



Ministerie van Binnenlandse Zaken en
Koninkrijksrelaties

Ministerie van Buitenlandse Zaken



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Council of Europe Conference of Ministers responsible for Local and Regional Government

*"Good local and regional governance in
turbulent times: the challenge of change"*

16th Session, Utrecht, 16 - 17 November 2009

Utrecht Declaration

**THE UTRECHT DECLARATION ON GOOD LOCAL AND REGIONAL GOVERNANCE
IN TURBULENT TIMES: THE CHALLENGE OF CHANGE**

We, the European Ministers responsible for Local and Regional Government, meeting in Utrecht on 16 and 17 November 2009 for the 16th Session of our Conference,

As a further step in our co-operation, have come together to:

1. decide steps and measures to enhance the work of the Council of Europe in the field of local and regional democracy;
2. address the impact of the economic downturn on local government and the role of central government in removing obstacles to transfrontier co-operation;
3. have an occasion to sign two new Council of Europe instruments, the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority and Protocol No. 3 to the European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities concerning Euroregional Co-operation Groupings (ECGs), as well as to adopt a reference framework for regional democracy, and
4. adopt the Utrecht Agenda for the work of the Council of Europe in support of our common objective of delivering good local and regional governance to all citizens.

As a result of our 16th session we adopt the following specific declarations:

I. (A) DECLARATION ON THE IMPACT OF FINANCIAL/ECONOMIC CRISIS ON LOCAL AND REGIONAL GOVERNMENT

We, the European Ministers responsible for Local and Regional Government, meeting in Utrecht on 16 and 17 November 2009 for the 16th Session of our Conference,

Concerned about the shockwaves the current global economic crisis is sending through all our member States affecting them at all levels and in all sectors;

Having examined the impact of the economic crisis on local government in our member States on the basis of our individual experiences and the document prepared by the European Committee on Local and Regional Democracy in co-operation with the Local Government and Public Service Reform Initiative of the Open Society Institute;

CONSIDERING THAT

1. the economic crisis is already having a measurable impact on local government in our member States, with both a reduction of revenue and an increase of expenditure causing a budget squeeze;
2. so far, the impact differs significantly within and between countries both in terms of scale and in terms of timing;
3. these differences result from a variety of causes, notably the severity of the downturn, the parallel fortunes and responses of national government, the nature of the local government revenue and its vulnerability to economic change as well as time-lags in taxation systems;
4. unfortunately and notwithstanding signs of recovery in some sectors, the budget squeeze for local government in many cases is likely to get worse before it gets better because cushioning effects will wear off and the full extent of the cost to communities and people to be borne by local authorities will only become apparent in the months and years to come; moreover the increase in social expenditures arising from recession will be exacerbated in the long term by the ageing of European populations;

AGREE THAT

5. we, the European ministers responsible for local and regional government must take responsibility in our areas of competence to mitigate, counter and overcome the impact of the economic crisis, and all the more so because it has potentially wide destructive effects on social cohesion and risks exacerbating societal tensions degenerating into extremism;

AFFIRM THAT

6. the pressure on available resources at all levels further underlines the importance of our common objective of delivering good local and regional governance;

7. to that end local and central government each have their part to play in facing up to, sharing the burden of and overcoming the economic crisis;

8. central governments have a clear responsibility in the resourcing of local authorities, whilst underlining that all levels of government have an obligation to maximise efficiency;

9. because of their knowledge of communities, people and businesses at local and regional level, local and regional government can be extremely powerful actors in addressing the needs of citizens and facilitating business in overcoming the economic crisis;

10. whilst the means to be deployed will differ over time and vary from place to place, there will be a constant need for efficient and effective collaboration between all stakeholders - central government, local and regional authorities and their associations - in order to transform the economic crisis from a threat into an opportunity for improvement;

11. exchanging and sharing information and experience at local, regional, national and international level, as well as the identification of good practices this enables, will be key to achieving success at the earliest possible time;

12. any and all action must remain fully compatible with the obligations of member States under the European Charter of Local Self-Government;

COMMIT OURSELVES

As concerns our respective domestic situations:

13. to ensure efficient and effective collaboration between all stakeholders - central government, local and regional authorities as well as their associations – and;

14. to make use of the guidelines for policy responses to the impact of the economic crisis on local government appended to this declaration in order to counter, mitigate and overcome the impact of the crisis;

As concerns our co-operation:

15. to develop and make the best possible use of our membership of the Council of Europe to exchange and share information and experience as well as to identify good practices;
16. to contribute to continued collection of financial and policy data and ensure appropriate participation in a review conference to be held in the second half of 2010;
17. to make use of and help develop further the Council of Europe's capability to organise peer reviews, provide legislative and policy assistance as well as capacity building programmes;
18. to work together on the implementation of the Utrecht Agenda as it appears below;
19. to review the overall situation as regards the impact of and responses to the economic crisis on local government at our 17th session;

INVITE

20. the Congress and the Parliamentary Assembly to participate in the work to be carried out as set out above.

In view of the wide-ranging impact the economic crisis is having on the social and societal fabric of our member States and thus on human rights, democracy and the rule of law,

WE FURTHER RECOMMEND

21. to the Council of Europe as a whole and the Committee of Ministers in particular to reinforce its focus on the quality of governance (good democratic governance) and to establish it as a transversal dimension to guide all intergovernmental activities.

I. (B) DECLARATION ON GOVERNMENT ACTION TO OVERCOME OBSTACLES TO TRANSFRONTIER CO-OPERATION, INCLUDING THE PROTOCOL NO 3 TO THE MADRID OUTLINE CONVENTION

We, the European ministers responsible for local and regional government, meeting in Utrecht on 16 and 17 November 2009 for the 16th session of our Conference,

Recalling that the aim of the Council of Europe is to achieve a greater unity between its members,

Witnessing the great contribution that the crossborder and interterritorial co-operation between our local and regional authorities has made to the attainment of this goal,

Recalling the importance of the Madrid Outline Convention and its protocols for creating the conditions under which local and regional authorities can establish and deepen their co-operation,

Grateful to the participants in the Maastricht Conference of 6-7 July 2009 for the wealth of information, experience and suggestions they have gathered and put at our disposal,

Having shared information about recent experiences and innovative solutions adopted in individual member States with a view to removing legal and practical obstacles to transfrontier co-operation and wishing to encourage their dissemination,

Wishing to further contribute to making the border areas of our countries places of contact, dialogue and opportunity, by enhancing the capacities of our local and regional authorities to develop appropriate policies and actions,

Marking the 60th anniversary of the Council of Europe by a commitment to increase the use made of its acquis in the field of transfrontier co-operation and by developing it in a number of priority areas, such as those identified in the Utrecht Agenda for 2010-2013,

Welcoming the adoption by the Committee of Ministers of the Council of Europe of Protocol No 3 to the European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities, concerning Euroregional Co-operation Groupings, and its opening for signature at this Conference,

Having discussed bilateral or multilateral co-operation initiatives – such as the Adriatic and the Black Sea Euroregions promoted by the Congress of Local and Regional Authorities of the Council of Europe - that may be considered and used, as appropriate, by other member states of the Council of Europe,

DECLARE AND AGREE AS FOLLOWS:

I.

