public Administration*, 58, 2.
- Maruste, R. (2007) 'The Role of the Constitutional Court in Democratic Society', *Juridica International*, II.
- McIntyre-Mills, J. J. de Vries, D. Christakis, A. Bausch, K. (2008) 'How can we break the mould? Democracy, semiotics and regional governance', *Systems Research and Behavioral Science*, 25.
- Mäeltsemees, S. (2009) 'Eesti haldusterritoriaalse reformi õiguslikke ja majanduslikke probleeme', *Eesti Majanduspoliitilised Väitlused*, XVII.
- Oulasvirta, L. (2003) 'Local Government Finance and Grants in Finland', *Finnish Local Government Studies/Kunnallistieteellinen Aikakauskirja*, 4.
- Pihlajaniemi, T. (2003) 'The Changing Roles of the State and Municipalities', *Finnish Local Government Studies/Kunnallistieteellinen Aikakauskirja*, 4.
- Reichard, C. (2003) 'Local Public Management Reforms in Germany', *Public Administration*, 81, 2.
- Sanderson, I. (2001) 'Performance Management, Evaluation and Learning in 'Modern' Local Government', *Public Administration*, 79, 2.
- Sancton, A. (2005) 'The Governance of Metropolitan Areas in Canada', *Public Administration and Development*, 25.
- Sato, Y. (2007) 'Administrative evaluation and public sector reform: an analytic hierarchy process approach', *International Transactions in Operational Research*, 14.
- Schoburgh, E. D. (2007) 'Local government reform in Jamaica and Trinidad: A policy dilemma', *Public Administration and Development*, 27.
- Sellers, J. M. Lidström, A. (2007) 'Decentralization, Local Government and the Welfare State', *Governance*, 20, 4.
- Smoke, P. (2003) 'Decentralisation in Africa: Goals, dimensions, myth and challenges', *Public Administration and Development*, 23, 1.
- Vabo, S. I. (2005) 'Committee structure and political preferences: The case of Norwegian local government', *European Journal of Political Research*, 44.
- Van Helden, J. G. (2000) 'Is Financial Stress an Incentive for the Adaption of Business-like Planning and Control in Local Government? A Comparative Study of Eight Dutch Municipalities', *Financial Accountability and Management*, 16, 1.
- Wallis, J. Dollery, B. (2001) 'Local government policy evolution in New Zealand: Radical reform and the ex post emergence of consensus or rival advocacy coalitions', *Public Administration*, 79, 3.
- Wollmann, H. (2000) 'Local Government Modernization in Germany: Between Incrementalism and Reform Waves', *Public Administration*, 78, 4.

#### Other sources

- Arumäe, U. (2009) 'Haldusterritoriaalse korralduse reformi komisjoni raport', Harju Maavalitsus, 31 August 2009.

