

Inter-municipal cooperation as a factor promoting the economic and social development

The article deals with the concept of “inter-municipal cooperation”, it substantiates the importance of inter-municipal cooperation for socio-economic development. The article describes the basic models of inter-municipal cooperation and highlights their essential characteristics. Besides, it reveals the main problems, impeding the wide-scale usage of this institution in practice and proposes a stepwise algorithm of formation and development of inter-municipal cooperation.

Development of municipalities; local self-government, inter-municipal cooperation; establishment and development of inter-municipal cooperation.



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Since 1993, when local self-government bodies started their activities, they have been facing the whole range of factors impeding their efficient functioning. Such factors include legislation flaws, resources shortage, the desire of the state authorities to shun the responsibility for handling the local issues, etc. The Federal Law No. 131 “On the general principles of organization of local self-government in the Russian Federation” was adopted in 2003 for the purpose of dealing with local issues and establishing an efficient system of local authorities. However, the reform initiated by the law hasn’t brought any significant results so far [1, 2, 3, 9]. In these conditions, great importance is attached to the search for and development of the activity guidelines for the local self-government bodies aimed at the expansion of their capabilities.

One of these guidelines is inter-municipal cooperation, which is viewed as the consolidation of material and immaterial resources of local self-government bodies of municipal entities on a mutually profitable basis for the creation of public goods or provision of public services. The widespread use of this institution contributes to the development of the territory due to the following:

1. Consolidation of actions of the local self-government bodies, coordination of their efforts. It is necessary, because the intersection points of vital issues and interests (economic, demographic, social, environmental, etc.) may go beyond administrative borders and the search for mutually acceptable solutions, the implementation of coordinated policy requires the interaction of the governing bodies of different municipal entities).

2. The combination of savings (due to the expansion of the scale of the management process and costs reduction) with the efficiency of the local self-government, responsive to the priority issues of the local community.

3. A most complete account of the interests of the territory as a whole and all its constituting municipalities.

4. Provision of a wider access of the subjects of municipal entities (primarily economic) to various kinds of resources (financial, material, labor, advanced technologies, infrastructure, etc.).

In Russian conditions, the tasks solved through inter-municipal cooperation, are important at the local, as well as at the regional and national levels. Thus, according to some experts [8], the wide-scale usage of this institution will facilitate: on the one hand, the formation of the supporting frame for the region and the country in general (more developed municipalities are maintained as the connected elements of the regional and national economic systems by different kinds of interactions), which will allow the acute problem of geo-political retention of the territories to be handled; on the other hand, it will promote the reduction of socio-economic differentiation between the territories (more developed municipal entities will stimulate the development of less developed territories)¹.

Inter-municipal cooperation also promotes regional development, as the implementation of joint projects and combination of the socio-economic development potentials of the adjacent territories determine the formation of the more efficient space and the increase of the region's competitiveness [6].

¹ The existing imbalances in the territories' development are one of the main factors impeding socio-economic development of the regions and the country as a whole (source: Granberg A.G. Economy and sociology of space. Economic revival of Russia. 2010. No. 4. P. 53-71; Gutnikova Ye.A. The role of local self-government institution in the socio-economic development of territories. Problems of development of territories. 2012. No. 3. P. 50-57).

Inter-municipal cooperation in our country has been developing since 1995, with the adoption of the Federal Law "On the general principles of organization of local self-government" No.194 dated 28 August 1995. Article 10 of the law has provided the opportunity for the creation of municipal institutions in the form of associations or unions to coordinate their activities and implement their rights and interests more efficiently. The legal framework of inter-municipal cooperation was further developed with the adoption of the Federal Law No. 131 dated 6 October 2003: in order to pool the financial, material and other resources for solving the issues of local significance, paragraph 4 of article 8 envisages the formation of inter-municipal associations, the establishment of business entities and other inter-municipal organizations in accordance with the federal laws and normative legal acts of the representative bodies of municipal formations. For the same purpose, the local self-government bodies may conclude contracts and agreements.

However, inter-municipal cooperation is used insufficiently in the activities of Russian local self-government bodies. The circumstances stated above prove the necessity of the profound elaboration of the theoretical and practical foundations of implementing this institution in the region.

