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**Conference
of European ministers responsible for
local and regional government**

*"Good local and regional governance
– the European challenge"*

15th Session, Valencia, 15 - 16 October 2007

Valencia Declaration

THE VALENCIA DECLARATION

We, the European ministers responsible for Local and Regional Government, meeting in Valencia on 15-16 October 2007 for the 15th session of our Conference to address "GOOD LOCAL AND REGIONAL GOVERNANCE – THE EUROPEAN CHALLENGE"

1. Recall our common commitment and proclaim our determination to "deliver good local and regional governance" in order to respond to the challenges facing our societies and meet the legitimate expectations of our citizens;
2. Recall that in our Budapest Declaration of 25 February 2005 we made this an essential objective to be pursued by our member States and through our co-operation within the Council of Europe, including with the Parliamentary Assembly and the Congress of Local and Regional Authorities;
3. Express our satisfaction with the political endorsement given to the Budapest Agenda through its inclusion in the Warsaw Action Plan adopted by the Third Summit of Heads of State and Government of the Council of Europe (16-17 May 2005);
4. Welcome the Memorandum of Understanding between the Council of Europe and the European Union and note with satisfaction the emphasis it puts on co-operation in the field of democracy and good governance;
5. Take note with interest of the work of the Forum for the Future of Democracy and in particular the results of its third session on "Power and empowerment – the interdependence of democracy and human rights" held in Stockholm/Sigtuna (Sweden) on 13-15 June 2007;
6. Encourage the further implementation of measures and policies to promote effective decentralisation and good governance at local and regional level in South-Eastern Europe in line with the conclusions of the Skopje Regional Ministerial Conference;
7. Express our satisfaction at the adoption by the Conference of UN-Habitat held in Nairobi on 23 April 2007 of the Guidelines on Decentralisation and the Strengthening of Local Authorities which, drawing inspiration from the European Charter of Local Self-Government, contribute to the spreading and consolidation of local self-government around the world;
8. Adopt the following specific declarations and messages:

I. Declaration on democratic participation and public ethics at local and regional level

We, the European ministers responsible for Local and Regional Government, meeting in Valencia on 15-16 October 2007 for the 15th session of our Conference:

- i. having discussed the issue "Citizens at the heart of local democracy";
- ii. recall that democratic participation and public ethics at local and regional level are among the key areas of the Budapest Agenda and are crucial to ensuring the place of citizens at the heart of local democracy;
- iii. recall the following challenges identified in the Budapest Agenda as concerns democratic participation in public life at local and regional level:
 - addressing the low level of electoral turnout in elections at local and regional level in many countries;
 - responding to the changing ways in which citizens engage in public life at local level and, in some cases, the decreasing willingness to do so;
 - broadening the scope for participation by foreign residents in public life at local level;
- iv. underline that in our national jurisdictions provisions exist that enable our citizens to participate in public life at local level, including in local elections, in local decision-making and in the management of local affairs, and that any reform to these provisions should be directed at enhancing such participation;
- v. emphasise the importance of securing the effective and appropriate participation of all, both citizens and foreigners, in public life at local level;
- vi. recall Recommendation Rec(2001)19 of the Committee of Ministers on the participation of citizens in local public life and the European Convention on the participation of foreigners in public life at local level (CETS 144);
- vii. recall that in the Budapest Agenda we also identified as the main challenge in the field of public ethics: ensuring ethical behaviour by local and regional authorities, elected representatives and officials, whilst respecting local and regional self-government as well as individual rights and legitimate interests;
- viii. stress the importance of ensuring transparency in public management and decision-making at local level in particular as concerns public procurement and spatial planning;
- ix. recognise that the concurrent holding of several electoral or executive mandates should avoid conflicts of interest and incompatibilities;

- x. stress the practical importance of the Council of Europe's Handbook on Public Ethics at Local Level as a source of inspiration for measures to be taken;
- xi. note the progress that has been made in our member States and in the intergovernmental work pursuant to the Budapest Agenda,

Declare and agree as follows:

As concerns democratic participation of citizens in public life at local and regional level

1. Representative and participatory democracy are not alternatives, but complement one another. The existence of participatory mechanisms provides local representatives elected by citizens with a valuable tool for performing better. At the same time, a solid social fabric and a participatory and well-structured society provide the best environment for strengthening local democracy and improving the basis for selecting local representatives. We renew therefore our commitment to facilitate the participation of citizens in local public life.
2. The European culture of democratic participation of citizens in local public life constitutes an essential feature in our common understanding of and commitment to 21st century democracy in our continent. It therefore deserves to be enshrined in a pan-European legal instrument such as a convention. On this basis, we ask that the preparation of a draft Additional Protocol to the European Charter of Local Self-Government (CETS 122) be brought to a successful conclusion with a view to submitting it to the Committee of Ministers for approval and opening for signature and ratification before 31 December 2008.
3. This Protocol should reflect and respect the wealth and diversity of participatory techniques and procedures established in national, regional or local legislation and cover the following topics:
 - the right to participation in public life at local level;
 - the right to information from local authorities;
 - the duties of local authorities to enable the exercise of these rights.
4. We are committed to promoting the recommendation of the Committee of Ministers on the Participation of Citizens in Local Public Life (Rec(2001)19) in order to optimise its impact, in collaboration with national and regional associations of local authorities.