Crossborder and interterritorial co-operation between territorial communities or authorities plays a fundamental role in promoting dialogue, mutual understanding as well as social, economic and human development between neighbouring territories of our respective States, thus creating stability and prosperity for our nations. We, ministers for local and regional government in our respective States, have a crucial responsibility in ensuring that our countries adopt and pursue policies that uphold this goal. At this Conference, we have exchanged on our respective policies and experience and have realised how these policies are beneficial to our mutual relationships and our borderlands in particular.

We agree to pursue and develop further at domestic level policies and actions that enable local and regional authorities to co-operate across the borders in their respective fields of responsibility.

We will seek, at both domestic and European level, to ensure that legislative and regulatory provisions and policies do not impinge on crossborder co-operation between territorial communities or authorities and will favour or develop the appropriate mechanisms and procedures for raising the awareness of this both at home and within the European institutions concerned.

II.

Implementing effectively our national policies aimed at facilitating and encouraging crossborder co-operation and initiatives means reviewing existing legislation and practices, identifying legal and non-legal obstacles and changing or suppressing those procedures, requirements and conditions that, directly or indirectly hinder, slow down or *de facto* render very difficult for local authorities, companies and citizens to co-operate across borders.

We acknowledge that action still needs to be taken at national level with a view to reducing or removing those obstacles and that Recommendation Rec(2005)2 of the Committee of Ministers of the Council of Europe serves as a valid guideline for doing so.

Sometimes, however, difficulties may result from internal overlapping of competences and responsibilities between national administrations or tiers of government. We heard with interest about the experience of the host country with the "grensmakelaar" or "cross-border mediator" who plays a role as facilitator between the various tiers of government involved in definition of cross-border initiatives.

As far as the capacities of local and regional authorities to design, conclude and implement crossborder co-operation projects are concerned, we are aware that they may be limited, due to a lack of resources, staff, or know how. In some countries, dedicated agencies exist to assist local and regional authorities. At European level, associations also possess different types of expertise which, if shared or made available through networking, could meet the needs of local authorities.

We agree, drawing on Committee of Ministers' Recommendations Rec(2005)2 on good practices in, and reducing obstacles to, transfrontier and interterritorial co-operation between territorial communities or authorities, and Rec(2005)3 on the teaching of neighbouring languages, to take stock of any practical and legal obstacles to crossborder co-operation at domestic level and to report, through the CDLR, to the next session of our Conference on the measures taken to overcome them.

III.

A clear and easy-to-understand legal framework is necessary for the crossborder and interterritorial co-operation between local and regional communities or authorities. Our domestic legal orders often contain specific legislation aimed at enabling territorial communities or authorities to engage in co-operation or establish co-operation bodies with neighbouring or remote territorial communities or authorities of other States.

In the framework of the Council of Europe, we have adopted the Madrid Outline Convention which continues to be the key international instrument for enabling territorial communities or authorities to embark in crossborder co-operation. This convention merits to have all Council of Europe member States being party to it.

We also have developed in addition to the existing two protocols to the Madrid Outline Convention, a third protocol on "Euroregional Co-operation Groupings" to supplement existing provisions for similar bodies already in force between Council of Europe member States.

We agree to consider the signature and ratification of this Protocol.

IV.

Even without the formal establishment of co-operation groupings or bodies, we acknowledge that neighbouring territorial communities or authorities should, through dialogue and exchanges of practices, take more and more into account, when designing and implementing their policies and actions, the situation in territories across the border and the impact these policies will have on them and their inhabitants. This is already being the case in a number of frontier areas and we see it as a prefiguration of the "crossborder governance" that should take roots at our borders, without entailing any transfer of sovereignty or competence.

We express interest for these developments and are ready to have regard to the relevant experience of member States and their territorial communities or authorities, with a view to promoting a similar attitude at home.

I. (C) DECLARATION ON THE COUNCIL OF EUROPE REFERENCE FRAMEWORK FOR REGIONAL DEMOCRACY

We, the European ministers responsible for Local and Regional government, meeting in Utrecht on 16 and 17 November 2009 for the 16th Session of our Conference,

Recalling our wish, expressed at the 15th session of our conference, in October 2007 in Valencia, "to keep the issue of regional self-government and the further work carried out in this field under review at our next session",

Welcoming the work carried out jointly by the European Committee on Local and Regional Government (CDLR) and the Congress of Local and Regional Authorities on a reference framework for regional democracy aimed at guiding institutional reforms at regional level,

NOTE the reference framework as it appears in the appendix to this Declaration, as a document which those considering institutional reforms and governance at the regional level, including the Parliamentary Assembly and the Congress of Local and Regional Authorities in their work, could use.

II. DECLARATION ON THE STEPS AND MEASURES TO STRENGTHEN OUR CO-OPERATION FURTHER TO THE REPORT ON "HOW TO ENHANCE THE WORK OF THE COUNCIL OF EUROPE IN THE FIELD OF LOCAL AND REGIONAL DEMOCRACY?" (THE KIVINIEMI REPORT)

We, the European ministers responsible for Local and Regional government, meeting in Utrecht on 16 and 17 November 2009 for the 16th Session of our Conference,

Convinced that 60 years after its establishment the Council of Europe continues to play an essential role for the benefit of the citizens of Europe by seeking to achieve greater unity between its member States in the interest of safeguarding and further realising democracy and good governance, human rights and the rule of law;

Convinced that intergovernmental co-operation which continues to lie at the heart of the Council of Europe's work requires not only the engagement of our colleagues responsible for foreign affairs but also of ministers with domestic responsibility for public affairs pertaining to democracy and good governance, human rights and the rule of law;

Determined to step up co-operation in the Council of Europe between ourselves as well as between the governments we represent by making full use of the structures and bodies¹ for intergovernmental co-operation that it provides;

Convinced that in order to optimise the benefits of intergovernmental co-operation for our citizens a new and invigorated strategic partnership is required between the Committee of Ministers and Conferences of specialised ministers such as our own;

Convinced, having regard to its role under Statutory Resolution (2007)6 of the Committee of Ministers, of the valuable contribution the Congress can make to the development of the Council of Europe's agenda on local and regional democracy;

Having examined in depth and with great interest the Report by our colleague Mrs Mari Kiviniemi (Finland) "How to enhance the work of the Council of Europe in the field of local and regional democracy?";

¹ The phrase "bodies for intergovernmental co-operation" refers to all bodies involved in the adoption and implementation of the Council of Europe's annual Intergovernmental Programmes of Activities. It does not refer to the Congress and Parliamentary Assembly.

