Dialogue on effective decentralization and the strengthening of local authorities

Report of the Executive Director

Summary

In its resolution 19/12 of 9 May 2003, the Governing Council of the United Nations Human Settlements Programme (UN-Habitat) requested the Executive Director to take further steps and measures to intensify dialogue on decentralization and the strengthening of local authorities among Governments, local authorities and other Habitat Agenda partners, including through the Committee of Permanent Representatives to UN-Habitat, the Advisory Committee of Local Authorities and the second session of the World Urban Forum, with the aim of developing recommendations to be presented to the twentieth session of the Governing Council and documenting best practices. Resolution 19/12 further endorsed the proposal made by the Executive Director to establish a multi-disciplinary ad hoc advisory panel on decentralization to support the dialogue process. It also requested the Executive Director to initiate efforts to mobilize additional extra budgetary resources to enable the ad hoc advisory panel to continue its tasks. The present report highlights the steps taken by the Executive Director and the progress made in the implementation of resolution 19/12. Annexed to the present report is a draft document entitled “Guidelines on decentralization”, prepared by the members of the Advisory Group of Experts on Decentralization (AGRED), in close collaboration with the secretariat. A first draft of the “Compendium of best practices on decentralization”, if available prior to the Governing Council, may be circulated to the Council members as an information document. This report finally provides a few observations and makes relevant recommendations to the Governing Council as a basis for further action in the promotion of effective decentralization and strengthening of local authorities.
I. Background

1. At its nineteenth session, in May 2003, the Governing Council of the United Nations Human Settlements Programme (UN-Habitat), taking into consideration progress made at all levels in intensifying dialogue on decentralization and strengthening of local authorities since the discussion of the draft world charter of local self-Government and the adoption of resolution 18/11 of 16 February 2001, requested the Executive Director to take further steps and measures, among others, to establish a multi-disciplinary advisory panel on decentralization to support the dialogue process and to initiate efforts to mobilize additional extra budgetary resources to enable the panel to continue its tasks.

2. The request from the Governing Council provided evidence of the commitment from member States to further support UN-Habitat efforts in the promotion of decentralization policies and local democracy within the context of the Habitat Agenda and the international agreed goals of the Millennium Declaration.

3. Milestones for this track record included:
   (a) In 1996, the Habitat II Conference, where Governments adopted the Habitat Agenda, which in paragraph 177 endorsed the principle of subsidiarity. The Governing Council at its nineteenth session in May 2003 re-affirmed that the principle of subsidiarity constitutes the underlying rationale to the process of decentralization. According to this principle, public responsibilities shall be exercised by those elected authorities, which are closest to the citizens;
   (b) In 1998–2000, the draft charter of local self-government, which provided an international framework for endorsement by Governments covering the political, financial and legal relations between central and local government and the respective rights and responsibilities of each;
   (c) In 1999, the Global Campaign on Urban Governance, which has promoted a global dialogue on the principles of good urban governance, which includes not only subsidiarity, but also sustainability, efficiency, equity, transparency and accountability, civic engagement and security;
   (d) In 2000–2001, the special session of the General Assembly for an overall review and appraisal of the implementation of the Habitat Agenda ("Istanbul + 5") in June 2001, which acknowledged the important role played by local authorities and their associations in the implementation of the Habitat Agenda and recommended to further strengthen their capacities;
   (e) In 2002, the first session of the World Urban Forum, during which the first dialogue on decentralization was organized. That led to the adoption by the Governing Council of resolution 19/12 in May 2003.

4. In view of the findings of the first survey on the state of decentralization in selected countries, which was commissioned by UN-Habitat and presented to the World Urban Forum at its first session, in Nairobi, in October 2002, and considering that many countries, especially developing countries and countries in transition, are still looking for suitable options for decentralization policies, the importance of a focused exchange of views between experts with the aim at developing recommendations to be presented to the Governing Council at its twentieth session and documenting best practices became self-evident. The proposed recommendations and the compendium of best practices tabled by the advisory panel should provide a basis for consensus-building among the Governing Council members.

5. The relevance of decentralization policies as a prerequisite for sustainable urbanization has never been put into question. The contribution of local authorities as the closest partners of Governments in the implementation of national and global development agendas has been recognized since the adoption of the Istanbul Declaration and the Habitat Agenda. Considering the progress made and the current efforts of many Governments to engage in effective decentralization reforms and devolution of powers to local authorities, including local decision-making powers and revenue collection, and to promote local democracy, the challenge is to sustain that positive trend and intensify efforts towards building a consensus on an international framework that could help interested countries when they decide to engage in decentralization reforms.