5. We are equally committed, by undertaking such measures as are appropriate to the circumstances of our own state, to promote turnout at elections through both increasing access to the election process and encouraging participation within that process. These measures may include providing electoral documents and guidance in Braille, audible form, or any form that might be reasonably required by a person who would not otherwise have access to the electoral process; promotional activities such as posters, leaflets, and outreach work, to encourage registration and/or participation in elections; and educational initiatives to develop civic understanding and interest in elections particularly among young people.

6. We encourage and look forward to the fruitful conclusion of the drafting of a new recommendation by the Committee of Ministers of the Council of Europe on the evaluation, auditing and monitoring of participation and participation policies at local level.

7. We are committed to improving the integration of foreign residents in local life, insofar as it is compatible with the Constitution of each state.

8. We ask that a report on developments on citizen participation in member states, covering also the integration of foreigners in local life, be prepared for the 16th session of the ministerial conference.

9. We agree that it is important to encourage local authorities to assess their participatory policies using evaluation and self-evaluation instruments. In this context, and notwithstanding the relevance of instruments already in place in each member state, we give our support to the CLEAR analytical tool, being created under the aegis of the Council of Europe, as a common European tool for self-evaluation, and we give recognition to all the European municipalities who volunteered to help develop and improve this tool, for their commitment to Europe and their valuable contribution¹. We invite other countries and local authorities to make use of this tool and to exchange views within the Council of Europe on their experience and the progress made on citizen participation.

¹ The following local authorities are or have been involved in the testing of the CLEAR tool:

- Belgium: Genk, Mons, Saint-Gilles;
- Bulgaria: Byala, Harmanli, Kardjali, Montana;
- Denmark: Copenhagen, Odense;
- Finland: Hameenlinna, Imatra, Tampere;
- Netherlands : Arnhem, Dantumadeel, Deurne, Utrecht, Zoetermeer;
- Norway: Askim, Heroy, Kristiansand, Ovre-Eiker, Vadso;
- Slovakia: Bratislava, Kezmarok, Vel'ke Kapusany, Zavazna Poruba;
- Spain: Alcobendas, Barcelona, Cordoba, Fuenlabrada, Getafe, Madrid, Malaga, Mostoles, San Sebastian.

As concerns public ethics at local and regional level

10. We recognise the fundamental importance of, and strongly commit ourselves to guaranteeing, the ethical conduct of local and regional authorities, elected representatives and public officers, while respecting local and regional autonomy, as well as individual rights and legitimate interests.
11. We underline the importance of transparency in public administration at local level as a prerequisite for strengthening public ethics.
12. We express our support for the Handbook of Good Practice in Public Ethics at local level as a source of inspiration for improving the ethical requirements of local authorities, as well as for its adaptation and development to the specificities of member states and, in collaboration with the national associations of local authorities, its widespread promotion in different languages of our member states. Equally, we are ready to exchange all information necessary for the periodic review and updating of this Handbook.
13. We are concerned to facilitate and intensify the attention paid to the interests of citizens who have elected the local and regional representatives and recognise that the simultaneous holding of several electoral or executive mandates may involve both advantages and risks but must in all cases ensure that a high level of commitment to the citizen can be maintained.
14. We stress the need for the adoption of all measures necessary for guaranteeing higher levels of transparency and public ethics and combating corruption, particularly in areas such as contracts, procurement and services, public works, regulation of the use of land, town planning and the environment, in order to ensure an high level protection for resources, values and the interests of the community, by instituting exemplary sanctions against those who infringe the rules. We therefore encourage the exchange of practices and experiences within the Council of Europe on measures, frameworks and systems aimed at ensuring compliance with ethical standards at local level.