Convinced by the conclusions and recommendations of our colleague Mari Kiviniemi that if they are to add value for citizens and achieve the strategic aims intended by the Warsaw Summit of Heads of State and Government, the objectives and activities of the Council of Europe in the field of local and regional democracy and good governance need:

- a. strong ownership by member States,
- b. efficient co-operation with other international players,
- c. increased organisational flexibility and efficiency,
- d. opening up;

Accordingly,

A. WE DECLARE that:

1. Such strong ownership necessitates that member States are committed to their objectives and activities and that the Ministers responsible for local and regional government in each member State collectively lead and own the Council of Europe's agenda in this field with regard to intergovernmental activities.
2. This requires effective communication channels at the European level, enabling an intensified dialogue between Ministers responsible for local and regional government and the Committee of Ministers of the Council of Europe.
3. It is essential that the Council of Europe agenda in this field is on the basis of maximising cooperation with other international players, avoiding duplication, and ensuring that the maximum outputs are achieved for the resources member States input to the agenda.
4. The greatest possible organisational flexibility and efficiency across the whole of the Council of Europe should be sought throughout this agenda having regard to the need for achieving the greatest value for money in the use of public resources.
5. The work of the Council of Europe in the field of local and regional democracy deserves to be better known and an active communication policy should be developed in order to maximize its impact on member States and civil society.

B. WE AGREE the following:

Having regard to the fundamental importance of democracy and governance issues for the mission of the Council of Europe

- (a) to entrust the Minister of Public Administration and Local Government of Finland, Mrs Mari Kiviniemi, with developing concrete proposals for a partnership with the Committee of Ministers by the end of 2010;
- (b) to stand ready to provide Minister Kiviniemi with any advice and assistance she might request from us in carrying out this task;

(c) to undertake, and to invite the Congress of Local and Regional Authorities to join with us and our representatives in partnership, a review of:

- the present situation of the functioning of co-operation between the Congress and the intergovernmental sector with a view to securing high quality outcomes and facilitating each other's work so that projects can be dealt with swiftly;
- all aspects of country monitoring, including systematisation, priority setting, follow-up work on Congress recommendations from the monitoring and future compliance with them, and NGOs' involvement;

(d) to invite the Congress to work with us and our representatives, having regard to the outcomes of the above reviews, towards:

- developing the Council of Europe's local and regional democracy agenda which should, as far as possible, reflect a common understanding between the Congress and ourselves,
- establishing the modalities for conducting periodic evaluations by independent, jointly appointed experts of the functioning of the work of the Council of Europe for the promotion of local and regional democracy, from all perspectives;

In order to improve the effectiveness of our international co-operation, to review working methods and enhance communication channels at domestic level, so that:

(a) relevant "line" ministries are informed about and if appropriate contribute to our work on local and regional democracy and colleagues responsible for foreign affairs are fully briefed about the local and regional democracy issues on the Committee of Ministers' agenda in order that appropriate instructions can be given;

(b) in our ministries, appropriate synergies are developed and parallelisms are avoided when we shall discuss issues related to local and regional democracy as members of international organisations and structures;

(c) decisions by international organisations and structures contrary to the acquis of the Council of Europe in the field of local and regional democracy are avoided;

(d) in the various international organisations and structures of which our countries are members, a coherent approach is adopted and information between member States about possible implications before decisions are taken in these other fora is exchanged, as appropriate, in consultation with local and regional authorities;

In the spirit of the Memorandum of Understanding between the Council of Europe and the European Union

- to invite the European Commission to share information with the Council of Europe on respective approaches to good governance and to make use of the Council of Europe's know-how in the design of programmes and initiatives pertaining to local and regional democracy and good governance;

In order to enhance the visibility and transparency of our work

- to encourage the European Committee on Local and Regional Democracy to develop, in partnership with our respective ministries, a comprehensive communication strategy at national and European level that enhances visibility and transparency, seizing the opportunities that modern information technologies provide;

In order to improve the capacity of the Council of Europe as a whole, we invite the Committee of Ministers

- to speed up the modernisation of the budgetary process aiming at simplification, multi-annuality and devolution, and
- to streamline the approach to co-operation with non-member states keeping in mind the core functions of the Council of Europe;

In order to give full effect to the Kiviniemi report

- to take the additional steps and measures set out in the Annex;

C. **WE REQUEST** the Committee of Ministers:

- at its session in May 2010 to receive our representative, Minister Kiviniemi, to consider with her the establishment of a partnership with the Ministers responsible for local and regional government to allow these Ministers collectively to lead and own the Council of Europe's Agenda on local and regional government;

D. **WE AGREE** to review the implementation of this Declaration at our next Session;

E. **WE THANK** our colleague Ms Mari Kiviniemi for her outstanding report and the important contribution that she has thus made to the improvement of the quality and effectiveness our co-operation.

III. THE UTRECHT AGENDA FOR DELIVERING GOOD LOCAL AND REGIONAL GOVERNANCE (2010-2013)

We, the European ministers responsible for Local and Regional government, meeting in Utrecht on 16 and 17 November 2009 for the 16th Session of our Conference,

General considerations

United in the pursuit of our common objective to deliver good local and regional governance to all our citizens, agreed at Budapest in February 2005 and endorsed by the Third Summit of Heads of State and Government of the Council of Europe in Warsaw (16-17 May 2005);

Convinced that achieving our objective requires each of our member States to have a system of local and, where established, regional government made up of a framework that respects the principles of autonomy and democracy, and of individual local and regional authorities which enjoy the right of local/regional self-government and provide good democratic governance to all citizens;

Convinced also that these systems must be regularly reviewed and adjusted to changing needs;

Acknowledging the essential role of the European Charter of Local Self-Government in fostering the democratic principles of member States;

Facing turbulent times which generate the apparently contradictory situation in which available resources are under pressure whilst the necessity to move towards our objective is further increased;

Convinced that intergovernmental co-operation through the Council of Europe not only allows us to establish this common objective but also enables us to enhance collectively our individual efforts towards achieving it;

Highlighting in particular that the Council of Europe and its intergovernmental programme of activities in the field of local and regional democracy and good governance provide:

- a common acquis of standards and knowledge as well as mechanisms for maintaining and further developing them,
- mechanisms for the exchange of information and good practice,
- programmes for legislative and policy assistance to governments,
- programmes and tools for capacity building by local and regional authorities,
- the Strategy for Innovation and Good Governance at Local Level,

- the European Local Democracy Week and other promotional activities,
- a framework for developing new working methods, reviewing results and guiding future work.