Summing up the experience of foreign and Russian municipal practice, we can point out the following models of cooperation according to the degree of its development (*fig. 1*).

The characteristics of the models are shown in *table 1*.

Inter-municipal cooperation can be based on the mechanisms of conciliation, and also on administrative mechanisms. In the first case, a settlement transfers some of its powers to handle the issues of local significance to another municipal formation (usually at the district level), reinforcing it with inter-budget transfers (at present, it is the most common model of interaction).

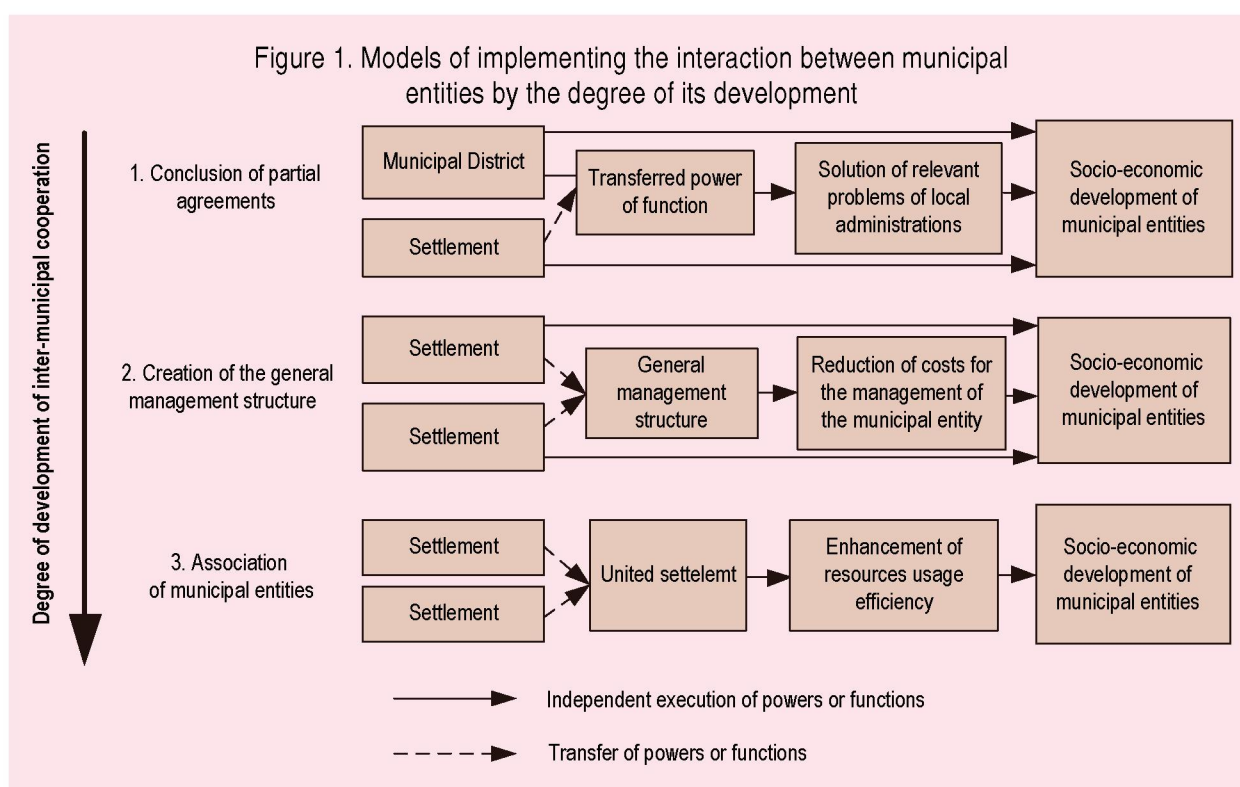


Table 1. Advantages and disadvantages of interaction models

No.	Characteristic of the model	Advantages	Disadvantages
1.	Conclusion of partial agreements <i>(the municipal entity lacks the opportunity for the independent realization of certain functions or powers)</i>	An opportunity to attract qualified specialists Saving the wage fund of municipal employees Enhancement of the quality of provided services Preservation of the prerequisites for the participation of citizens in the management	Absence of the opportunity of direct management on the delegated powers Reduction of the transport accessibility of services (people have to travel long distances to the district administration)
2.	Establishment of the general management structure <i>(the municipal entity lacks the opportunity for the independent realization of certain functions or powers, and handing them over on the agreement is impeded due to the lack of financial security of the authority)</i>	Preservation of the autonomy of the municipal formation An opportunity to attract qualified specialists Saving the wage fund of municipal employees Reduction of expenses on purchase of materials, equipment, etc. Preservation of the prerequisites for the participation of citizens in the management Pooling of resources for the solution of common tasks and their combining Expansion of the financial-economic base of municipalities Improvement of the quality of services provided to the population Development of infrastructure, including transport	Absence of the opportunity of direct management on the delegated powers (only through the head of the established institution) Complexity of legal regulation due to the absence in the legislation of the institution of inter-municipal property, the Budget Code does not allow the municipalities to unite their resources There can be inequalities in the provision of services, the distribution of funding, etc.
3.	Unification of municipal entities <i>(the municipal entity has no prospects for independent development)</i>	Reduction of costs on administrative expenses (including savings on the wage fund of municipal employees, overhead costs, etc.) Simplification of the management system More adequate satisfaction of the population's needs Formation of municipal entities more competent in economic sphere Solution of the personnel problem	Reduction in the municipality management efficiency due to the transport remoteness of settlements Deterioration of the availability of services Underestimation of local peculiarities Reduction of the opportunities for the participation of the population in local self-government (estrangement of the power from the population, reduction of the deputy corps)

There may also be a reverse situation: it is a district that transfers some of its functions to the level of settlements². In addition, the mutual transfer of powers is possible between municipal entities of the same or different levels.