II. Declaration on regional self-government

We, the European ministers responsible for Local and Regional Government, meeting in Valencia on 15-16 October 2007 for the 15th session of our conference:

i. having taken note of the "Report on European practice and development of regional self-government" drawn up at our request after the 14th session of our conference held in Budapest on 25-26 February 2005;

ii. considering that the report meets our expectations in terms of identification of innovative measures and common challenges to be encountered in member states as far as regional self-government is concerned;

iii. recalling, as stated in the declaration we adopted in Budapest, "the importance of regional self-government and the fact that it can represent an enrichment for democratic societies, can help address new challenges of good democratic governance and, depending on circumstances, can respond to the need to deal with public affairs as close to the citizen as possible";

iv. further recalling the Core concepts and common principles on regional self-government adopted at the 13th session of our conference in Helsinki (2002) from which governments can draw guidance if such a tier of government is established or developed;

v. recalling that at the 14th session of our conference (Budapest, 2005), we "recommend[ed] that the Congress of Local and Regional authorities monitor developments in the field of regional self-government across the continent, having regard to the above-mentioned principles";

vi. noting that

- regional self-government is the subject of debate in numerous member States of the Council of Europe and that several of them have adopted reforms in this field;
- the image of regional governance in Europe that emerges from the abovementioned report reflects that on the one hand many member states have to deal with a number of similar issues and that on the other hand there is a great diversity of institutional solutions and practices which exist side by side because of different national frameworks, conditions and policies;
- the common issues particularly comprise the following aspects: the establishment of regional territories; the distribution of powers between the different institutional and administrative levels of the State and the scope of the competences assigned to the regions; the financing of the regions; co-operation between regional authorities, and the representation of regional authorities at a supra-regional (national or European) level, and that the member States of the Council of Europe apply diverse and sometimes innovative solutions to them;

- noting that the regional level has gained importance in numerous countries as a level for political decision and management as is shown by such facts as – depending on the country – the assignment of more responsibilities to the regions, the involvement of the regions as well as local authorities, in the decision-making processes concerning European Union policies and the identification of the regional dimension as the territorial level at which more and more complex problems in the present economic, social and political context can be addressed,

Declare and agree as follows:

1. The diverse, changing and stimulating reality of regional self-government in Europe today deserves to be further monitored and examined as it provides useful insight for all member states.
2. This work naturally takes place within the Council of Europe, which is the only Organisation in Europe today where regional self-government is explicitly treated as a field of intergovernmental co-operation (through the CDLR), while ensuring a regular exchange of information with the regions themselves (through the Congress of Local and Regional Authorities).
3. We invite the Committee of Ministers, when examining the report on regional self-government, to take note of our interest for this work to be continued and take the appropriate decisions in this respect.
4. We resolve to keep the issue of regional self-government and the further work carried out in this field under review at our next session, in order to give this important aspect of democratic societies the attention it deserves.

III. Declaration on the progress made towards delivering good local and regional governance (Budapest Declaration and Agenda)

We, the European ministers responsible for Local and Regional Government, meeting in Valencia on 15-16 October 2007 for the 15th session of our conference:

- i. Having noted with satisfaction the information provided by colleagues and the Secretary General of the Council of Europe on the action that has been taken in member States and through co-operation in the Council of Europe to implement the Budapest Agenda;
- ii. Highlighting in particular, as concerns
 - a. democratic participation and public ethics at local and regional level: the results and developments set out in our Declaration under I above;
 - b. legal framework and institutional structure: the reports and further work on local authorities' competences and inter-municipal co-operation, as well as the report on European practice and recent developments in the field of regional democracy, referred to in our Declaration under II above;
 - c. finance and public services at local and regional level: the reports and further work on performance management, accounting rules at local level, internal audit and local finance [as well as the Committee of Ministers' recommendation on capacity building];
 - d. transfrontier and interterritorial co-operation: the adoption by the Committee of Ministers of recommendations on promoting good practice in, and overcoming obstacles to, transfrontier co-operation and on language teaching in border regions, as well as the progress made on the development of a third protocol to the Outline Convention on Transfrontier Co-operation;
- iii. Aware that local and regional democracy in our member States is subject to constant change and that it is therefore necessary to review the Budapest Agenda, taking into account the impact of the Council of Europe's intergovernmental work in the field of local and regional democracy in member States and the preferences expressed by member States after consultation of representatives of local and regional government;
- iv. Noting that significant progress still has to be made in respect of our commitments in the Budapest Agenda as concerns the *acquis*, the information base of the Council of Europe in the field of local and regional democracy and the participation in the work of the Council of Europe,

Declare and agree as follows:

1. We reaffirm, heartened by the endorsement of our Heads of State and Government in Warsaw, our full commitment to the implementation of the Budapest Agenda.
2. We prioritise the themes, challenges and actions of the Budapest Agenda as appended to this Declaration in order to give guidance to the future work.
3. We request that a report on the activities carried out under the Budapest Agenda over the full five years of its existence be prepared in time for the next session of our conference in 2010.