Highlighting furthermore the potential for dialogue, interaction and co-operation with local and regional authorities across the continent through the Congress of Local and Regional Authorities and recalling the steps and measures we have agreed in this respect further to the Kiviniemi report;

Review of activities and results

Having reviewed the results achieved under the Budapest Agenda over the years 2005-2009, the way in which our other initiatives, i.e. the Centre of Expertise for Local Government Reform, the Strategy for Innovation and Good Governance at Local Level and the European Local Democracy Week, have been taken forward as well as the results of the legislative and policy assistance programmes, in particular those further to the regional conferences of Zagreb (2004) and Skopje (2006),

Considering that we are satisfied with:

- the results achieved under the Budapest Agenda and drawing particular attention to the following outputs prepared by the European Committee on Local and Regional Democracy (CDLR):

- Protocol No. 3 to the Madrid Outline convention on Transfrontier Co-operation between Territorial Communities or Authorities concerning Euroregional Co-operation Groupings (ECGs);
- Additional Protocol to the European Charter of Local Self-Government on the Right to Participate in the Affairs of a Local Authority;

and Committee of Ministers' recommendations:

- Rec(2007)4 on local and regional public services;
- Rec(2007)5 on the conclusion of transfrontier co-operation agreements in South-Eastern Europe;
- Rec(2007)12 on capacity building at local and regional level;
- Rec(2009)2 on the evaluation, auditing and monitoring of participation and participation policies at local and regional level;
- the way in which our initiatives for the Centre of Expertise for Local Government Reform, the Strategy for innovation and good governance at local level and the European Local Democracy Week have been taken forward;

- the potential of the Twelve European Principles on Good Democratic Governance to offer a coherent guide to our common aim of improving the quality of local governance, and of the Strategy as a whole to create synergies in this respect among all stakeholders, be they local, national or European, in the pursuit of this aim;
- the high quality of the capacity-building tools and programmes developed by the Centre of Expertise for Local Government Reform, the increasing demand for them and the practical impact that their implementation by European local authorities is having;
- the recognition from state authorities, but also from international partners, of the Council of Europe's thorough expertise and added value in supporting strategic thinking and drafting of legislation in the field of local government;
- the good results of the legislative and policy assistance programmes, in particular those further to the regional conferences of Zagreb (2004) and Skopje (2006);
- the enhanced co-operation with other implementing agencies in encouraging local government reform processes and their implementation;

Noting however that our efforts to disseminate, promote and put to use in our member States the normative and knowledge acquis of the Council of Europe in the field of local and regional democracy have fallen short of our ambitions and need to be significantly stepped up in future years and therefore also become more focused on opening up and creating a communication strategy;

Future work

Considering that because we are primarily responsible for local and regional government within our respective member States it is essential that we collectively own and lead the full range of activities of the Council of Europe's intergovernmental programme of activities in the field of local and regional democracy;

Having held an exchange of experience on issues of local and regional democracy and good governance in Europe and having taken note with particular interest of the report we requested at our 15th session in Valencia on developments on citizen participation in member States covering also the integration of foreigners in local life;

Having discussed and reviewed the wide range of challenges we currently face in achieving our objective of delivering good local and regional governance in our individual member States;

Drawing on the results of the Enschede Conference (2-3 April 2009) on "Innovation for Good Local and Regional Governance – a European challenge", and the Maastricht Conference (6-7 July 2009) on "Practical Approaches towards Effective European Transfrontier Co-operation";

Having expressed our individual positions on the challenges to our respective systems of local and regional democracy,

A. **IDENTIFY the following challenges** as being of particular common interest:

1. Managing the impact of the current financial/economic crisis
2. Addressing the low level of democratic participation in public life at local and regional level
3. Reducing the complexity and cost of the current system of local and regional government and enhancing its efficiency
4. Enhancing the capacity for and quality of governance in local and regional communities or authorities
5. Addressing the impact of demographic/migration trends
6. Improving access to public services delivered at local and regional level
7. Making it easier for local and regional authorities to co-operate across frontiers
8. Addressing territorial inequalities between and within local and regional authorities
9. Addressing the growing divide between rural and urban areas
10. Strengthening social cohesion and acting against the increase of political and religious radicalisation
11. Fighting corruption in local and regional authorities
12. Addressing the growing impact of the digital divide on citizen participation
13. Addressing the expansion of big conurbations at the expense of medium/small sized cities and villages.

B. **AGREE that:**

- we all will individually pursue the objective of delivering good local and regional governance in our respective member States whilst contributing to and making use of the Council of Europe and its work to the greatest possible extent;
- we will within the Council of Europe pursue the following five strands of action:
 - the Strategy for Innovation and Good Governance at Local Level including the Twelve principles of good democratic governance at local level and the European Label of Good Governance at Local Level,
 - capacity-building at local and regional level through the Centre of Expertise for Local Government Reform,
 - legislative and policy assistance and co-operation programmes,
 - the European Local Democracy Week,
 - the work of the European Committee on Local and Regional Democracy.

C. **INSTRUCT** our representatives in the European Committee on Local and Regional Democracy (CDLR) to:

- draw up at the Committee's meeting in Spring 2010 a concrete programme of activities for the years 2010-2013 that reflects the priority we have given to the challenges, takes account of the priority given to actions at national and regional level and determines outputs that meet the highest possible level of support;
- take forward the development of peer reviews as a new instrument for mutual learning between our member States;
- support and encourage the other strands of action, notably the Strategy for Innovation and Good Governance at Local Level, including the Twelve principles of good democratic governance at local level and the European Label of Good Governance at Local Level, capacity-building at local and regional level through the Centre of Expertise for Local Government Reform, legislative and policy assistance and co-operation programmes and the European Local Democracy Week, in particular by examining their results regularly and by promoting them among governments, local and regional authorities, their associations as well as with potential partners and donors;
- report to our next session;

D. **REQUEST** the Committee of Ministers:

- to adopt annual intergovernmental programmes of activities for the Council of Europe in the years 2010-2013 enabling the full implementation of this Utrecht Agenda.

IV. DECLARATION ON ENSURING THE CONTINUITY OF OUR WORK

We, the European ministers responsible for Local and Regional government, meeting in Utrecht on 16 and 17 November 2009 for the 16th Session of our Conference,

Aware of the importance of ensuring continuity between sessions of our Conference in order to give full effect to this Declaration as a whole,

Recalling that we have entrusted our colleague Minister of Public Administration and Local Government of Finland, Mrs Mari Kiviniemi, with developing concrete proposals for a partnership with the Committee of Ministers by the end of 2010,

ENTRUST the Minister of Territorial Policy of Spain, Mr Manuel Chaves, with ensuring the continuity of our work until our next ministerial session,

STAND READY to provide Minister Chaves with any advice and assistance he might request from us in carrying out this task,

INVITE him to inform us at our next session of any action taken and results achieved.

A P P E N D I C E S

**GUIDELINES FOR POLICY RESPONSES BY CENTRAL GOVERNMENT TO
THE IMPACT OF THE ECONOMIC CRISIS ON LOCAL GOVERNMENT**

I. General

1. Any policy response by central government to the impact of economic downturn on local government must be fully compatible with its obligations under the European Charter of Local Self-Government (CETS 122), which recognises that questions as to the financial resources for local authorities are to be determined within a Party's national economic policy.

2. The two recommendations of the Committee of Ministers in the field of local finance: Rec(2004)1 on financial and budgetary management at local and regional levels and Rec(2005)1 on the financial resources of local and regional authorities, offer a powerful and coherent set of guidelines aimed at ensuring a sound local finance system, many of which are ever the more useful in the context of the economic downturn.