6. The establishment of the Advisory Group of Experts on Decentralization (AGRED) by UN-Habitat in March 2004 has been a major step in the implementation of resolution 19/12. It is

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1 See Governing Council resolution 19/12 of 9 May 2003.
2 Decentralization in a global perspective, a review of twenty-eight country experiences, UN-Habitat, October 2002.
important to point out that this achievement would not have been possible without the financial support of the Federation of Canadian Municipalities, whose then President, Mr. Yves Ducharme, has been one of the most proactive founding members of the Advisory Committee of Local Authorities (UNACLA).

7. UNACLA, which was established in January 2000 pursuant to Governing Council resolution 17/18, to strengthen the international dialogue with local authorities on development issues, especially in the implementation of the Millennium Development Goals, has been instrumental in raising the profile of local authorities at the international level. UNACLA members\(^3\) have actively participated in the dialogue process on decentralization for the last five years. According to the new rules of procedure of UNACLA, which were adopted by the Committee members in Barcelona on 12 September 2004, the role of UNACLA is to advise the Executive Director, from the local authorities’ perspective, on all issues concerning the implementation of the Habitat Agenda and the goals of the Millennium Declaration. Its task is to facilitate the dialogue between and among local authorities, Governments, and the United Nations system, through a systematic and practical exchange on substantive issues, which should contribute to strengthening the role of local authorities in international development and the promotion of democratic governance.

8. In parallel, the direct participation of local authorities in the Governing Council of UN-Habitat has been broadened. This is a welcome trend and Governments should be encouraged to continue facilitating the participation of local authorities in the Governing Council meetings. Local authorities and their associations should also be invited to make use of rule 64 of the Governing Council to make their voice heard at the international level.

II. Establishment of the Advisory Group of Experts on Decentralization

9. The Advisory Group of Experts on Decentralization (AGRED) was established during a special meeting in Ville de Gatineau on 9–10 March 2004. The determination to implement resolution 19/12 has made AGRED a reality. The Executive Director was commended for taking the lead in addressing issues that affect the local government and urban poor, by bringing together local governments and national authorities to address central issues of concern.

10. At the inaugural meeting of AGRED, 13 experts\(^4\) from around the world and a few special guests discussed basic principles of decentralization policies. They exchanged and shared their experiences on decentralization legislation based on their national experiences. Since decentralization is a process which reflects upon the interdependence of various spheres of governance, it was evident that the problem area was not in the process itself, but in the political will to ensure that it was successfully implemented. Governments throughout the world have intensified efforts to delegate more responsibilities to regional and local governments, but not many of them have sufficient means, in terms of effective policy and decision-making and financial resources, to make that process successful. The question was raised: What might be the best recommendations and guidelines for an international framework on decentralization profitable to all?

11. AGRED members have made this question one of their priority tasks. At the inaugural meeting, the experts reviewed the status of decentralization legislation in selected countries, and the basic principles of decentralization policies, including subsidiarity, administrative and financial capacities of local authorities, governance and democracy at the local level with the aim of developing recommendations and documenting best practices, as requested by resolution 19/12. Decentralization, like democracy, is not a static model which can be easily transferred from one country to another. The challenge remains to identify positive components of decentralization policies, from which all countries could benefit.

\(^3\) UNACLA membership comprises leading local government representatives from across the world, including the leadership of the newly established United Cities and Local Governments. Its members are selected by the UN-Habitat Executive Director to ensure a geographical balance. Its current chair is Joan Clos, Mayor of Barcelona and President of Metropolis.

\(^4\) The experts who attended the inaugural meeting of AGRED were from Brazil, Canada, Croatia, Egypt, India, Norway, Russian Federation, Senegal, South Africa, Thailand, the United Kingdom of Great Britain and Northern Ireland, the United Republic of Tanzania and a representative of Metropolis and United Cities and Local Governments. Member States are still encouraged to nominate a national expert, who could join and contribute to the work of this high-level group.
12. The establishment of AGRED in Canada in March 2004 occurred just after the Government of Canada had announced what it termed “a new deal for Canadian municipalities”, an event which encouraged the participants in the work of this panel. Canada has been a democratic and socially and economically stable country, where decentralization policies have positively contributed to successful national development. The participants at the inaugural meeting of AGRED were, however, well aware that the challenge for all still remained to create a blueprint to manage the changes that an interconnected world bequeaths to us. One of the possible alternatives could be empowering local governments to promote improved delivery of essential services, including the provision of safe water and sanitation, shelter, housing and neighbourhoods for families, sustainable modes of transportation, public health systems to prevent disease, cultural and recreational opportunities to spark creativity and a sense of community and personal pride, emergency measures to curb the impact of sudden disaster, etc.