IV. Declaration on a Council of Europe Strategy for Innovation and Good Governance at Local Level

We, the European ministers responsible for Local and Regional Government, meeting in Valencia on 15-16 October 2007 for the 15th session of our conference:

- i. Recalling that in Budapest we identified the major challenges facing our member States in delivering good local and regional governance and committed ourselves to monitor those challenges and to establish and keep under review the ways in which joint efforts through the Council of Europe can help to tackle them;
- ii. Noting that our experience with implementing the Budapest Agenda, presented here at our session in Valencia, as well as the experience generated by the Centre of Expertise for Local Government Reform after almost two years of operation, point up the need to enhance and coordinate our efforts for improving good governance at local level;
- iii. Convinced that the goal of improving good governance at local level can be met thanks to the co-ordinated efforts of central government and local authorities, on the basis of clearly identified objectives and means of action embodied in a genuine Strategy on Innovation and Good Governance at Local Level;
- iv. Welcoming that the Congress of Local and Regional Authorities at its 14th Plenary Session from 30 May-1 June 2007 approved the draft Strategy on Innovation and Good Governance at Local Level² thus making clear that the Strategy responds to real demand from local authorities across the continent;

Declare and agree as follows:

1. We endorse the Strategy on Innovation and Good Governance as appended to this Declaration.
2. We invite the Committee of Ministers to
 - a. set up a task force composed of the Committee of Ministers, the Parliamentary Assembly, the Congress, the CDLR and the Conference of INGOs in order to finalise the Strategy with a view to its adoption;
 - b. invite all member States to seek to achieve the good governance outcomes of the Strategy, either by adopting the tools made available through it or by taking other appropriate measures which may include drawing on or pursuing existing initiatives or actions for continuously improving governance at local level.
3. We encourage the Congress also to play a full part in the further development and implementation of the Strategy, including by actively participating in the Stakeholders' Platform and by promoting the adoption of programmes of action.

² Resolution (2007)239

4. We invite the Parliamentary Assembly and the Conference of INGOs of the Council of Europe to fully support the Strategy on Innovation and Good Governance at Local Level and to play an active part in the Stakeholders' Platform.
5. We commit ourselves to continue to work for the improvement of local governance in appropriate partnership with national associations of local authorities, including by developing, where appropriate, programmes of action for the implementation of the Strategy.
6. We thank the governments and local government associations from Bulgaria, Norway and Spain for their readiness and commitment to test the proposed European Label of Innovation and Good Governance.
7. We decide to take stock of the implementation of the Strategy and of the European Label of Innovation and Good Governance at our next session.

V. Declaration on the European Local Democracy Week

We, the European ministers responsible for Local and Regional Government, meeting in Valencia on 15-16 October 2007 for the 15th session of our conference:

i. Having taken part with pleasure in the launching event of the European Local Democracy Week resulting from a joint initiative of the Congress and the European Committee on Local and Regional Democracy (CDLR);

ii. Welcoming the active engagement of local authorities and associations of local authorities in the following countries: Azerbaijan, Belgium, Bosnia and Herzegovina, France, Georgia, Italy, Lithuania, Malta, Norway, Portugal, Romania, Russian Federation, Slovakia, Spain, "the former Yugoslav Republic of Macedonia", Ukraine and United Kingdom already in 2007,

Declare and agree as follows:

We encourage local authorities and their associations to join in the celebration of the European Local Democracy Week and to continue it in future years, demonstrating that local democracy is a key part of our common European heritage and future.

VI. Declaration on the outlook for the future

We, the European ministers responsible for Local and Regional Government, meeting in Valencia on 15-16 October 2007 for the 15th session of our conference:

- i. Being determined to enhance the effectiveness of our co-operation in the field of local and regional democracy within the Council of Europe and to ensure that the activities of other international institutions and organisations of which we are members are complementary to each other and to the acquis and activities of the Council of Europe;
- ii. Noting with great interest and approval the increasing attention that is being given and efforts that are being made to create synergies and avoid duplication between the Council of Europe and the European Union;
- iii. Welcoming the Memorandum of Understanding that has been agreed between the Council of Europe and the European Union and in particular the reference it makes to co-operation in the field of democracy and good governance;
- iv. Underlining the crucial role that member States of both the Council of Europe and the European Union play in ensuring the effectiveness of and coherence between the action of the two institutions;
- v. Noting the contribution made in his personal capacity by Mr Juncker, Prime Minister of Luxembourg, through his report further to the Third Summit of Heads of State and Government;
- vi. Welcoming the efforts being made to strengthen co-operation between the Council of Europe and other international organisations such as the OECD, the OSCE and UN HABITAT, as well as with international associations of local and regional authorities;
- vii. Having identified the need already now to initiate a new process at high political level to consider the outlook and develop proposals for the future in particular following the completion of the Budapest Agenda in 2010:
 1. Entrust our colleague, Mrs Mari Kiviniemi, Minister of Public Administration and Local Government of Finland, with preparing for us, in her personal capacity and in consultation with other colleagues who are interested and ready to engage in this activity, a report on the ways and means by which the work of the Council of Europe on local and regional democracy can be enhanced, including in its relations with other international structures and organisations, in particular the European Union and the OECD;
 2. Agree this exercise should focus in particular on the ways and means by which:
 - a. our overall objective of delivering good local and regional governance is to be pursued following the completion of the Budapest Agenda;