3. The economic crisis has generated a widespread recognition of the need for radical improvements in governance and in the management of public expenditure. Whilst the means to be deployed will differ over time and vary from place to place, there will be a constant need for increasing efficiency across the whole of the public sector, and hence for greater collaboration between all the stakeholders, central government, local and regional authorities as well as their associations. The aim should be to remove duplication and to drive down costs arising from a lack of co-ordination, integration and of flexibility in the delivery of public services, not only to meet the demands of the current fiscal situation, but also to be better placed to address longer term social and economic change.

4. Exchanging and sharing information and experience at local, regional, national and international level, as well as the identification of good practices this enables, will be key to achieving success at the earliest possible time.

II. Possible policy responses identified so far

The survey of member States carried out in preparation of the 16th Session of the Council of Europe Conference of Ministers responsible for local and regional government has identified five main possible policy responses, which are reviewed below. It is to be stressed that the feasibility and desirability of these options vary from country to country and thus are to be seen a range of policy options and not a prescriptive set of measures.

The five main options identified so far are:

1. Reform of intergovernmental financial relations
2. Improving accountability and efficiency
3. Improved targeting of social benefits
4. Innovative re-design of public services
5. Enhancing local flexibility and discretion

Reform of intergovernmental financial relations

Major changes in the distribution of responsibilities and resources between levels of government are unlikely since in most of the countries surveyed the national budgets have suffered more severely than those of local government. Moreover local governments need to retain and develop their competences innovatively to respond to economic and social challenge.

Local revenue bases

Governments and local authority associations might wish to consider changes in those local revenue bases which depend substantially on shares of highly volatile taxes such as those on corporate profits and value added, since these fit precariously with a high percentage of fixed, recurrent commitments like public employee wages and service maintenance.

Personal income is the only tax base which is both technically susceptible to variation by local decision and capable of funding a large proportion of the costs of major services, such as education and social and health care. In reforming local revenue bases governments may wish to continue expanding the local sharing or surcharging of personal income taxation, a recent trend across Europe. That expansion should continue if major progress in fiscal autonomy is to be made, but accompanied by an adequate system of equalising differences in the tax base and avoiding unduly high rates to minimise adverse effects on labour market supply in an increasingly globalised world.

Discretion to set local tax rates and charges

Whatever the short term desirability of restraint, the longer term period of recovery will probably demand increases in local taxes and charges and the Charter's requirement of local autonomy in this respect should be respected. Local government discretion to set the rates of local taxes and charges should be enhanced in those countries where it is still highly restricted. This applies particularly to the taxation of property. Experience across Europe has shown that cautious but regular increases in tax rates in line with, or just ahead of the general rate of inflation, are a necessary condition for maintaining the tax's significance.

Control over taxation pressure

Experience of previous recessions suggests that pressure will mount to increase taxes and charges once economic recovery is well in progress. Two considerations, however, argue for some restraint. For some kinds of taxation –notably personal income tax (PIT) – high tax rates may have long term effects on labour supply. The second is that a number of national laws and policies impose restrictions to ensure that local taxation does not discriminate unfairly between domestic and business payers.

Benchmarks to assess local finance policies

Attention can usefully be given to the set of benchmarks developed by the Council of Europe - Centre of Expertise for Local Government Reform - and OSI/LGI to assess both the intergovernmental financial relations and the quality of the financial management performed by local authorities. Considerable use has been made of the benchmark on financial management, and both these benchmarks, along with other benchmarks states may develop, could be very useful for governments seeking to understand their strengths and weaknesses and aiming at reforming intergovernmental financial relations in response to the crisis and beyond.

Improving accountability and efficiency*Cost control*

Most effort so far this year has gone into cuts in administrative overheads. These may well be justified, but this is only one area for achieving efficiency savings. Furthermore, some of these tend to be short-term freezes which do not affect long-term efficiency. Governments and local authorities should strive for more fundamental examination of the practical ways in which services are run, and work to re-design service delivery, making use, as appropriate, of both public and private sector partners. This may be assisted by several value-for-money and benchmarking techniques which have been developed in individual countries, as also by the Council of Europe and the Open Society Institute. Budgetary information should be readily understandable by the public and open to public scrutiny.

A drive to increase efficiency can be associated with implementation of the Council's current ambitious Strategy for Innovation and Good Governance at Local Level. Municipalities should be encouraged to seek award of its European Label of Governance Excellence (ELOGE) for reaching a certain level of quality in their overall governance².

² Based in particular on a benchmark/measuring tool specifically tailored to the needs of local authorities, the label will be launched following a road test to start in late 2009.

Performance audit

Both national and local governments should endeavour to train and employ sufficient personnel to apply performance audit, both externally and internally, to all local authorities and their service institutions, and to stimulate public interest in their findings.

Removing incentives to expensive service provision

National and local governments should reform those administrative and financial arrangements which encourage services like health and social care to be provided in an unnecessarily expensive way. Funding norms, for example, should be based on numbers of elderly people, rather than those in residential care.

Reviewing unsustainable norms

Responsibilities delegated to local governments should not be regulated by national governments (and sectoral ministries in particular) in ways that debar local initiatives to make services more efficient. Such regulations often apply to the most expensive services like education and health care, prescribing types and levels of input rather than outcome. Signatories of the European Charter should ensure that national ministries do not micro-manage services entrusted to local government whether technically delegated or not.

Delegating institutional management

Similarly, local governments should so far as possible delegate budgets and their managements to their service institutions, so that their directors are encouraged to maximise efficiency in the use of their resources. In doing so, they should take full account of exogenous variations in cost such as population density and social background in allocating resources between institutions. Audit and other forms of accountability should also match degrees of financial delegation. Political steering capacities and political accountability of local government bodies should be maintained.

Territorial re-organisation and cooperation

National and local governments could consider territorial reorganisations which can reduce expenditure on administrative overheads, increase economies of scale, particularly in highly fragmented systems of local government and which may open the way to achieving a re-design of service delivery, both driving down costs and improving service quality. Such re-organisations may well include the types of amalgamation recently undertaken in Denmark, Latvia and Turkey and ongoing in Finland, or the kind of re-organisations implemented this year in certain areas of the United Kingdom. Savings along with quality improvements may be achieved, as in the case of Austria, France and Hungary by encouraging, including through appropriate incentives, greater co-operation between local authorities, both in operating services and undertaking administrative tasks.

Improved targeting of social benefits

Governments could apply means testing to the allocation of social benefits to ensure that funds are adequate to increase or sustain assistance to those who are in real poverty. Both national and local governments should also review their benefit procedures to ensure that the poor are not hindered from access by legal and bureaucratic obstacles.