13. In the light of these observations, it became evident that there was a need to re-think the roles, responsibilities and resource levels of the various spheres of government. How can local authorities meet the challenges they face in the daily execution of their duties, if an effective strengthening of their capacities and a sustainable and equitable decentralization process do not take place to scale-up priorities at all levels, including at national, regional and local levels? It also became clear that all the stakeholders of the various spheres of government need to explore through dialogue and debate the new political, economic and social arrangements that would bring essential services to all and ensure that they are sustainable for generations to come. There is still a need, however, to examine that necessity thoroughly and that task has become one of the urgent responsibilities incumbent upon AGRED members: to share their knowledge, analyse its relevance to some of the most important issues of mutual interest and advise decision-makers on issues that will inevitably shape our future in this millennium.

III. World Urban Forum II and the dialogue session on urban renaissance

14. Given the interlinkage between urbanization and globalization on the one hand, and decentralization on the other, the second session of the World Urban Forum devoted a dialogue session to the crucial theme of decentralization entitled: “Urban renaissance, towards new powers for local governments in a globalizing world”. The background information to this dialogue session was contained in a document HSP/WUF/2/5. The dialogue took place on 16 September 2004 under the chairmanship of Mayor Ducharme, with the active participation of selected recognized experts5.

A. Issues

15. It has been recognized that global decisions may be taken at the national and global levels, but their implementation depends on their ownership at the local level. This requires empowering local authorities to allow for good governance, improved accountability and effective service delivery. Based on the main principles of decentralization as identified by the AGRED experts at their inaugural meeting in Gatineau, which relate to governance and democracy at the local level, powers and responsibilities of local authorities, administrative relations between local authorities and other spheres of government, financial resources and capacities of local authorities, the participants in the dialogue explored ways of promoting an urban renaissance through decentralization and local government

5 Namely:

Mr. Jeremy Smith, Secretary General of the United Cities and Local Government (UCLG – European Section);
Mr. Patrick Lumumba, Secretary, Kenya Constitutional Review Commission;
Ms. Christina Corrales, President of La Paz Municipality, Bolivia;
Mr. Mikhail V. Stolyarov, Expert Council Member in the Federal Assembly of the Russian Federation;
Ms. Asma Chaabi, Mayor of Essaouira, Morocco;
Mr. Prasanna Gunawardana, Mayor of Colombo, Sri Lanka;
Mr. Nicephore Soglo, Mayor of Cotonou, Benin; and
Mr. Teodor Antic, lawyer, Director of the Institute of Environmental Studies, Croatia.
capacity-building. They examined the conditions under which decentralization processes could provide the enabling environment required to achieve the objectives of the Habitat Agenda and the goals of the Millennium Declaration. Indeed, experience suggests that, while decentralization can enable local authorities to deal more efficiently with the impact of globalization trends at the local level, subsidiarity has the potential to usher in a new form of partnership among national, provincial and local governments. It is particularly conducive to effective and integrated decision-making.

16. In a globalizing world, the need for an urban renaissance arises with unprecedented urgency. Given the rapid urbanisation of the world cities and considering the impact of global trends on the lives of the world’s citizen’s, an innovative strategy that empowers local communities to pursue global standards in harmony with local objectives is key to articulating the need for interventions that are, at one and the same time, more global and more local. Whether we speak of “decentralization” or “globalization”, the objective should be to empower local authorities for the benefit of cities and the urban poor. The arguments in favour of decentralization are well established. Supporting open dialogue and participation between local government and civil society can ensure improved self-reliance at local level.

B. Debate

17. Calling on their national and regional experiences, participants took an active part in the discussion. The linkages between decentralization, democracy and participation were underscored. Citizen participation was highlighted as an integral part of decentralization. Centralized and inefficient urban governance was criticized and the definition of subsidiarity in a local context questioned. Questions were also raised about the specific experience of African municipalities in regard to participatory approach to urban planning. As a feedback from the panel, it was emphasized that creating a sound and functional legal regime is key for decentralization to be effective.