- b. the impact and the work of the Council of Europe in the field of local and regional democracy can be enhanced in the interest of our member States and our citizens;
 - c. synergies can be obtained between the Council of Europe's work on local and regional democracy and other areas of work towards effective democracy and good governance at all levels;
 - d. standards and work of international Organisations can be complementary to each other, in particular between the European Union, the OECD, the Council of Europe and UN-HABITAT;
3. Invite the Committee of Ministers, the Parliamentary Assembly and the Congress to receive our colleague for an exchange of views and provide any information he/she may require;
4. Express the wish that the report be finalised before the end of 2008, in order for it to serve as a solid basis for the preparation of the next session of our conference.

VII. Messages

In addition to the messages included in the specific Declarations above, we adopt the following general messages:

1. To the Committee of Ministers

We ask the Committee of Ministers to develop the Council of Europe's annual programme of activities and take it forward on the basis of this Declaration, taking due account of the priorities it expresses and the preferences of member States it identifies.

2. To the Parliamentary Assembly

We thank the Parliamentary Assembly for its contribution to the 15th session of our Conference and the colloquy and look forward to developing our relationship with a view to pursuing the objective of delivering good local and regional governance to all in Europe.

3. To the Congress

We thank the Congress for its participation in, and contribution to this session and the colloquy, as well as for its ongoing monitoring work.

We thank the Congress for, and encourage it to enhance, its efforts to promote the dissemination of, easy access to and awareness of, the *acquis* and information base in the field of local and regional democracy as well as to make use of it in the context of its monitoring activities.

We thank the Congress for, and invite it to continue and where possible enhance, its co-operation with the relevant intergovernmental structures with a view to delivering good local and regional governance and addressing the challenges identified in the Budapest Agenda, as reviewed, in the best possible way.

ANNEX I

STRATEGY ON INNOVATION AND GOOD GOVERNANCE AT LOCAL LEVEL

Introduction

European states joined the Council of Europe with the aim of achieving greater unity for the purpose of safeguarding and realizing the ideals and principles that are their common heritage: democracy, human rights, rule of law.

These values are as valid today as they were half a century ago. Citizens' expectations however have evolved. Good governance has become a paradigm for giving real effect to the values and standards of democracy, human rights and rule of law.

In 2005, the Heads of State and Government of the member states of the Council of Europe meeting in Warsaw for their Third Summit, declared that "effective democracy and good governance at all levels are essential for preventing conflicts, promoting stability, facilitating economic and social progress, and hence for creating sustainable communities where people want to live and work, now and in the future " .

In order to meet this objective, action is required at both European and national levels.

The following strategy which draws on the lessons and experience of member states and their co-operation through the Council of Europe, seeks to generate action by all relevant stakeholders at European, national and local level.

I. Scope

Good governance is a requirement at all levels of public administration. At local level it is of fundamental importance because local government is closest to citizens and provides them with essential services and it is at this level that they can most readily feel ownership of public action.

II. Aims and Objectives

The aim of the Strategy is to mobilise and stimulate action by national and local stakeholders so that citizens in all European countries benefit from good democratic governance at the local level, through the continuously improving quality of local public services, engagement of the population and policies that meet their legitimate expectations.

In pursuit of this aim the Strategy has the following three objectives:

1. Citizens are placed at the heart of all democratic institutions and processes;

2. Local authorities constantly improve their governance in accordance with the 12 Principles set out below;
3. States (or regional authorities, depending on member states' institutional structure) create and maintain the institutional preconditions for the improvement of governance at local level, building on their existing commitments in accordance with the European Charter of Local Self-Government and other Council of Europe standards.

III. The 12 Principles of Good Democratic Governance

Good governance is a multi-faceted concept, drawing on principles, rules and practices developed across the world. The Strategy takes account of the work on good governance already carried out by the Council of Europe and other international organisations.

Their experience and outputs and in particular the Council of Europe's own acquis in the fields of democracy, human rights and the rule of law, may be drawn together into the following twelve Principles of Good Democratic Governance.

A necessary precondition for the implementation of these Principles is that local authorities have the powers, responsibilities and resources enabling them "to regulate and manage a substantial share of public affairs under their own responsibility and in the interest of the local population"³.

