

JUDIT SIKET

TERRITORIAL AND LOCAL ADMINISTRATIVE SYSTEM IN HUNGARY

**VI. The activity of the Council of Europe in the field of local
democracy.**



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CHAPTER VI

THE ACTIVITY OF THE COUNCIL OF EUROPE IN THE FIELD OF LOCAL DEMOCRACY.

Content of the Chapter

1. Congress of Local and Regional Authorities
2. Activities of the Congress in general
3. Selected cases of major importance to society
 - 3.1. The impacts of 2007-2009 liquidity and financial crisis
 - 3.2. Pandemic crisis of 2020

The aim of the Chapter: This Chapter presents the functionality of the Congress of Regional Authorities. The main characteristics of the general activity of the Congress are also covered. Beyond the general features of the activity, two relevant events, the liquidity and financial crisis, and the pandemic crisis are highlighted from the view of the Congress activity.

Estimated reading time: 15-20 minutes

1. CONGRESS OF LOCAL AND REGIONAL AUTHORITIES

Congress of Local and Regional Authorities makes sure that the principles of the Charter are observed in those Council of Europe member states, which signed and ratified the Charter and its additional Protocol.

The Congress of Local and Regional Authorities is an institutional body of the Council of Europe. It represents local and regional authorities strengthening local democracy in the 47 member States of the Council of Europe. Made up of two Chambers, the Chamber of Local Authorities and the Chamber of Regions, it is the institutional voice of over 200 000 European municipalities and regions.

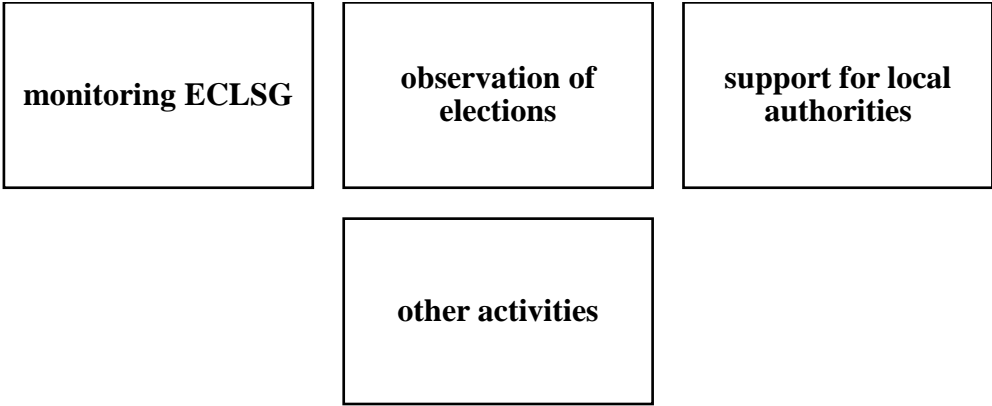
Its primary role is to strengthen and monitor developments in local and regional democracy.

Local government systems show a varied picture in Europe. There are wide differences among European States as regards to the local authorities. The European integration and economic globalization have influenced functions and democratic legitimacy of local self-government patterns recently. The past several years policymakers responded differently to the various

challenges, the Council of Europe and especially the Congress of Local and Regional Authorities usually attempts to make adequate answers for the problems emerged in the field of local self-governance.

2. ACTIVITIES OF THE CONGRESS

The most important activities of the Congress of Local and Regional Authorities covers (1) the monitoring of the compliance of European Charter of Local Self-Government, (2) the observation of local and regional elections and (3) support of local authorities in performance of their duties. Beyond these activities there are a lot of other thematic tasks, this subsection highlights only these three activities.



Activities of the Congress

(1) The core mission of the Congress of Local and Regional Authorities is the effective monitoring of the situation of local and regional democracy in member States by assessing the *application of the European Charter of Local Self-Government*, adopted in 1985 and ratified by the 47 Member States of the Council of Europe.

(2) Over the last 15 years, the Congress of Local and Regional Authorities has observed more than 100 *local and regional elections* in Council of Europe member States and occasionally also beyond. Such missions are conducted further to the invitation of the national authorities or competent electoral bodies and they complement the political monitoring of the European Charter of Local Self-Government.