The opportunities for implementing such a model in the municipal management can be applied to the activities of local administrations, and to some issues of local importance. In particular, architecture, housing and utilities, culture, sports, library services, legal aid and software, etc. may be the objects of agreements.

This model is implemented in some districts of the Vologda Oblast through the establishment of unified centralized agencies providing the accounting and legal support, etc. to the administrations of settlements, experiencing difficulties in these spheres. The district administration is the founder of these agencies. For example, since 2008, the functions of settlements' administration in Cherepovetsky District have been transferred to the newly established municipal budget institution Central Accounting Department. According to our calculations, in relation to the settlements, assuming that the required number of staff is one specialist per one additional function, and judging by the average salary of the municipal employee in the settlement's administration, the use of the proposed approach will result in the savings of budget funds allocated for wages and salaries that will exceed 630 thousand rubles a year in the scale of Cherepovetsky District (*tab. 2*).

Despite its advantages, in our opinion, this model cannot be considered efficient to the fullest, since the task of finding the internal reserves for the development of municipal formations is not taken into account in its implementation by the local self-government bodies.

² This mechanism is stipulated by Article 15 of the Federal Law No. 131 dated 6 October 2003 "On the general principles of organization of local self-government in the Russian Federation"

Administrative mechanisms are based on the creation of the general management framework (inter-municipal enterprise (IME), inter-municipal institution (IMI), etc.), supporting the local self-government bodies of several settlements. The main task of these mechanisms lies in enhancing the efficiency of the local self-government bodies' functioning, in the disposal of non-core assets, in the development and implementation of ways to reduce the costs for the performance of functions.

In our opinion, the positive side of this model of inter-municipal cooperation consists in the fact that it implies a combination of different variants of the realization of powers and functions. For example, a part of the functions may be carried out by the settlement's administration, another part – in cooperation with some other settlement (group of settlements), and yet another part – with another settlement (group of settlements) (*fig. 2*). Combined with the transfer of powers under agreements to the district administrations or on a contractual basis to the third-party organizations (outsourcing), this significantly expands the opportunities of local administrations for handling various issues of local importance.

The model under consideration has one more advantage – the settlement retains its status of a separate municipal entity (in comparison with joint municipalities), which provides the opportunity to plan the development of the territory with regard to its local features, to maintain close cooperation with all social institutions and structures on the territory and to respond promptly to the problems emerging in these areas³.

This model of inter-municipal cooperation involves a mechanism of return, which is, undoubtedly, an advantage. If its implementation

³ Although formally, the objects of social infrastructure (in particular, healthcare) have been transferred to the regional level, the local self-government bodies still remain the first instance in solving the problems emerging in these spheres.