Innovative re-design of public services

Given both the immediate effects of the fiscal crisis and the longer term ageing of European populations, governments could consider redesigning local public services to increase partnership across the public and private (commercial and not for profit) sectors, including with non-governmental organisations and offer more practical support to care for the aged and infirm provided by families and neighbours. Such innovative re-design might be part of a territorial re-organisation or an inter-municipal co-operation programme.

Enhancing local flexibility and discretion

The downturn has demonstrated the dependence of local fiscal fortunes on differences in national policy. But this should not be exacerbated by a deliberate or instinctive re-centralisation of authority. The kind of efficiency gains and re-design of services outlined above are more likely to be achieved through more local flexibility and discretion, not less. It will be important for governments to create the circumstances where such flexibility and discretion can flourish, including removing administrative and legal barriers and ensuring that the tasks legally required of local authorities remain commensurate with the available resources.

**COUNCIL OF EUROPE REFERENCE FRAMEWORK
FOR REGIONAL DEMOCRACY**

Introduction

Strengthening local and regional democracy and securing respect for human rights are among the Council of Europe's main aims because a properly functioning democracy provides one of the foundations for peace and stability in Europe.

Through their diversity, local and regional authorities also reflect the fact that the key principles of democracy and public participation in the management of living environments are flourishing.

The work of the European Committee on Local and Regional Democracy (CDLR) and the Congress of Local and Regional Authorities of the Council of Europe demonstrates the importance of providing member states (regardless of their internal structure) with a "reference framework for regional democracy" to help them with their institutional development.

In June 1993, the Conference on "Regionalisation in Europe: Evolution and Perspectives", held in Geneva by the Standing Conference of Local and Regional Authorities of Europe at the invitation of the Swiss Confederation and the Canton of Geneva, was the first manifestation of the Council of Europe's interest in regions and regionalisation.

In Recommendation 1349(1997), the Parliamentary Assembly of the Council of Europe expressed its full support for the Congress's draft European Charter of Regional Self-Government of 1997. It recommended that the Committee of Ministers grasp the political opportunity provided by the draft Charter, involving the Parliamentary Assembly and the Congress of Local and Regional Authorities of Europe in the work, which would be entrusted to an intergovernmental committee of experts so as to finalise the text prior to its adoption and opening for signature.

At the 13th session of the Conference of European Ministers responsible for Local and Regional Government, held in Finland in 2002, the Ministers asked the Committee of Ministers to give terms of reference to the CDLR to prepare draft legal instruments of various types taking account of the guidelines devised during the Conference (subsequently referred to as the "Helsinki Principles"), modelled on the European Charter of Local Self-Government (ECLSG).

The Committee of Ministers Recommendation Rec(2004)12 to member states on the processes of reform of boundaries and/or structure of local and regional authorities sets out numerous pointers for setting up or changing such entities, particularly the need for consultation between authorities. Any reform process must be based on effective, transparent, responsible and representative institutional dialogue. Public access to information should be ensured and the results of the dialogue should be made public as soon as possible. If institutional dialogue is to be representative, local and regional authorities at all levels that have a legitimate interest in the issues being addressed must be invited to take part, regardless of their political make-up. Lastly, it is essential that all the relevant information is made available to all the participants in good time, by means of clearly established procedures, that the result, if not binding, is at least given due consideration in the final decision-making process and, of course, that institutional dialogue is of genuine import and is not deprived of its substance by parallel processes.

At the 14th session of the Conference of European Ministers responsible for Local and Regional Government, in Budapest, the Ministers instructed the CDLR to produce a detailed report on developments, innovations and issues to be discussed at the 15th conference in Valencia, while at the Valencia Conference it decided to "keep the issue of regional self-government and the further work carried out in this field under review at [its] next session [in Utrecht, in 2009], in order to give this important aspect of democratic societies the attention it deserves".

At the same time, the Congress, continuing the work on which it had embarked when it drafted a European Charter of Regional Self-Government (1997), came up, in 2008, with a proposal for a draft European Charter of Regional Democracy, which is appended to its Recommendation 240 (2008).

In 2008, acting on the instructions given to it in Valencia in 2007, the CDLR proposed to the Committee of Ministers of the Council of Europe that it would work with the Congress to draw up a "Reference framework for regional democracy".

This document is a compilation and a synthesis of decisions by the Ministers and the Congress, serving as a reference point for any government wishing to begin a process of regionalisation or reform of its local and regional structures, without placing its sources in any order of priority.

Drafted in the CDLR, with the help of representatives of governments, the Congress and INGOs, the "reference framework" is also a means of transcending the scope of Article 13 of the European Charter of Local Self-Government in order to help governments strike the best possible balance in the apportionment of powers and responsibilities among different tiers of government.

The "reference framework" must also stress the principle of subsidiarity ⁽³⁾, the principle of social and territorial cohesion ⁽⁴⁾ and the need for solidarity among the components of a sovereign state (or "federal" loyalty) ⁽⁵⁾.

It also takes account of the emergence – to differing degrees according to the country concerned – of the concept of "regional interests", covering such regional activity sectors as culture and training, social protection and health care, balanced, sustainable development, nature conservation and the protection of biodiversity and economic policies.

The combination of all these principles and "rules for living" within a State set-up constitutes the essence of the principles of democracy.

As to the deliberative bodies of regional entities, and hence to democratic representation, direct election by secret ballot is to be preferred, though other means of designating members should not be ruled out (indirect election of the members of bodies representing the regional entity, for instance).

⁽³⁾ The **principle of subsidiarity** is designed to make sure that decisions are taken as close as possible to citizens by ensuring that action to be taken at a higher level is justified in the light of the possibilities available at national, regional or local level. The principle was devised in order to bring the places where decisions are taken closer to citizens and prevent seats of power from being unduly remote. The principle of subsidiarity has no effect on the actual existence of powers, but makes it possible to determine whether or not an existing power may be exercised, and comes into play only where there are rival powers.

⁽⁴⁾ The **principle of territorial cohesion** may be defined as the principle of equity among citizens, regardless of where they live: the objective of territorial cohesion is to provide citizens with equitable conditions of access to public services and ensure optimum conditions in terms of competitiveness, balanced, sustainable development and the improvement of the quality of life throughout the country, with due regard in particular for the diversity of geographical and demographic situations.

⁽⁵⁾ The (federal or regional) entities may exercise their powers independently and should not in theory be answerable to the higher or federal authority or to other component entities for the way in which they exercise their powers. The autonomy of the component entities is, however, liable to endanger the structure of the State. All the entities must therefore observe "**federal**" **loyalty** and, when exercising their powers and responsibilities, refrain from taking steps that can jeopardise the overall structural balance and harm the interests of other component entities.

REFERENCE FRAMEWORK FOR REGIONAL DEMOCRACY

This section brings together the relevant parts of the reference texts under headings which reflect the main issues of regional democracy.

Generally speaking, the texts brought together are wholly complementary. However, on certain issues, divergencies exist between them. Where this is the case, it reflects the differing views of those having adopted the respective reference texts.