The Principles of Good Democratic Governance at local level are:

- 1) **Fair Conduct of Elections, Representation and Participation**, to ensure real possibilities for all citizens to have their say in local public affairs;
- 2) **Responsiveness**, to ensure that the local authority meets the legitimate expectations and needs of citizens;
- 3) **Efficiency and Effectiveness**, to ensure that objectives are met while making the best use of resources;
- 4) **Openness and Transparency**, to ensure public access to information and facilitate understanding of how local public affairs are conducted;
- 5) **Rule of Law**, to ensure fairness, impartiality and predictability;
- 6) **Ethical Conduct**, to ensure that the public interest is put before private ones;
- 7) **Competence and Capacity**, to ensure that local representatives and officials are well able to carry out their duties;
- 8) **Innovation and Openness to Change**, to ensure that benefit is derived from new solutions and good practices;

³ Article 3.1 of the European Charter of Local Self-Government

- 9) **Sustainability and Long-term Orientation**, to take the interests of future generations into account;
- 10) **Sound Financial Management**, to ensure prudent and productive use of public funds;
- 11) **Human rights, Cultural Diversity and Social Cohesion**, to ensure that all citizens are protected and respected and that no one is either discriminated against or excluded;
- 12) **Accountability**, to ensure that local representatives and officials take responsibility and are held responsible for their actions.

IV. Commitments

In order to mobilise the action of all stakeholders in favour of good democratic governance at local level, the Strategy must be jointly owned by governments and local authorities alike and therefore:

- Local authorities will be invited to make a voluntary commitment to their citizens to exercise their powers and responsibilities in accordance with the 12 Principles of Good Democratic Governance. They will be expected to make their commitment public and be accountable for it.
- Participating Governments and (associations of) local authorities will, taking full account of their respective roles and legal competences and, where relevant, drawing on existing initiatives and actions, agree on ways and means of achieving the objectives of the Strategy.
- Member States and the Congress will sustain and develop the pan-European co-operation necessary for following and giving guidance towards the implementation of this Strategy, including by helping to achieve the mutual sharing of information and the exchange of experience.

V. Implementation

At European level

1. A Stakeholders' Platform established within the Council of Europe comprising (representatives of) the Committee of Ministers, the Parliamentary Assembly, the Congress of Local and Regional Authorities, the European Committee on Local and Regional Democracy (CDLR) and the Conference of INGOs will follow and give guidance to the implementation of the Strategy and further develop it in the light of experience.
2. The Congress of Local and Regional Authorities will hold an annual debate on the implementation of the Strategy, to the visibility of which it undertakes to contribute. It will facilitate contacts with National Associations with the aim of encouraging the exchange of good practices and information.

3. The Centre of Expertise for Local Government Reform of the Council of Europe will assist member states, local authorities and their associations in the implementation of the action programmes, insofar as they include "capacity-building-oriented" goals.
4. The European Committee on Local and Regional Democracy (CDLR) could provide the framework for concrete exchange of experience, discussion of reform processes and networking.
5. A European Local Democracy Week initiative is launched in order to raise citizens' awareness of local self-government and promote their participation in public life at local level.
6. A European Label of Innovation and Good Governance and a European Award for Excellence will be created to distinguish deserving local authorities across Europe.
7. The experience of member states implementing the strategy will be followed and brought to the attention of the other member states, so that the implementation process is genuinely shared and benefits everyone.

At national level

1. National and/or regional governments and associations of local authorities, in accordance with their respective roles and legal competences, will be invited to share a commitment to action towards delivering good democratic governance at local level. Those taking up this invitation are expected to manifest their commitment and take ownership of the Strategy by agreeing on an action programme which may draw, where appropriate, on existing arrangements. The help of the Stakeholders' Platform will be available where this is requested.
2. The action programme will thus represent the expression of a common commitment to work for the improvement of governance at local level.

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The ambition of the Strategy on Innovation and Good Governance is to stimulate central and local governments' joint action to improve the quality of governance at all levels, starting at the level closest to citizens where strongly and effectively rooted democracy is essential.

Member states, local authorities and citizens are invited to share in the goals of the Strategy and assume ownership of them, so that the present and future generations will enjoy good governance at local level throughout Europe.

Appendix 1

The 12 Principles of Good Democratic Governance at local level

Principle 1. Fair Conduct of Elections, Representation and Participation

- Local elections are conducted freely and fairly, according to international standards and national legislation, and without any fraud.
- Citizens are at the centre of public activity and they are involved in clearly defined ways in public life at local level.
- All men and women can have a voice in decision-making, either directly or through legitimate intermediate bodies that represent their interests. Such broad participation is built on the freedoms of expression, assembly and association.
- All voices, including those of the less privileged and most vulnerable, are heard and taken into account in decision-making, including over the allocation of resources.
- There is always an honest attempt to mediate between various legitimate interests and to reach a broad consensus on what is in the best interest of the whole community and on how this can be achieved.
- Decisions are taken according to the will of the many while the rights and legitimate interests of the few are respected.