Table 2. Monthly savings in wages and salaries resulting from the transfer of accounting functions by the rural settlements of Cherepovetsky District to the municipal budgetary institution Central Accounting Department of Cherepovetsky Municipal District, thousand rubles

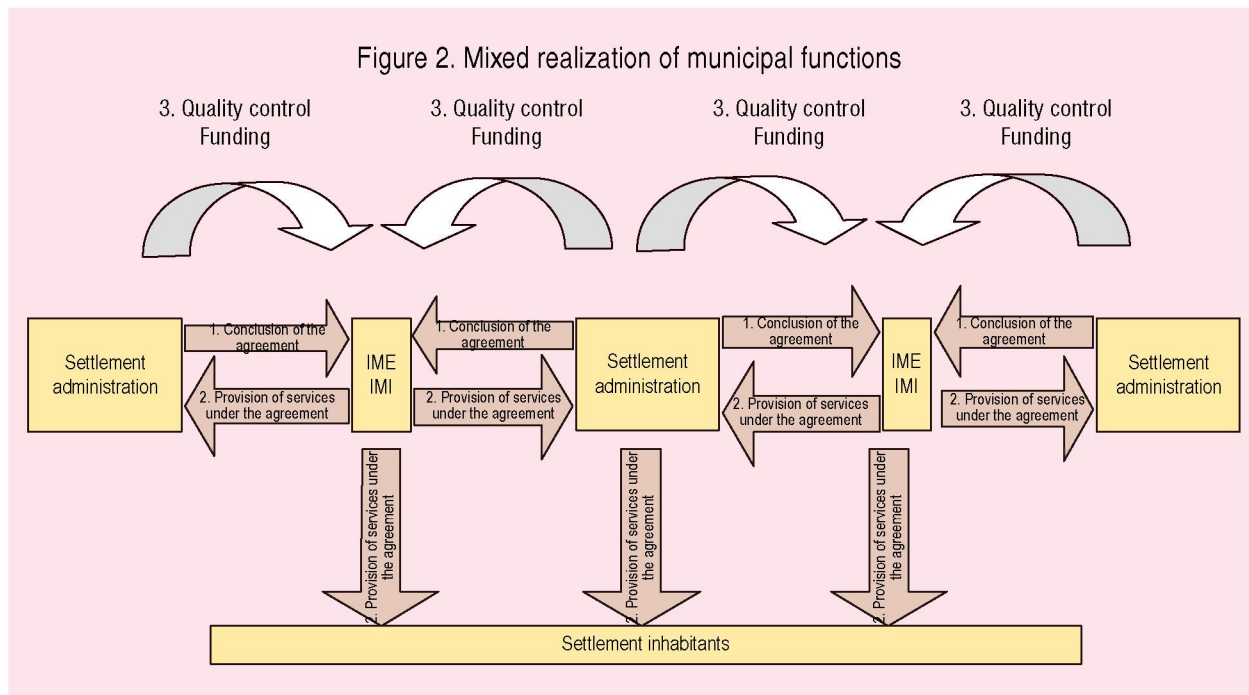
Administration of the settlement	2010	2011	2012
<i>Administration of Klimovskoye rural settlement</i>			
Cost of accounting record-keeping by the settlement	230.8	259.2	225
Cost of the services of the municipal budget institution Central Accounting Department	187.8	212	224.9
Savings	43	47.2	0.1
<i>Administration of Nikolo-Ramenskoye rural settlement</i>			
Cost of accounting record-keeping by the settlement	127.2	186	194.9
Cost of the services of the municipal budget institution Central Accounting Department	93.8	110.8	118
Savings	33.4	75.2	76.9
<i>Administration of Shchetinskoye rural settlement</i>			
Cost of accounting record-keeping by the settlement	136 (10 months)	169.7	160
Cost of the services of the municipal budget institution Central Accounting Department	78.2 (10 months)	110.8	118
Savings	57.8	58.9	42
<i>Administration of Yaganovskoye rural settlement</i>			
Cost of accounting record-keeping by the settlement	-	125.9 (10 months)	152.3
Cost of the services of the municipal budget institution Central Accounting Department	-	81.5 (10 months)	118
Savings	-	44.4	34.3
<i>Administration of Irdomatskoye rural settlement</i>			
Cost of accounting record-keeping by the settlement	-	170.7 (8 months)	222.2
Cost of the services of the municipal budget institution Central Accounting Department	-	109.3 (8 months)	118
Savings	-	61.4	104.2
<i>Administration of Malechkinskoye rural settlement</i>			
Cost of accounting record-keeping by the settlement	-	-	113.7 (6 months)
Cost of the services of the municipal budget institution Central Accounting Department	-	-	59.0 (6 months)
Savings	-	-	54.7
Overall savings	134.2	187.1	312.2