18. Several participants expressed the hope that the efforts currently undertaken by various countries to promote decentralization would eventually bear fruit. Some participants pointed out that municipal leaders holding elected positions, sometimes slow down the decentralization process, leading to inefficiency in service delivery. Most presentations indicated that enshrining devolution in the constitution is often viewed as a reduction of national Governments’ powers, while in essence, decentralization and centralization should not be seen as opposites, but rather as complementary. It was further noted that local authorities need to be sufficiently empowered to ensure better service delivery. If decentralization is to improve living conditions of local citizens, local authorities require adequate financial support and therefore the transfer of powers should be accompanied by the with transfer of funds.

C. Conclusions

19. It was stressed that the partnership between local government, the private sector and civil society is essential in the urbanization process. Participants shared the view that efforts undertaken by UN-Habitat in the promotion of effective decentralization has helped both central and local government to find common ground for a constructive dialogue.

20. Participants believed that effective decentralization had the potential to help countries and local communities, including the urban poor, to achieve sustainable development and the establishment of a fair and equitable society. The development of a local economic and financial resource base and local authority capacity-building, are crucial to successful decentralization. Some participants stressed that true devolution of power, responsibilities and resources had major implications for all local stakeholders. Decentralization entailed working in partnership with other spheres of governments and being responsive to and catering for citizens needs. The involvement of citizens in community affairs needed to be seen as an integral part of the decentralization process. More emphasis must be put on addressing the needs and priorities of citizens in addition to re-empowering and re-energizing local authorities. The process of strengthening local authorities should also take into consideration the need for adequate financial resources. Participants also recommended that the concept of subsidiarity should be popularized and made relevant in different languages and to different cultures.

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6 See “Paradox of globalization: both more global and more local” in HSP/WUF/2/6.
IV. Second meeting of the Advisory Group of Experts on Decentralization

21. One of the recommendations of the inaugural meeting of AGRED was to hold a meeting during the second session of the World Urban Forum to review progress made and to finalize the first draft of the recommendations on decentralization in preparation for the twentieth session of the Governing Council.

22. On 14 September 2004, the second meeting of AGRED took place in Barcelona under the chairmanship of the Mayor Yves Ducharme. AGRED members have been active since March 2004. In collaboration with the secretariat they prepared draft recommendations called “Guidelines on decentralization”\(^7\), which provided a basis for their discussions at their second meeting. Prior to that meeting, the draft guidelines were presented to the members of UNACLA for consideration at their tenth meeting also held in Barcelona, on 12 September 2004.

A. Guidelines on decentralization

23. Twenty experts, including two representatives of United Cities and Local Government (UCLG), attended the second meeting of AGRED. They shared the view that the proposed guidelines were “practical, clear, open and easy to be used by both national and local governments”, when compared to the language of the draft charter of 2001. The guidelines provided a high standard of principles on decentralization, yet remained modest and subject to national adaptations. In a constructive spirit of consensus, AGRED members suggested the addition of an introductory part to the main text, which should contain some basic concepts such as subsidiarity or the advantages of local autonomy and stress the flexible nature of the framework in which they might be used.

B. Compendium of best practices of decentralization

24. The experts also agreed on the format for documenting best practices\(^8\). This would include, first, background information; second, legislative framework; and third, implementation mechanisms, including analysis of difficulties. Ideally each case should be presented as briefly as possible. The compendium should be articulated in four sections directly related to the sections of the guidelines.

25. It was also agreed that the selection of countries should be as regionally balanced as possible in order to reflect both the diversity, and also the convergence between the needs and the available practices.

C. Partnership with local authorities

26. UN-Habitat has been working closely with all Habitat Agenda partners towards the implementation of resolution 19/12 on the decentralization and strengthening of local authorities. A recent step in this partnership has been the signing of an agreement on cooperation with the newly established world organization of local authorities, UCLG, which covers several joint activities, including the promotion of the global campaign on good governance and of effective decentralization, the monitoring of local democracy through a global observatory of local democracy and decentralization, the localization of the Millennium Development Goals at the city level and the expansion of the work of UNACLA. Funding for those activities will also have to be mobilized.