1. REGIONAL ARCHITECTURE

a. Regional structure

Helsinki principles A1.1 and A1.3

Regional authorities are territorial authorities between the central government and local authorities. This does not necessarily imply a hierarchical relationship between regional and local authorities.

Where regional authorities exist, the principle of regional self-government shall be recognized in domestic legislation and/or by the constitution, as appropriate.

b. Competences

Helsinki principles A1.2, B1.1, B1.2, B1.3 and B1.4

Regional self-government denotes the legal competence and the ability of regional authorities, within the limits of the constitution and the law, to regulate and manage a share of public affairs under their own responsibility, in the interests of the regional population and in accordance with the principle of subsidiarity.

Regional competences shall be defined by the constitution, the statutes of the region or by national law. Regional authorities shall, within the limits of the law and/or the constitution, have full discretion to exercise their initiative with regard to any matter which is not excluded from their competence nor assigned to any other authority. Regulation or limitations of regional competences shall be based on the constitution and/or law.

Regional authorities shall have decision-making and administrative powers in the areas covered by their own competences. These powers shall permit the adoption and implementation of policies specific to the region. Decision-making powers may include legislative powers.

For specific purposes and within the limits of the law, competences may be conferred upon regional authorities by other public authorities.

When powers are delegated to regional authorities, they shall be allowed discretion to adapt the exercise thereof to regional conditions, within the framework set out by the constitution and/or the law.

Congress Recommendation 240 (2008) – Articles 29.1, 29.2, 29.3, 29.4, 29.5 and 29.6

Regional authorities shall be responsible for promoting regional culture and defending and enhancing the region's cultural heritage, including regional languages.

Regional economic development shall constitute an important aspect of regional responsibilities, to be carried out in partnership with economic operators in the region.

Regional authorities shall help to adapt education and training facilities to employment development requirements in the region.

Social welfare and public health shall be among the areas of activity of regional authorities, which shall also be responsible for promoting social cohesion in the region.

Balanced development of the territory shall constitute a major objective of any action by regional authorities affecting the territorial organisation of the region.

Regional authorities shall be responsible for protecting and enhancing natural resources and biodiversity and shall ensure the sustainable development of the region, with due regard for local, national, European and international policies in this respect.

c. Relations with other tiers of government

Helsinki principles B2.1 and B2.2

The relationship between regional authorities and other sub-national territorial authorities shall be governed by the principles of regional self-government set out in this document and local self-government set out in the European Charter of Local Self-Government and the principle of subsidiarity.

Regional authorities and other sub-national territorial authorities may, within the limits of the law, define their mutual relationship and they may co-operate with each other.

Congress Recommendation 240 (2008) – Article 8.3

Regional authorities shall co-operate with local authorities in the pursuit of objectives of general interest and to meet citizens' needs.

European Charter of Local Self-Government – Article 4.6

Local authorities shall be consulted, insofar as possible, in due time and in an appropriate way in the planning and decision-making processes for all matters which concern them directly.

d. Links with central authorities

- **Involvement in decision-making**

Helsinki principles B3.1, B3.2 and B3.3

Regional authorities shall have the right as described in paragraphs 3.2 and 3.3 below to be involved in state decision-making affecting their competences and essential interests or the scope of regional self-government.

This involvement shall be ensured through representation in decision making bodies and/or through consultation and discussion between the state and regional authorities concerned. Where appropriate, participation may also be ensured through consultation and discussion between state authorities and representative bodies of regional authorities.

In so far as the constitution and/or the law enable it, regional authorities and/or their representative bodies shall be represented or consulted, through appropriate bodies and/or procedures, with regard to international negotiations of the state and the implementation of treaties in which their competences or the scope of regional self-government are at stake.

- **Supervision and substitution**

Helsinki principles B4.1 and B4.2

Any supervision of regional authorities by central state authorities shall normally only aim at ensuring their compliance with the law. However, the supervision of delegated powers may also include an appraisal of expediency.

Administrative supervision of regional authorities may be exercised only according to such procedures and in such cases as are provided for by constitutional or legislative provisions. Such supervision shall be exercised *ex post facto* and any measures taken must be proportionate to the importance of the interests which it is intended to protect.

Congress Recommendation 240 (2008) – Articles 44.1 and 44.2

National or federal authorities' power of temporary substitution to act in lieu of regional authority organs may be exercised only in exceptional cases and under the procedures provided for by the constitution or by law. This power shall be confined to specific cases where regional authorities have seriously failed to exercise the competences vested in them and shall be utilised in accordance with the principle of proportionality in the light of the interests it is designed to protect.

The decision-making power resulting from a substitution measure shall be entrusted to staff acting solely in the interests of the regional authority concerned, except in the case of delegated responsibilities.

- **Loyalty, territorial integrity and cohesion**

Congress Recommendation 240 (2008) – Articles 9.1, 9.2, 9.3 and 10

The relationship between regional authorities and central government shall be based on the principle of mutual loyalty and equal dignity and shall entail respect for the unity, sovereignty and territorial integrity of the state.

Regional self-government necessarily entails compliance with the rule of law and the respect of the territorial organisation of every state whether in relations between central government and regional authorities, relations between regional authorities and other territorial authorities or relations between regional authorities and citizens.

Regional authorities shall take all appropriate measures to ensure fulfilment of the obligations arising from the Constitution or the law.

The exercise of regional self-government shall contribute to the central government's economic and social cohesion objectives and to central government activities aimed at achieving comparable living conditions and balanced development throughout the national territory, in a spirit of solidarity between regional authorities.

- e. **Protection of regional self-government**

Helsinki principles B5.1, B5.2 and B5.3

Regional authorities may be provided for by the constitution or established by law. The existence of regions, once established, is guaranteed by the constitution and/or by law and may be revoked only by the same due process of amendment of the Constitution and/or law that established them.

Regional authorities shall have the right of recourse to a judicial remedy in order to secure the free exercise of their powers and respect for the principles of regional self-government enshrined in domestic law.

Regional boundaries shall not be altered without prior consultation of the region(s) concerned. Prior consultation may include a referendum.

2. REGIONAL BODIES AND INTERNAL ORGANISATION (REGIONAL DEMOCRACY)

- **Self-organisation**

Helsinki principles B8

Where a constitution and/or the law provide the right for regions to decide their internal organisation, including their statutes and their institutions, it will define this right as widely as possible.

- **Regional bodies**

Helsinki principles B9.1

Regional authorities shall have a representative assembly. Executive functions, where they are not exercised directly by the representative body, shall be entrusted to a person or a body answerable to it in accordance with the conditions and procedures laid down by the law. Where the executive body is directly elected by the population, it needs not necessarily be answerable to the representative assembly but should give it account of its acts.

Congress Recommendation 240 (2008) – Article 14.1

The right of regional self-government shall be exercised by assemblies elected through direct, free and secret suffrage. This provision shall in no way affect recourse to citizens' assemblies, referendums or any other form of direct citizen participation, where it is permitted by law.