hasn't brought any results or there is no necessity of further participation in such organizations, the municipalities have the opportunity to end it.

The interaction of the territories according to this model can be considered as a transitional stage in the unification of the settlements (or an approbation stage), which gives an opportunity to evaluate the pros and cons of joint functioning. On the basis of the received information, the settlements can decide on the expediency of such an association. If cooperative functioning is obviously profitable, then one can speak about the transition to the

third model – the unification of settlements, which means the merging of independent municipal formations and the establishment of a new municipal entity on their territory.

The first and the third of the considered models are widely used in the practice of Russian municipalities and the necessary normative-legal base has been worked out for this purpose. At the same time, inter-municipal cooperation has been studied rather poorly, its opportunities are still used very little. Meanwhile, foreign countries widely use various mechanisms of inter-municipal cooperation. Their classification is shown in *table 3*.



According to the heads of local self-government⁴, the Vologda Oblast municipalities can develop inter-municipal cooperation in the following directions: creation of the common objects of infrastructure, for example the creation of a unified housing and communal services sector, water supply system, utilization of household waste, etc. It was stated by 50% of the heads of urban settlements, 17% of the heads of rural settlements and 25% of the heads of municipal districts, who participated in the poll. At the same time, 85%, 93% and 63% of the respondents supported the transfer of powers for their more efficient implementation; 38%, 30% and 25% supported the joint use and development of the existing infrastructure; 13%, 45% and 50% spoke in favour of attracting specialists who service a number of settlements (*tab. 4*).

⁴ Beginning from 2007, the author conducts annual polls of the heads of local self-government of municipalities in the Vologda Oblast. 209 heads of municipal formations (almost 70% of their total number) took part in the survey in 2012: 169 heads of rural settlements, which accounts for 67% of their number in the region, 16 heads of urban settlements (72.7%), 24 heads of municipal districts (92.3%).

The practice of municipal entities has the examples of inter-municipal cooperation, which demonstrate its advantages in handling the issues of local importance. Inter-municipal economic cooperation should be pointed out in particular. Economic zones (or municipal clusters), representing the set of municipal formations on a compact territory, possessing common strategic goals and objectives and common prerequisites for development are one of the promising forms of the joint development of municipal formations as a process of convergence and interaction of economies in the different territorial systems. These zones are created on the basis of a single organizational-technological and information environment through the pooling of resources.

One of the successful examples of inter-municipal cooperation in economic sphere is the tourist destination “Lake Belye” (the territory of Kirillovsky, Belozersky and Vashkinsky districts). Calculations show that it is possible to achieve a significant increase in revenues from tourism business by uniting the districts’ efforts in order to use their tourist potential more efficiently, and by creating

Table 3. Objectives and directions of inter-municipal cooperation

Objective	Direction
1. Economic	1.1. Preservation and development of industrial-economic and cooperative relations: - creation of joint ventures - formation of production chains - formation of a single commodity market
	1.2. Development of trade relations
	1.3. Creation, development of common links and infrastructure objects: - automobile roads - energy cooperation - communications
	1.4. Development of cargo and passenger transportation: - by river - by road
	1.5. Development of market infrastructure: - shopping centres - banks and branches - information centres - exhibition centres
	1.6. Inter-municipal projects
2. Social	2.1. Tourism
	2.2. Sports and cultural events
	2.3. Population's migration
	2.4. Cooperation in science and technology
	2.5. Information cooperation
3. Ecological	3.1. Development of ecological monitoring
	3.2. Establishment of common SPNCA*
	3.3. Control over the enforcement of environmental legislation
4. Formation and development of municipal associations and their organizational structures	4.1. Expression and protection of common interests of municipalities at different levels
	4.2. Generalization and extension of successful experience on the issues of local self-government
	4.3. Participation in the formation of the normative-legal base concerning the development of municipal entities
5. Organizational	5.1. Attraction of qualified and initiative personnel
	5.2. Coordination of branch-wise and territorial interests
	5.3. Consolidation and efficient use of scientific-technological, educational, and production-technological potential of territories
	5.4. Establishment of the territorial system of formation and use of labour force
	5.5. Provision of legal protection to municipalities
* Specially protected nature conservation areas.	