27. Given the interconnection between the promotion of decentralization and the monitoring of local democracy, UN-Habitat and UCLG have agreed to establish a global observatory of local democracy and decentralization.

D. Financial constraints

28. As indicated in the present report, AGRED members have been working in collaboration with the secretariat, towards developing guidelines and a compendium of best practices on decentralization, based on their national and regional experience. Owing, however, to financial constraints, these activities, especially the compilation of the necessary information to finalize the compendium, may not be completed before the forthcoming twentieth session of the Governing Council. The necessary follow-up actions may also be jeopardized.

\(^7\) The proposed guidelines are attached to the present report (see annex I).

\(^8\) A first draft may be submitted to the Council’s members as an information document.
29. Accordingly, the Executive Director has approached selected Governments to request financial assistance in support of resolution 19/12 and the work by UN-Habitat on decentralization. This approach is in line with resolution 19/12 itself, which requests the Executive Director to initiate efforts to mobilize additional extrabudgetary resources to enable the ad-hoc advisory panel to continue its tasks. There is an urgent need to secure core funding to expand the work of UNACLA and AGRED.

V. Conclusions and recommendations

A. Challenges

30. The positive worldwide trend towards empowering local authorities is in line with the recommendations of the Istanbul Declaration adopted at the second United Nations Conference on Human Settlements\(^9\) from 3–4 June 1996. Some challenges remain, however, which should be taken into consideration. One of the most immediate of those is to ensure that the reforms undertaken effectively favour national cohesion, as devolution of power entails delegation, the placing of considerable strains on bureaucracy, the dilution of authority and the need for partnerships. It is therefore vital that the decentralization process be viewed not as a hierarchy of governance, but rather as an effective way of reaching out to the local population.

31. Another issue is the allocation of distinct powers and functions between central and local governments, and between successive tiers of local authorities. Any reform must abide by the constitutional and statutory frameworks of a country.

32. A further administrative challenge for local authorities lies in their effective use of the new powers and functions bestowed upon them. Under a perfect decentralization model, any transfer of responsibilities is deemed effective when, and only when, the decentralized body has its own budget, its own separate legal status, and a degree of authority to discharge its duties, with decisions being made by representatives of the local people.

33. Decentralized fiscal arrangements are of particular importance. They call for effective mechanisms to ensure that any financial resources made available to or mobilized by local bodies are commensurate with their roles and responsibilities. Local authorities are best able to respond to decentralization initiatives where they have well defined abilities and procedures to apply their own financial resources, or those generated within the community, for those very purposes. Local authorities also face the associated challenge of mobilizing resources to meet the costs of the new personnel and capacity-building needs entailed by decentralization.

34. These are also concerns about the best ways of bringing closer together community-based and other non-governmental organizations and formal tiers of local authorities, with a view to creating institutional synergies. At the same time, the inclusion of institutional partners from outside local government is a good way of staying close to local citizens and their needs, and thereby boosts the efficiency of the local service delivery.

35. Transparent formal procedures and community participation in decision-making should greatly enhance accountability at the local level. Local citizens need established procedures, such as recall, referendum and participatory budgeting that will facilitate their participation in any decisions affecting them. Reinforcement of the decision-making process can take a variety of forms: substantive, up-to-date and readily available information on the costs of municipal services; alternative delivery options; financial services; and transparent appointment procedures. The options to enforce local authority accountability should be further explored.

B. Next steps

1. Third meeting of AGRED at the twentieth session of the Governing Council

36. Given the progress made in the implementation of resolution 19/12 and the overall work done by UN-Habitat in strengthening local authorities, and considering the interest from all Habitat Agenda partners in these activities in line with the agreement of cooperation between UN-Habitat and UCLG, a special meeting of AGRED will be convened to explore the way forward. It is envisaged that this

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meeting may take place in conjunction with the Governing Council’s deliberations on the present report and both the guidelines and compendium of best practices on decentralization prepared by AGRED.

2. Dialogue on decentralization

37. A dialogue session on decentralization will form part of the official deliberations of the forthcoming session of the Governing Council, under agenda item 7. It will provide a forum for a broader discussion of the principles outlined in the guidelines. Such a dialogue will aim at collecting governmental views and recommendations on the annexed document.