Principle 2. Responsiveness

- Objectives, rules, structures, and procedures are adapted to the legitimate expectations and needs of citizens.
- Public services are delivered and requests and complaints are responded to within a reasonable timeframe.

Principle 3. Efficiency and Effectiveness

- Results meet the agreed objectives.
- Best possible use is made of the resources available.
- Performance management systems make it possible to evaluate and enhance the efficiency and effectiveness of services.
- Audits are carried out at regular intervals to assess and improve performance

Principle 4. Openness and Transparency

- Decisions are taken and enforced in accordance with rules and regulations.
- There is public access to all information which is not classified for well-specified reasons as provided for by law (such as the protection of privacy or ensuring the fairness of procurement procedures).

- Information on decisions, implementation of policies and results is made available to the public in such a way as to enable it to effectively follow and contribute to the work of the local authority.

Principle 5. Rule of Law

- The local authorities abide by the law and judicial decisions.
- Rules and regulations are adopted in accordance with procedures provided for by law and are enforced impartially.

Principle 6. Ethical conduct

- The public good is placed before individual interests.
- There are effective measures to prevent and combat all forms of corruption.
- Conflicts of interest are declared in a timely manner and persons involved must abstain from taking part in relevant decisions.

Principle 7. Competence and Capacity

- The professional skills of those who deliver governance are continuously maintained and strengthened in order to improve their output and impact.
- Public officials are motivated to continuously improve their performance.
- Practical methods and procedures are created and used in order to transform skills into capacity and to produce better results.

Principle 8. Innovation and Openness to Change

- New and efficient solutions to problems are sought and advantage is taken of modern methods of service provision.
- There is readiness to pilot and experiment new programmes and to learn from the experience of others.
- A climate favourable to change is created in the interest of achieving better results.

Principle 9. Sustainability and Long-term Orientation

- The needs of future generations are taken into account in current policies.
- The sustainability of the community is constantly taken into account. Decisions strive to internalise all costs and not to transfer problems and tensions, be they environmental, structural, financial, economic or social, to future generations.
- There is a broad and long-term perspective on the future of the local community along with a sense of what is needed for such development.
- There is an understanding of the historical, cultural and social complexities in which this perspective is grounded.

Principle 10. Sound financial management

- Charges do not exceed the cost of services provided and do not reduce demand excessively, particularly in the case of important public services.
- Prudence is observed in financial management, including in the contracting and use of loans, in the estimation of resources, revenues and reserves and in the use of exceptional revenue.
- Multi-annual budget plans are prepared, with consultation of the public.
- Risks are properly estimated and managed, including by the publication of consolidated accounts and, in the case of public-private partnerships, by sharing the risks realistically.
- The local authority takes part in arrangements for inter-municipal solidarity, fair sharing of burdens and benefits and reduction of risks (equalisation systems, inter-municipal co-operation, mutualisation of risks...).

Principle 11. Human rights, cultural diversity and social cohesion

- Within the local authority's sphere of influence, human rights are respected, protected and implemented and discrimination on any ground is combated.
- Cultural diversity is treated as an asset and continuous efforts are made to ensure that all have a stake in the local community, identify with it and do not feel excluded.
- Social cohesion and the integration of disadvantaged areas are promoted.
- Access to essential services is preserved, in particular for the most disadvantaged sections of the population.

Principle 12. Accountability

- All decision-makers, collective and individual, take responsibility for their decisions.
- Decisions are reported on, explained and can be sanctioned.
- There are effective remedies against maladministration and against actions of local authorities which infringe civil rights.

Appendix 2

The Stakeholders' Platform

The Stakeholders' Platform established within the Council of Europe will comprise (representatives of) the Committee of Ministers, the Parliamentary Assembly, the Congress of Local and Regional Authorities, the European Committee on Local and Regional Democracy (CDLR) and the Conference of INGOs of the Council of Europe.

The Platform's brief will be to follow and give guidance to the implementation of the Strategy and further develop it in the light of experience and to that end it will:

- provide support, upon request, to national and regional governments and local government associations when they are developing initiatives and programmes of action to deliver good democratic governance for the implementation of the Strategy;
- endorse such programmes of action;
- further develop the European Label of Innovation and Good Governance in the light of the experience of testing by governments and associations that have volunteered to do so;
- subsequently promote the European Label of Innovation and Good Governance across the continent;
- approve arrangements for awarding the Label to local authorities within individual member states and, upon request, provide the necessary technical assistance for developing such arrangements.