the favorable conditions for doing business and designing a new competitive tourist product in the region⁵ (tab. 5) [10].

There are also other projects on inter-municipal cooperation in economic sphere, but almost all of them are initiated by the regional government.

⁵ The acceleration coefficient calculated for the destination "Lake Beloye" in general is equal to 0.11 (the average value of accelerator indicators calculated for the areas included in the destination). The obtained value of the accelerator means that 1 ruble of the funds invested provides 9.1 rubles of increment in income.

One more direction of inter-municipal cooperation in the Vologda Oblast is the activities of the Council of the Heads of local self-government of municipal entities created in accordance with the Decree of the Governor of the Vologda Oblast "On the Council of the Heads of the self-government of the oblast's municipal entities" No. 1 dated 5 January 1997. The main functions of the Council include [7]:

- organization of consultations on a broad range of issues concerning the activities of the local self-government bodies;

Table 4. Distribution of the respondents' answers to the question "What directions of inter-municipal cooperation are expedient to develop in your municipality?" (in % of the number of respondents)

Answer option	Municipal districts	Urban settlements	Rural settlements
Delegation of powers for their more efficient execution	62.5	85	93
Attraction of the specialists who service several settlements (e.g. lawyers)	50	12.5	44.6
Joint use and development of existing infrastructure (roads, communications, services, etc.)	25	37.5	30.4
Development of mobile forms of servicing the population	37.5	12.5	23.9
Handling the issues of ecological safety	12.5	12.5	19.6
Creation and development of the common links, infrastructure facilities (services sphere single for the housing and public utilities; water-supply networks; wastewater disposal)	25	50	17.4
Development of certain branches of the economy (e.g. tourism)	43.8	0	16.3
Inter-municipal humanitarian contacts, interaction in the sphere of culture	25	50	15.2
Development of trade relations	12.5	25	15.2
Development of cooperation in the sphere of legislation (association for the protection of common interests at different levels)	0	0	13
Cooperation in the sphere of education (establishment of school districts)	0	12.5	9.8
Formation and development of municipal associations and their organizational structures	18.8	12.5	7.6
Joint usage of natural resources	12.5	12.5	6.5
Development of economic and production relations	6.3	25	3.3

Table 5. Forecast of the increase in the revenues of hotels and restaurants in the municipalities in proportion to the volume of capital investments

Indicators	2010	2011	2012	2013	2014
<i>Vashkinsky District</i>					
Previous-year investments in the fixed capital of hotels and restaurants	178.8	223.4	279.3	349.1	436.4
Increase in the profit of hotels and restaurants from hosting the tourists	5958.3	7447.9	9309.9	11637.4	14546.7
<i>Belozersky District</i>					
Previous-year investments in the fixed capital of hotels and restaurants	162.5	203.1	253.9	317.4	396.7
Increase in the profit of hotels and restaurants from hosting the tourists	3250	4062.5	5078.1	6347.7	7934.6
<i>Kirillovsky District</i>					
Previous-year investments in the fixed capital of hotels and restaurants	1645	2056.3	2570.3	3212.9	4016.1
Increase in the profit of hotels and restaurants from hosting the tourists	7152.2	8940.2	11175.3	13969.1	17461.4

– draft oblast laws, decrees of the oblast's Governor on the most important social and economic issues aimed at creating a mechanism of interaction between the state power bodies and local self-government bodies;

– assistance (aid) to the oblast's Governor and Administration in the elaboration and submission to the oblast's Legislative Assembly of draft oblast laws in order to create a legal base of the local self-government.