3. Action by the Governing Council

38. As it may be assumed that resolution 19/12 was not an end in itself, but was meant to create a framework conducive to support for the international dialogue on decentralization, the Governing Council may wish to endorse the proposed guidelines on decentralization and make recommendations on their implementation by interested Governments. Given the challenges ahead, it seems opportune that the momentum gathered in this process be maintained to pave the way for securing positive results at country level.

39. There is a general consensus that the international dialogue on decentralization should continue, which is also the view expressed by the General Assembly in its resolution 57/275 of 20 December 2002, by which the Assembly reiterated the agreement by Governments to intensify dialogue on all issues related to decentralization and strengthening local authorities. To facilitate that process and in order to provide clear political support, the Governing Council may wish to endorse the strategy of the Executive Director:

   (a) To make AGRED a permanent subcommittee of UNACLA, which will operate on a regular basis to provide further advice on the implementation at country level of the principles outlined in the guidelines and to document best practices;

   (b) To establish, in collaboration with UCLG, a global observatory of local democracy and decentralization, which will assess, monitor and evaluate the state of decentralization and local democracy in the world and report to the Governing Council through the Executive Director on progress made;

   (c) To continue the dialogue on decentralization and the strengthening of local authorities at the third session of the World Urban Forum in 2006.

40. In conclusion, the Governing Council may also call upon Governments to contribute with sufficient financial resources to ensure successful implementation of the UN-Habitat mandate as the United Nations focal point for cities and local authorities.
Annex

Draft guidelines on decentralization and the strengthening of local authorities

Introduction

1. Sustainable human settlements development can be achieved “through the effective decentralization of responsibilities, policy management, decision-making authority and sufficient resources, including revenue collection authority, to local authorities, closest to and most representative of their constituencies”\(^{10}\). The Habitat Agenda also recommends that “Governments should examine and adopt, as appropriate, policies and legal frameworks from other States that are implementing decentralization effectively”.\(^{11}\)

2. In recent years, the concepts of local autonomy or local self-government have been used to reflect, from a local authority perspective, the widely recognized need for decentralization. Effective decentralization is today regarded as an element of good governance and an expression of democratic practice and effective and efficient public administration. It is also recognized that elected local authorities, alongside national and regional authorities, are key actors in democratic governance and administration, which collaborate with national and regional authorities but also have their own autonomous spheres of public action. Local democracy thus constitutes an essential element of democracy itself whatever the form of the State, whether federal, regionalized or unitary.

3. It is further recognized that the process of decentralization requires concerted efforts in capacity-building and institutional reform and should therefore be associated with the strengthening of local authorities.

4. The present guidelines have been prepared by the members of the Advisory Group of Experts on Decentralization (AGRED), which was established by the Executive Director pursuant to resolution 19/12 of the Governing Council of UN-Habitat. The mandate of AGRED is to provide advice on the international dialogue on decentralization by developing recommendations and documenting best practices.

5. The guidelines outline the main principles underlying the democratic, constitutional/legal and administrative aspects of local governance and decentralization. At the same time they must be applied to specific conditions of State form (federal, regionalized or unitary), with different State traditions (for example, Napoleonic, Germanic or Anglo-Saxon, as well as traditions found in Asia, or in the Arab world). For that reason they do not provide a uniform and rigid blueprint applicable to all Member States of the United Nations. They may be subject to national adaptations.

6. Their main objective, however, is to support and guide legislative reform where necessary and appropriate.

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\(^{10}\) Habitat Agenda, para 177.

\(^{11}\) Idem, para 180.
A. Governance and democracy at the local level: representative and participatory democracy

1. Political decentralization to the local level is an essential component of democratization, good governance and citizen engagement; it should involve an appropriate combination of representative and participatory democracy.

2. Participation through inclusiveness and empowerment of citizens shall be an underlying principle in decision-making, implementation and follow-up at the local level.

3. Local authorities should recognize the different constituencies within civil society and should strive to ensure that all are involved in the progressive development of their communities and neighbourhoods. Local authorities should have the right to establish and develop partnerships with all actors of civil society, particularly non-governmental organizations and community-based organizations, and with the private sector and other interested stakeholders.

4. Local authorities should be entitled, either through the constitution or in national legislation, to define appropriate forms of popular participation and civic engagement in decision-making and in fulfilment of their function of community leadership. This may include special provisions for the representation of the socially and economically weaker sections of society, ethnic and gender groups and other minorities.

5. The principle of non-discrimination should apply to all partners and to the collaboration between national and regional governments, local authorities and civil society organizations.