(3) The Congress supports local authorities in the *performance of their duties* in respect of their citizens and it supports them in their search for solutions to the challenges they face, in particular in terms of security, integration, dialogue and participation, respect for fundamental human and social rights, and the inclusion of vulnerable populations. It initiates reflections and projects on these topics and contributes actively to the work being done in this connection within the Council of Europe and at European level.

The Congress and the *European Committee of the Regions* (CoR) of the European Union maintain close co-operation and working relations, both at the political level and the level of the respective secretariats, based on the Cooperation Agreement, revised most recently in March 2018. This co-operation is based on the commonality of the objective of reinforcing local and regional democracy, devolution and self-government in Europe, and on the complementarity of action.

The annual reports summarize the Activity of different bodies of Council of Europe, which are accessible in the webpage of the Council of Europe.¹

3. SELECTED CASES OF MAJOR IMPORTANCE TO SOCIETY

From the topics of other activities of the bodies of Council of Europe, two main two processes with serious implications may be highlighted. On one hand the (1) economic and financial crisis of 2007-2009, and on the other hand the (2) pandemic crisis of 2020.

3.1. THE IMPACTS OF 2007-2009 LIQUIDITY AND FINANCIAL CRISIS

The *impacts of 2007-2009 liquidity and financial crisis* are shown in the changing of economic conditions of the local self-government authorities. Member States of Council of Europe have chosen different solutions to try to mitigate the effects of the crisis.

Before the crisis examples from the activity of the Congress may be shown, how to achieve the *economies of scale* in the field of local self-governments. These measures were on one hand territorial reforms, on the other hand functional reforms, like rationalising service provision, especially education, social and health care. The outsourcing of service management might offer potential cost savings, but only few countries used this option. The cooperation with the private sector has slowed. Some states, like Hungary have experienced cases, being rescinded utility franchises. By contrast the interest in partnership with voluntary sector has increased.

Radical *territorial reforms* were implemented in a few European countries, in Denmark, in Finland, in Greece, in Lithuania, in Latvia, where reduced the number of local authorities. The other part of the territorial reform is the increasing of the *partnership* between municipalities. This is a way, the latter one, easier performed politically. The common starting point is of these reforms that larger municipalities should spend a smaller proportion of their resources for their administrative operation. There are a lot of cooperation form, like inter-municipal companies to structure and to operate environmental infrastructure, integration planning and service delivery within conurbations, sharing of the professional resources and equipment needed for

¹ Activity Reports. <https://www.coe.int/en/web/congress/dialogue-with-governments-activity-reports1>

administrative operations, like tax collection, development control, payroll management, internal audit and IT.

The Council of Europe placed in the agenda the effects of the *economic downturn on local government* several times. It should be mentioned that the Committee of Ministers adopted Recommendation to Member States on Financial and Budgetary Management at Local and Regional Levels, in 2004. The most important principles were determined in the field of financial and budgetary management.

It should be drawn the attention also to the *Recommendation on the Financial Resources of Local and Regional Authorities*,² was adopted in 2005. This document laid down the most important requirements on the distribution of financial resources and on the principles of the financing of local self-governments expenditures.

Ministers of Local and Regional Government decided on the *high priority of the financial crisis* in Utrecht, in 2009.³ They committed themselves to ensure efficient and effective collaboration between all stakeholders – central government, local and regional authorities as well as their associations. The Ministers returned to this issue in Ukraine, in 2011 and adopted Kyiv Declaration. The Declaration and the Kyiv Guidelines are based on the Report, prepared by the European Committee on Local and Regional Democracy. Kyiv Guidelines diagnosed that the economic crisis has generated a widespread recognition of the need for radical improvement on governance and in the management of public expenditure. The principles of the Charter of Local Self-Government and European Social Charter are set in the Guidelines: to protect and enforce the values of local democracy and the social responsibility. The Guidelines identified the possible *policy responses*, as following

- stabilising local revenue bases,
- improving accountability and efficiency,
- combating social deprivation,
- partnership in delivering public service,
- enhancing local flexibility and discretion,
- promotion economic recovery.

It may be outlined a few points set in the Guidelines, which have relevance from the point of view of Hungarian restructuring measures. It is commonly considered that the stabilising of

² <https://rm.coe.int/0900001680928a5b>

³ See in details: Draft Agenda and Draft Programme of the 16th session of the Ministerial Conference (Utrecht, 16-17 November, 2009). <https://rm.coe.int/09000016807471e4>

local revenue bases is essential from the aspect of local autonomy. The own resources ensure for the local self-government a greater opportunities in fulfilling their responsibilities.

