

SUMMARY

December 19, 2012

Report to the Flemish Parliament *Municipal Co-operation Agreements*



The Flemish Government has succeeded in raising municipal participation in municipal co-operation agreements (MCA) and thus strengthened the Flemish environment policy. However, municipalities are insufficiently encouraged to achieve environmental aims. The subsidy mechanism relies on numbers of inhabitants, rather than achievements of the municipalities. Within the scope of the MCA municipalities frequently engage themselves in the field of energy. However, the Flemish Government lacks sufficient information to be able to evaluate whether the MCA leads to a diminishing consumption of energy and an increase of the part of renewable energy therein.

Introduction

By participating in a municipal co-operation agreement (MCA) municipalities engage in a number of environmental activities, for which they receive subsidies and support. Each municipality that signs the agreement, has to perform a number of compulsory activities (base level). It can also choose to perform additional activities for a number of preset environmental themes, such as the energy theme (advanced level). Finally, participating municipalities can carry out subsidized projects. MCA's cost government about 25 million euro a year. The Court audited whether MCA stimulates municipalities in line with the energy policy.

Participation by municipalities

The administration monitors municipalities' participation rates and commissions studies to evaluate the effects of the MCA. Based on the findings of these studies, the most recent MCA (2008-2013) has simplified MCA modalities and lessened municipal administrative burden. It also introduced a scoring system that enhanced municipalities freedom of choice when engaging in the advanced level. The number of municipalities participating to the MCA has increased with every new MCA, from 74% of all Flemish municipalities in 2002 to 89% in 2011.

However, the newest MCA no longer stimulates municipalities to the more ambitious activities in the field of the environment. All MCA subsidy mechanisms for both base and advanced levels, projects and environmental workers, directly or indirectly depend on the number of municipal inhabitants. In abolishing theme related subsidizing, the MCA shifted its stimulating powers from activities to fixed means on the base level and wage subsidies on the advanced level. More specific environmental actions shifted to the project level. The room for innovative local projects and, hence, the realization of MCA added value to envi-

ronmental objectives, is rather limited, as project means follow numbers of inhabitants and projects are the last budget item and thus prone to savings.

Realized activities in the field of energy policy

The administration monitors all local municipal MCA environmental activities through its yearly evaluation of annual municipal environmental programmes. From a policy evaluation point of view, this procedure has its limitations: it doesn't facilitate comparisons between participating and non-participating municipalities and it doesn't rely on any on site checks in the municipalities. The evaluations only provide an image of the degree in which participating municipalities lived up to the MCA requirements. The number of municipalities that met all criteria is on a constant increase, however in 2010 still two out of three municipalities hadn't, without lowering standards, complied with base level demands. On the advanced level, energy was found to be one of the most popular themes. All MCA energy activities fitted in the Flemish environment policy.

Energy consumption and production of renewable energy

No government entity has detailed information about energy consumption and the part of renewable energy therein in Flanders, nor about energy levels of public buildings. Neither grid operator, nor the Flemish Energy Agency (FEA) or the Flemish Regulator of the Electricity and Gas Market (FREG) can distinguish between citizen, government or company consumption of energy. Management agreements don't aim for systematic energy performance evaluation. By lack of information, conclusive judgments on the effectiveness of the policy instrument MCA are impossible.

Minister's reply

The minister of the Environment refrained from commenting the report, saying the audit mainly focussed on the energy theme, which falls within the powers of the minister of Energy. She also pointed to the White Book on Internal State Reformation, approved by the Flemish Government on April 8, 2011 (that from 2014 onwards shifts MCA means to municipal sewers and enforcement of environmental regulation by the Flemish Region). The minister of Energy didn't react to the report.

Information for the press

The Court of Audit exerts an external control on the financial operations of the Federal State, the Communities, the Regions and the provinces. It contributes to improving public governance by transmitting to the parliamentary assemblies, to the managers and to the audited services any useful and reliable information resulting from a contradictory examination. As a collateral body of the Parliament, the Court performs its missions independently of the authorities it controls.

The audit report on the *Municipal Co-operation Agreements* has been sent to the Flemish Parliament. The full version and this press release can be found on the Court's website: www.courtfaudit.be.