6. Representation of citizens in the management of local authority affairs should be reinforced by participation at all stages of the policy process, wherever practicable.

7. With a view to consolidating civil engagement, local authorities should strive to adopt new forms of participation such as neighborhood councils, community councils, e-democracy, participatory budgeting, civil initiatives and referendums in as far as they are applicable in their specific context.

8. The participation of women and the consideration of their needs should be a cardinal principle embedded in all local initiatives.

1. Local officials and the exercise of their office

9. Politicians and officials in local authorities should discharge their tasks with a sense of responsibility and accountability to the citizens. At all times they should maintain a high degree of transparency.

10. While local political office should be viewed as a commitment to the common good of society, the material and remunerative conditions of local politicians should guarantee security and good governance in the free exercise of their functions.

11. There should be a code of good conduct that requires public civil servants to act with integrity and avoid any situation that may lead to a conflict of interests. Such a code should be made public when available.

12. Mechanisms should be put in place to allow citizens to reinforce the code.

13. Records and information should be maintained and in principle made publicly available not only to increase the efficiency of local authorities but also to make it possible for citizens to enjoy their full rights and to ensure their participation in local decision-making.
B. Powers and responsibilities of local authorities

1. Subsidiarity

   1. The principle of subsidiarity constitutes the rationale underlying to the process of
decentralization. According to that principle, public responsibilities should be exercised by those
elected authorities which are closest to the citizens12.

   2. It is recognized that, in many countries, local authorities are dependent on other spheres of
government, such as regional or national governments, to carry out important tasks related to social,
political and economic development.

   3. In many areas powers should be shared or exercised concurrently among different spheres of
government. These should not lead to a diminution of local autonomy or prevent the development of
local authorities as full partners.

   4. The aim of local autonomy is to allow local authorities to develop to a point where they can be
effective partners with other spheres of government and thus contribute fully in development
processes.

   5. Decisions should be taken at a level appropriate to the type of decision – international, national,
regional or local.

   6. National, regional and local responsibilities should be differentiated by the constitution or by
legislation, in order to clarify the respective powers and to guarantee access to the resources necessary
for the decentralized institutions to carry out the functions allocated to them.

2. Incremental action

   7. An increase in the functions allocated to local authorities should be accompanied by measures to
build up their capacity to exercise those functions.

   8. The policy of effective decentralization may be applied in an incremental manner in order to
allow for adequate capacity-building.

   9. Where decentralization is a new policy, it may be implemented on an experimental basis and the
lessons learned may be applied to enshrine this policy in national legislation.

10. National principles relating to decentralization should ensure that the national or regional
government may intervene in local government affairs only when the local government fails to fulfil the
agreed functions.

11. The burden of justifying an intervention should rest with the national or regional government.
An independent institution should assess the validity of such intervention.

12. As far as possible, nationally determined standards of local service provision should take into
account the principle of subsidiarity when they are being drawn up and should involve consultation
with local authorities and their associations.

13. The participation of local authorities in decision-making processes at the regional and national
levels should be promoted. Mechanisms for combining bottom up and top down approaches in the
provision of national and local services should be established.

12 See Governing Council resolution 19/12 of 9 May 2003.
C. Administrative relations between local authorities and other spheres of government

1. Legislative action

1. Local authorities should be acknowledged in national legislation, and in the constitution, as legally autonomous sub-national entities with a positive potential to contribute to national planning and development.

2. The constitution and national legislation should determine the manner in which the local authorities are constituted, the nature of their powers, the scope of their authority, responsibilities, duties and functions.

3. Constitutional and legislative provisions for local government organizations may vary depending on whether a State is federal, regionalized or unitary.

4. Legislative provisions and legal texts should clearly articulate the roles and responsibilities of local authorities vis-à-vis higher spheres of government, providing that only those roles and responsibilities beyond their scope and competence should be assigned to another authority.

5. Local authorities should have full responsibility in spheres involving interests of local citizens except in those areas specified by national legislation, which should state what lies outside their competence.

2. Empowerment

6. Local authorities should freely exercise their powers, including those bestowed upon them by national or regional authorities, within the limits defined by legislation. These powers should be full and exclusive, and should not be undermined, limited or impeded by another authority except as provided by law.

7. Other spheres of government should consult local authorities and their associations when preparing, or amending, legislation affecting local authorities.