The intergovernmental transfers have even more importance. Local budgets cannot be indefinitely shielded (independent) from national revenue losses and budget deficit. The intergovernmental transfers constitute of substantial part of local revenues, and must be adapted to the obligatory tasks performed by the local self-government. In accordance to debt, the Guidelines highlight that in some member states unsustainable local government debt has emerged as a problem. Local budget autonomy requires legal and careful management and clear regulation with limits for borrowing and processes of public scrutiny.

In the field of *partnership in delivering public services* - involved private sector, social enterprises and other non-governmental organisations – could be differences in the practices of member states. The Guidelines underline the involvement of the private sector or voluntary sector in provision of public services. The involvement must be in line with public policy and have regard to the requirements of efficiency and value for money, and above all, the needs of those to whom services are intended to address.

The last point should be emphasised from the response identified so far. It is also important *to avoid an intuitive recentralisation of authority*, to abolish the unsustainable expenditure norms that prevent efficient management of local public services.

Collect examples from the period of the economic crisis from the measurements affected local authorities and try to answer the following three questions.

1. Whether have been reduced the local self-governments' resources, or have been taken financial stabilisation measurements?

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2. What do you know about the accountability of local self-governments? Whether have been strengthened the accountability of the mayor or the members of representative bodies?

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3. How dominant in your country the partnership in the field of local public services? Was a change in the partnerships during this period?

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3.2. PANDEMIC CRISIS OF 2020

In all Council of Europe member States, *local authorities are in the frontline* in the response to the Covid-19 emergency, as those who are the closest to citizens and to their needs.

The Bureau adopted a declaration on the impact of central government COVID-measures on local and regional authorities.⁴ The Congress Bureau pointed out, that *extraordinary measures must always be temporary only and under democratic control*.

The Congress Bureau expressed its concern about the *democratic self-governance and financial autonomy of local and regional authorities* in Council of Europe member States, in particular in view of recovery plans in the aftermath of the crisis. It highlighted the fact that some governments have imposed, within or outside the context of states of emergency, measures with far-reaching consequences for fundamental rights and freedoms and the democratic functioning which have also impacted the sub-national level -be it through relocation of powers, increase of central states' surveillance or postponement of local and regional elections.

Stressing the crucial role of municipalities and regions in the *management of health care, service delivery and awareness of citizens*, particularly in major crisis situations, the Bureau underlines the fact that local and regional authorities have been among those most affected by the decline in economic output. While recognising the special tasks and responsibilities of central governments in crisis situations, the Bureau made *specific reference to the basic principles of the European Charter of Local Self-Governance* such as *consultation and financial autonomy* and urges the national authorities concerned to remove restrictions and restore democratic functioning at the local level, in full compliance with the Charter.

The Bureau further called on national authorities to ensure, in the frame of recovery plans, that cities and regions will receive the necessary support to overcome the unprecedented economic downturn stemming from COVID-19 and to become resilient in the face of possible future major crisis situations.

In conclusion, the Bureau emphasised the role of European cities and regions as key partners of national governments for the restoration of the economy, social life and normal democratic functioning at the local and regional level. They must be involved in setting-up mechanisms and procedures for future emergency situations in their role as actors of multi-level governance.

How the position, responsibilities and resources of local governments has changed during the pandemic? Discuss related cases.

⁴ CG-BUR(2020)33-DEC5/7Appendix (adopted by the Bureau of the Congress on 9 June 2020)
<https://rm.coe.int/09000016809efef8>

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Choose the correct answers.

1. The Congress of Local and Regional Authorities

- a) is similar to the CoR
- b) maintain close co-operation and working relations with CoR
- c) and the CoR are both organs of the EU

2. The economic and financial crisis after 2000 emerged

- a) 2001-2002
- b) 2011-2012
- c) 2007-2008

3. The Congress recommended strong re-centralization process against the effect of economic and financial crisis.

- a) true
- b) false

4. What is the core mission of the Congress of Local and Regional Authorities?

- a) monitoring of the situation of local and regional democracy
- b) protection of human rights
- c) strengthening the centralization endeavours of the Member States

5. Municipalities and regions play crucial role in combating the epidemic crisis.

- a) true
- b) false