- Lipp, A. (2009) 'Ülevaade Eesti ametnikkon-nast 2008. aastal', *Avaliku teenistuse aastaraamat 2008*.
- Reimaa, V. (2007) 'Regionaalhalduse korras-tamine. Projekt ja seletuskiri', 22 October 2007.
- Roosevelt, F. D. (1937) 'Roosevelt on Reor-ganization', From the President's Message to Congress, 12 January 1937.
- The Council of Europe (COE). European Charter of Local Self-Government. Stras-bourg.
- WWW sources**
- Ansip, A. (2010) 'Haldusterritoriaalselt üm-berkorraldusest', *XII Riigikogu VII istung-järgu stenogramm, Tallinn, 18 January 2010*, available at <http://www.riigikogu.ee/?op=steno&stcommand=stenogramm&date=1263816300>, accessed 19 January 2010.
- Aru, P. (1999) 'Avaliku halduse arendamise alused', available at [http://www.siseministeerium.ee/public/avaliku\\_halduse\\_arendamise\\_alused\\_20070425010413.doc](http://www.siseministeerium.ee/public/avaliku_halduse_arendamise_alused_20070425010413.doc), acces-sed 22 January 2010.
- Aru, P. (1999a) 'Riigikogu otsuse "Avaliku halduse arendamise aluste heakskiitmine" eelnõu (35 OE)', Tallinn, 18 February 1999, available at <http://web.riigikogu.ee/ems/saros/9908/990850009.html>, accessed 26 January 2010.
- Jõgi, A. (2009) 'Kohalike omavalitsuste 2008. aasta eelarve täitmise tulude, kulude ja fi-nantseerimistehingute analüüs (ülevaade)', available at <http://www.fin.ee/?id=11191>, accessed 30 January 2010.
- Kiisler, S.-V. (2009) 'Haldusterritoriaalse reformi seaduse eelnõu', available at <http://portaal.ell.ee/orb.aw/class=file/action=preview/id=14427/Kiisleri+eeln%F5u.pdf>, accessed 25 January 2010.
- Kiisler, S.-V. (2009a) 'Seletuskiri .Halduster-ritoriaalse korralduse reformi seaduse eelnõu juurde', available at [http://www.siseministeerium.ee/public/Haldusterrito-riaalse\\_korralduse\\_reformi\\_seletuskiri.pdf](http://www.siseministeerium.ee/public/Haldusterrito-riaalse_korralduse_reformi_seletuskiri.pdf), accessed 25 January 2010.
- Lõo, A. (2007) 'Valdade ning linnade sotsi-aalmajandusliku arengu mustrid 2002–2006', *Estonian Social Science Online*, IV, available at [http://www.sotsioloogia.ee/es-so4/show\\_article.php?id=40101&lang=est](http://www.sotsioloogia.ee/es-so4/show_article.php?id=40101&lang=est), accessed 30 January 2010.
- Ministry of Finance (MF). (2009) Kohalike omavalitsuste 2008. aasta eelarve tulude analüüs, available at <http://www.fin.ee/?id=11191>, accessed 5 February 2010.
- Ministry of Finance (MF). (2009a) Kohalike omavalitsuste 2008. aasta eelarve kulude analüüs, available at <http://www.fin.ee/?id=11191>, accessed 5 February 2010.
- Ministry of Interior (MI). Kohalik omavalitsus haldussüsteemis, available at <http://www.siseministeerium.ee/kov/>, accessed 14 January 2010.
- Mäeltsemees, S. (2006) *Local Self-govern-ment: Definition, its Position in Public Ad-ministration and Historical Development, Estonica*, available at [http://www.estonica.org/eng/lugu.html?menyy\\_id=1255&kateg=39&nimi=&alam=48&tekst\\_id=1256](http://www.estonica.org/eng/lugu.html?menyy_id=1255&kateg=39&nimi=&alam=48&tekst_id=1256), ac-cessed 18 November 2009.
- Mäeltsemees, S. (1994) *Estonia*, available at <http://unpan1.un.org/intradoc/groups/pub-lic/documents/UNTC/UNPAN003969.htm>, accessed 15 October 2006.
- National Association of Local Authorities in Denmark (NALAD). *Local Government Territorial Reform in Estonia – roles, cri-teria, procedures and support measures*, available at [http://www.siseministeerium.ee/public/table\\_of\\_contents.doc](http://www.siseministeerium.ee/public/table_of_contents.doc), accessed 25 January 2010.
- Saar, J. (2011) *Vajame uut valimisseadust*, available at <http://www.delfi.ee/news/pae-vauudised/arvamus/juri-saar-vajame-uut-valimisseadust.d?id=38161367>, accessed 11 January 2011.
- Siseministeerium (SM) *Haldusreform kohali-ku omavalitsuse valdkonnas (strateegia)*, available at <http://portaal.ell.ee/orb.aw/>

- class=file/action=preview/id=1587/Haldusreformi+strateegia, accessed 9 February 2010.
- Sootla, G. Kattai, K. Viks, A. (2008) '*Kohalike omavalitsuste 2005. a. ühinemiste ja selle tagajärgede analüüs. Uurimisaruanne*', available at [http://www.siseministerium.ee/public/Valdade\\_\\_hinemine\\_L\\_ppfail\\_09\\_01\\_09.doc](http://www.siseministerium.ee/public/Valdade__hinemine_L_ppfail_09_01_09.doc), accessed 8 February 2010.
- Sustainable Estonia 21 (SE21) Available at [www.riigikantselei.ee/failid/Estonia\\_SDS\\_2005.pdf](http://www.riigikantselei.ee/failid/Estonia_SDS_2005.pdf), accessed 26 January 2010.
- Web encyclopaedia Estonica (Estonica). *Local Self-government: Definition, its Position in Public Administration and Historical Development*, available at [http://www.einst.ee/factsheets/factsheets\\_uus\\_kuju/local\\_government\\_reform.htm](http://www.einst.ee/factsheets/factsheets_uus_kuju/local_government_reform.htm), accessed 15 January 2010.
- Wikipedia. *This is a list of the municipalities of Finland sorted by population as of 31 December 2009*, available at [http://en.wikipedia.org/wiki/List\\_of\\_Finnish\\_municipalities\\_by\\_population](http://en.wikipedia.org/wiki/List_of_Finnish_municipalities_by_population), accessed 5 February 2010.
- Õunapuu, J. (2003a) '*Regionaalhalduse ümberkujundamise neli võimalikku suunda*', available at [http://www.siseministerium.ee/public/HTR\\_suunad\\_20070302040345.doc](http://www.siseministerium.ee/public/HTR_suunad_20070302040345.doc), accessed 25 January 2010.
- Õunapuu, J. (2003b) *Ettekanne Vabariigi Presidendi akadeemiline nõukoguistungil, 5 September 2003*, available at <http://vp2001-2006.vpk.ee/img/pilt.php?gid=40649>, accessed 25 January 2010.