Helsinki principles B9.2

Regional assemblies shall be directly elected through free and secret ballot based on universal suffrage, or indirectly elected by and composed of popularly elected representatives of constituent local self-government authorities.

- **Conditions of office**

Helsinki principles B9.3 and B9.4

The conditions of office of elected regional representatives shall provide for the free exercise of their functions. They shall allow for appropriate financial allowance and/or for appropriate financial compensation for expenses incurred in the exercise of the office in question as well as, where appropriate, full or partial compensation for loss of earnings or remuneration for work done and corresponding social welfare protection. Members of the assembly shall have the right to express themselves freely during the meeting of this assembly. Any functions and activities which are deemed incompatible with the representative's office shall be determined by law.

Where sanctions against regional elected representatives are possible, they must be provided for by the law, be proportionate to the importance of the interest they are intended to protect and be subject to judicial review. Suspension and dismissal may only be foreseen in exceptional cases.

- **Regional administration**

Helsinki principles B10.1, B10.2 and B10.3

Regional authorities shall have their own assets, their own administration and their own staff.

Regional authorities shall freely determine the internal structures of their administrative system and their bodies, within the framework defined by law.

The conditions of service of regional authorities' staff shall comply with general principles of public service and be such as to permit the recruitment of high quality staff on the basis of merit and competence; to this end adequate training opportunities, remuneration and career prospects shall be provided.

- **Good governance**

Congress Recommendation 240 (2008) – Articles 4, 6.1 and 6.2

Regional authorities shall encourage the exercise of citizens' right to participate in the management of public affairs and shall aim to bring the administration closer to the public.

The exercise of regional self-government shall comply with the principles of informed decision-making and evaluation of decisions made, as well as pursue aims of flexibility, openness, transparency, participation and public accountability.

The performance of public tasks at regional level shall comply with the principles of good administration and good quality of public services.

3. FINANCING

- **Resources**

Helsinki principles B11.1, B11.2, B11.3 and B11.4

Regional authorities shall have at their disposal foreseeable resources commensurate with their competences and responsibilities allowing them to implement these competences effectively.

Regional authorities shall be able to dispose freely of their resources, for the implementation of their competences.

In the implementation of their own competences, regional authorities shall be able to rely in particular on resources of their own at which they shall be able to dispose freely. These resources may include regional taxes, other revenues decided by regional authorities, fixed shares of state taxes, non-earmarked funding from the state and constituent territorial authorities, in accordance with the law.

The financial systems on which resources available to regional authorities are based shall be of a sufficiently diversified and buoyant nature to enable them to keep pace as far as practically possible with the real evolution of the cost of carrying out their tasks.

- **Financial equalisation and transfers**

Helsinki principles B12.1, B12.2 and B12.3

The protection of financially weaker regional authorities shall be ensured through financial equalisation procedures or equivalent measures which are designed to correct the effects of the unequal distribution of potential sources of finance and of the financial burden they must support. Such procedures or measures should not have the effect of restricting the financial resources of regional authorities to the extent of hindering their freedom of administration.

Financial transfers to regional authorities shall be governed by predetermined rules based on objective criteria related to regional competences. As far as possible, grants to regional authorities shall not be earmarked for the financing of specific projects.

Financial transfers to regional authorities shall not limit the basic freedom of regional authorities to exercise policy discretion in the implementation of their competences.

Congress Recommendation 240 (2008) – Articles 16.4 and 16.5

Financial transfers to regional authorities shall be governed by rules established by law and based on objective criteria relating to regional competences.

Any transfer of competence to regional authorities shall be accompanied by a transfer of corresponding financial resources.

- **Borrowing**

Helsinki principles B12.4

For the purpose of borrowing for capital investment, regional authorities shall have access to the capital market within the limits of the law.

4. NATIONAL AND INTERNATIONAL RELATIONS

Helsinki principles B6, B7.1 and B7.2

Regional authorities shall be entitled to form associations and to undertake activities of interregional co-operation in matters within their competences and within the framework of the law. Regional authorities may also be members of international organisations of regional authorities.

In so far as national and/or European law allows, regional authorities shall have the right to be involved in or to be represented through bodies established for this purpose in the activities of the European institutions.

Regional authorities may co-operate with territorial authorities of other countries within the framework of their competences and in accordance with the law, the international obligations and the foreign policy of the state.

**FURTHER STEPS AND MEASURES TO BE TAKEN
IN FOLLOW UP TO THE KIVINIEMI REPORT**

As concerns strong ownership by member States

1. to make greater use of the Council of Europe's acquis, tools and services in the field of local and regional democracy and good governance;
2. to take the necessary steps to ensure that the priorities of the communication strategy are followed up at domestic level;
3. to designate from our respective ministries representatives of sufficient seniority and capacity – both in substance and working languages – to sit in the intergovernmental co-operation bodies, share information, enter into negotiations and make commitments, as the case may be;
4. to let our representatives to take on the function of rapporteur (adviser) in multi-lateral activities where their know-how of, and experience in national policies and intergovernmental co-operation alike can be put to fruition;
5. to consider favourably providing the additional resources necessary for hosting meetings of the European Committee on Local and Regional Democracy, its sub-committees and other events in our respective countries;
6. to step up the dialogue with our respective national delegations to the Congress of Local and Regional Authorities to ensure mutual awareness about issues and our positions;
7. to ensure that in our dialogue with national associations of local and regional authorities, the Council of Europe and its acquis and work are taken fully into account;
8. to give positive consideration to requests for the secondment of competent officials to the Council of Europe Secretariat and to facilitate the organisation by the Council of Europe of dedicated summer/winter schools for officials and representatives from local and regional government;

As concerns the efficient cooperation with other international players:

9. to ensure that the Council of Europe and its member States are kept informed of the work relevant to local and regional democracy, we undertake individually and with others in other international organisations and structures;

10. to promote, as members of other international organisations and structures to which we respectively belong, partnerships and co-operation between the Council of Europe and the OECD as concerns local and regional finance, the European Union as concerns Eurostat, its regional policy and its partnerships and initiatives, the OSCE and UNDP;

11. to make use of - and strongly encourage other actors in our respective member States, including our colleagues of foreign affairs, to make use of the Council of Europe's experience and know-how – which includes the Centre of Expertise for Local Government Reform - when considering and designing assistance programmes in the field of local and regional democracy and good governance;

As concerns organisational flexibility and efficiency:

12. to enter into discussions with our respective colleagues of foreign affairs and the Committee of Ministers about introducing in the Council of Europe true multi-annual budgets and decentralisation of responsibilities in order that the best possible use be made of available resources for chosen priorities;

As concerns opening up:

13. to promote the involvement of civil society in the work of the Council of Europe in the field of local and regional democracy and good governance, particularly as it leads to concrete action at local level and to invite the Conference of INGOs to promote awareness about the procedures and structures for the involvement of NGOs;

14. to aim towards making the Council of Europe' expertise available for use outside of its borders, once its performance in serving the needs of member States enables and allows it to do so.