But, despite the diversity of the Council's functions, their implementation, according to the majority of the heads of local administrations, is not efficient enough (*tab. 6*).

The gaps in the organization of this direction could be filled by creating the association of the Vologda Oblast municipalities based on the unions of municipal and urban districts proposed by the author [4]. At the same time, the developed structure along with its benefits has some disadvantages. The major one, in our opinion, is the absence of a settlement level of municipal authorities.

Association of municipalities of this level has been created only in Gryazovetsky District in accordance with the decision of the District Assembly "On the adoption of the regulation

Table 6. Distribution of answers to the question "Would you evaluate the efficiency of cooperation with the Council of the Heads of municipal entities (in % of the number of respondents)"

Municipal entities	Degree of efficiency	
	low and satisfactory	high
Urban settlements	93.8	6.2
Rural settlements	95.2	4.8
Municipal districts	80.8	19.2

on the non-commercial organization 'Association of municipal entities of Gryazovetsky municipal district'" No. 44, dated 30 March 2006. The Association is the union of the settlements established to ensure the coordination of activities and interaction of the local government bodies in the district, the generalization and extension of experience on the issues of local self-government, and the expression and protection of common interests of municipalities at the district, regional and federal levels, joint development of management models and mechanisms of the socio-economic development of the region's municipalities. The establishment of such associations is also required in the rest of the 25 municipalities of the Vologda Oblast.

However, the examples of inter-municipal cooperation are rare, and in most cases it is not documented or regulated, it bears the character of an oral agreement. The insufficient use of the interaction mechanism is conditioned by such factors as: the lack of financial resources (50% of the Heads of urban settlements, 74% of rural settlements and 88% of municipal districts); lack of experience in the organization and implementation of inter-municipal projects and programmes in the social and economic sphere (50%, 44% and 38%, respectively); lack of trained management personnel, capable of supervising these processes (63%, 28% and 50%); (tab. 7).

These factors cause the low efficiency of cooperation between the municipalities. According to some experts, even under command economy the inter-municipal relations were developed better than they

are now (this was expressed mainly in the production and business cooperation and greater mobility of the people). The heterogeneity of the economic space, especially the spatial dissociation of production potential, natural and labour resources, reinforced the need for complementarity of the territories and demanded intensive interaction [5].

The heads of municipalities pointed out the lack of financial resources and insufficient experience as one of the main reasons hindering the formation and development of inter-municipal cooperation. In this connection, an algorithm consisting of five consecutive stages was worked out for managing the development and implementation of inter-municipal cooperation (tab. 8). It is most convenient to test the proposed algorithm on the functions related to the activities of local administrations (accounting, legal support, software, etc.); as well as on the functions, which are characterized by reduction of costs through the scale effect, and the functions, which require uniform implementation standards and the benefits of which extend over the whole territory of the cooperating municipalities (transport services, cleaning up the roads, maintenance of cemeteries and waste landfills, etc.). Besides, inter-municipal cooperation is necessary in those cases, when the settlements are unable to perform any of the powers and the regional authorities refuse to take them upon themselves, due to the lack of their financial provision. First of all, it concerns the issues of housing and public utilities (water-supply networks, wastewater disposal, road clearance), emergency management and civil defense.

Table 7. Distribution of respondents' answers to the question "What, in your opinion, hinders the development of inter-municipal cooperation?" (in % of the number of respondents)

Municipal entities	Municipal districts	Urban settlements	Rural settlements
Absence of financial opportunities for any cooperation	87.5	50	73.9
Lack of experience in the organization and realization of inter-municipal projects and programmes in the social and economic sphere	37.5	50	43.5
Shortage of qualified management personnel, capable of efficient supervision over these processes	50	62.5	28.3
Absence of analytical data on the capacities and demands of other municipal entities	25	37.5	26.1
Absence of inter-departmental coordination and cooperation of all levels of power	25	12.5	25
Underdevelopment of the federal and regional legal framework in the sphere of inter-municipal cooperation	43.8	25	22.8
Inability to estimate and use the resources at the disposal of local authorities	6.3	25	17.4
Transport and infrastructure limitations	18.8	12.5	16.3
Problem of distinction between property and ownership	12.5	37.5	14.1
Lack of initiative on the part of local self-government bodies of other municipal entities	12.5	25	10.9