8. Local authorities and their institutions should be assisted by other spheres of government to determine local policy and strategic frameworks within the parameters set by national policies.

9. Other spheres of government should support initiatives to develop responsive, transparent and accountable instruments necessary for efficient and effective management at a local level.

3. Supervision and oversight

10. The supervision of local authorities should only be exercised in accordance with such procedures and in such cases as provided for by the constitution or by law.

11. That supervision should be confined to a posteriori verification of the legality of local authority acts, and should respect the autonomy of the local authority.

12. The law should specify conditions for the suspension of local authorities. In the event that there is a need to suspend or dissolve a local council or to suspend or dismiss local executives, the exercise shall be carried out with due process of law.

13. Following the suspension or dissolution of local councils, or the suspension or dismissal of local executives, the prescription of the law should determine the resumption of their duties in as short a period of time as possible.

14. There should be independent bodies, such as administrative courts, to oversee such suspensions or dissolutions by higher spheres of government, and to which appeal may be made.
D. Financial resources and capacities of local authorities

1. Capacities and human resources of local authorities

1. Local authorities should be supported by other spheres of government in the development of their administrative, technical and managerial capacities, and of structures which are responsive, transparent and accountable.

2. Local authorities should be allowed to determine as far as possible their own internal administrative structures, to adapt them to local needs and to ensure effective management.

3. Local authorities should have full responsibility for their own personnel. There should be common standards of qualification and status in the management of such personnel.

4. The service conditions of local government employees, as defined by national legislation, should be such as to permit the recruitment and retention of high-quality staff on the basis of best performance, professional competence and experience and of gender equality, and should exclude any type of discrimination based on religion, language or ethnicity.

5. Adequate training opportunities, remuneration and career prospects should be provided to local government employees in order to enable local authorities to reach a high quality performance in the provision of services to the citizens.

6. Training opportunities should be provided or supported by Governments, in collaboration with local authorities and their associations.

2. Financial resources of local authorities

7. Effective decentralization and local autonomy require appropriate financial autonomy.

8. Where central or regional governments delegate powers to them, local authorities should be guaranteed the resources necessary to exercise these powers as well as discretion in adapting the execution of their tasks to local conditions and priorities.

9. Local authorities should have access to a broad variety of financial resources to carry out their tasks and responsibilities. They should be entitled, preferably on the basis of constitutional and national legislative guarantees, to adequate resources or transfers, which they may freely use within the framework of their powers.

10. Local authorities’ financial resources should be commensurate with their tasks and responsibilities and ensure financial sustainability and self-reliance. Any transfer or delegation of tasks or responsibilities by the State shall be accompanied by corresponding and adequate financial resources, preferably guaranteed by the constitution or national legislation, and decided upon after consultations between concerned spheres of government on the basis of objective cost assessments.

11. A significant proportion of the financial resources of local authorities should derive from local taxes, fees and charges to cover the costs of services provided by them and for which they have the power to determine the rate, notwithstanding their possible framing (tax brackets) or coordination by legislation.

12. Taxes which local authorities should be entitled to levy, or of which they receive a guaranteed share, should be proportional to their tasks and needs and of a sufficiently general, dynamic and flexible nature to enable them to keep pace with their responsibilities.

13. Local taxes, such as land-based taxes, should preferably be collected by local authorities themselves, provided that they have appropriate capacities and oversight mechanisms in place.

14. Financial sustainability should be ensured through a system of financial equalization, both vertical (between State and local authorities) and horizontal (among local authorities). This should happen especially where the local tax-base is weak or non-existent.

15. Legislation should guarantee the participation of local authorities in framing the rules governing the general apportionment of redistributed resources, including both vertical and horizontal equalizations.

16. As far as possible, financial allocations to local authorities from Governments should respect their priorities and shall not be earmarked for specific projects. The provision of grants shall not remove the basic freedom of local authorities to exercise policy discretion within their own jurisdiction.
17. Earmarked allocations shall be restricted to cases where there is a need to stimulate the local implementation of national policies, in areas such as environmental protection, social development, health and education.

18. For the purpose of borrowing for capital investment, local authorities should, within guidelines and rules established by Governments and the legislation, have access to national and international capital markets. State supervision and monitoring may however be necessary in countries affected by volatile macro-economic situations;

19. Local authority borrowing should not endanger the fiscal policies designed to ensure financial viability of Governments.