Table 8. Stages of organizing inter-municipal cooperation

1. Substantiation of creating inter-municipal structures	<p>Goals:</p> <ul style="list-style-type: none"> ✓ analysis of the initial socio-economic situation in the municipality; ✓ revealing the factors impeding the efficient performance of local self-government bodies; ✓ development of inter-municipal cooperation directions; ✓ determination of the resources, problems and risks of implementing inter-municipal cooperation. <p>Need for funding. Special allocation of funds is unnecessary, the analysis is carried out by the district specialists.</p>
2. Planning of the inter-municipal cooperation process	<p>Goals:</p> <ul style="list-style-type: none"> ✓ creation of a working team; ✓ development of the inter-municipal cooperation project; ✓ development of the project's efficiency criteria; ✓ development of the project's schedule chart; ✓ calculation of the municipality's expenditures on the participation in inter-municipal cooperation; ✓ development of the constituent documents on the organization of inter-municipal cooperation. <p>Need for funding. Special allocation of funds is unnecessary, the analysis is carried out by the district specialists.</p>
3. Organization of the discussion and coordination of the project with the deputies and population	<p>Goals:</p> <ul style="list-style-type: none"> ✓ discussion of the project with the population at public hearings; ✓ discussion and coordination of the project with the deputies; ✓ adoption of the constituent documents on the organization of inter-municipal cooperation; ✓ introduction of amendments in the normative-legal base of the municipality (regulations, etc.). <p>Need for funding. Funding will be required for publishing the amendments in the legal documents.</p>
4. Establishment of associations of inter-municipal cooperation and the implementation of the project	<p>Goals:</p> <ul style="list-style-type: none"> ✓ formation of the general management structure; ✓ implementation of inter-municipal cooperation; ✓ aimed at revealing the deviations from the goals and tasks set in the project; ✓ carrying out the adjusting management measures if necessary. <p>Need for funding. Funding will be required in accordance with the concluded agreements.</p>
5. Evaluation of the results of implementing the inter-municipal cooperation project and the adjustment of activities of the association for inter-municipal cooperation	<p>Goals:</p> <ul style="list-style-type: none"> ✓ evaluation of inter-municipal cooperation efficiency according to the developed criteria; ✓ adjustment of inter-municipal structures' functioning. <p>Need for funding. Special allocation of funds is unnecessary, the analysis is carried out by the district specialists.</p>

The proposed algorithm of organizing inter-municipal cooperation has some obvious advantages; however, it has its shortcomings as well. In our opinion, the main problem may emerge at the 3rd stage with the definition of the organizational-legal form of an inter-municipal association. The most convenient option (because there are several co-founders) would be the creation of a limited liability company. However, due to the weak development of the legal framework, Russia lacks the mechanism for creating a legal entity by two or more settlements that wouldn't lose their right of ownership for the property at that ("rake" of privatization, competition for the property transfer, etc.). It is therefore proposed to use the variety of association forms, such as a commercial or autonomous non-profit organization, various funds, etc.⁶.

Another problem is the insufficiency of institutional mechanisms in ensuring the coordination of interests of the subjects of cooperation. Finding this balance is quite a difficult task. It is necessary to provide the same approach and to the large settlements, and to smaller ones.

Thus, despite the significant potential of the socio-economic interaction between the municipalities and a wide range of opportunities that are becoming available with the introduction of inter-municipal cooperation mechanisms, its implementation is hampered by a number of circumstances. The elimination of the most significant of them will facilitate the use of the developed algorithm of organizing inter-municipal cooperation, which will contribute to the consolidation of the territories' efforts for the fullest satisfaction of the needs of the economy and population.

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⁶ Inter-municipal cooperation in the form of an association (council) of municipalities is allowed by Article 66 of the Federal Law No. 131 dated 6 October 2003 "On the general principles of organization of local self-government in the Russian Federation" The organization and activities of associations of municipalities are carried out in accordance with the requirements of the Federal law No. 7 dated 12 January 1996 "On the non-profit organizations", applicable to associations. Article 2 of the law provides for the establishment of a non-profit organization with the organizational-legal form of the "association".