Appendix 3

Programmes of action

The programmes of action that express the joint commitment of central and local government to deliver good democratic governance at local level could include:

- measures to promote information about good governance at local level, to stimulate debate among stakeholders and to encourage local authorities to adhere to the 12 Principles of Good Democratic Governance;
- measures to create or strengthen the partnership between the government and the association(s);
- specific procedures and tools to assess whether all necessary legal and institutional conditions exist or need to be created in order for local authorities to improve their governance;
- measures to increase the skills and capacity of local government elected representatives and officials, by the implementation of specific capacity-building programmes;
- measures to encourage the use of performance management schemes;
- measures to ensure the identification and sharing of knowledge and good practice and to help local authorities to learn from each other ;
- provisions for developing benchmarking tools and a timetable for doing so;
- a timeframe for the implementation and possible revision of the programme of action.

The programmes of action will further address an invitation all local authorities to commit themselves to the 12 Principles of Good Democratic Governance and to make that commitment public.

Appendix 4

European Label of Innovation and Good Governance and European Award for Excellence

The purpose of the Label of Innovation and Good Governance is to mobilise and stimulate action to ensure that:

- citizens are aware that they have a right to good governance, to know the quality of governance in their municipality (information) and to articulate their expectations;
- local authorities understand their strengths and weaknesses and how to improve their governance most effectively (evaluation);
- local authorities accept that comparison, both internally and externally, is possible and commendable and that they can draw inspiration from their national and European counterparts (learning from others).

A European Award for Excellence could celebrate and disseminate the very best of European practice.

The development of the Label and the Award is to be carried out by the Stakeholders' platform in co-operation with a number of countries that volunteer to provide testing grounds and facilities. The working hypotheses at the start of this development work are set out below. They will be reviewed and where appropriate adapted in the light of the results and experience gained from testing.

a. General description

The Label would be a general quality label, i.e. it could be granted to any municipality (in a participating country) which reaches a certain level of quality (complies with a series of quality standards) in its governance as a whole.

The Label will certify that the local authority complies with the 12 Principles of Good Democratic Governance to which it has committed itself. To be awarded the Label, a local authority will have to meet the requirements set out in a "quality charter". These requirements should correspond to the objectives of the Strategy and consist of achievements, procedures or techniques that a local authority can adopt and introduce in its working methods and policies and will include self-assessment requirements.

The assessment and selection of municipalities would be performed by national selection panels composed of independent experts, who would base their evaluation on a good governance charter/matrix.

The quality Label would be granted to any municipality which applies for it and scores at least "good" on a number of criteria and "very good" on the others.

It is to be noted that for all criteria, the qualification "excellent" would only be granted to municipalities which not only achieve a high level of performance, but also actively take part in programmes aiming at learning from the experience of others and continuously improving (benchmarking, best practice programmes, peer reviews...).

b. Methodology

i. Institutional arrangements

The implementation of the Label would be based on strong partnerships between the Council of Europe and the national partners (governments and associations of local authorities).

An agreement for the implementation of the Label would need to be signed between the national partners and the Council of Europe and would specify the most important elements of the procedure: methods and procedures, quality control, dealing with complaints and funding arrangements. In countries that are interested in introducing the Label, the agreement could be part of the programme of action. An agreement could not be concluded with countries which have not prepared and adopted programmes of action .

In each country, a pool of national independent experts would be created to constitute the national Selection Panel; no political or other bias should exist or be perceived in the process and the experts in question should be selected solely on the basis of their competence and objectivity.

An implementing organisation (ideally a local government association, failing that a reputed training institution) would be designated in the Agreement to manage the process. This organisation would appoint a project manager.

ii. Launching the process at the national level

The process would be extended progressively, always to countries which adopt programmes of action. A high-level national event would serve to launch the process. During the event, a national good governance charter/matrix would be formally adopted. This charter/matrix could adapt the European one to national circumstances without, however, distorting it.

Only municipalities which have adopted, and committed themselves to applying, the European Principles of Good Democratic Governance would be eligible for the Label. They would need to make a self-assessment exercise in order to evaluate their level of performance and subsequently send their application for the Label to the national selection panel.

iii. Selecting the Label-winning municipalities

The national selection panel would organise visits to short-listed applicant municipalities. These visits would be prepared by the project manager by collecting, if necessary preparing and distributing to members in advance a clear description of the practice of the municipality in question.

Each year, Labels would be granted during a high-level ceremony. Labels would be valid for a pre-defined period of time (e.g. 3 years).

iv. Disseminating good practice

Each year, the implementing organisation would publish:

- information about the best practices identified;
- statistics stating the number of applicants and the levels for each of the good governance elements: minimum, maximum and average.

Every year, participating municipalities would be invited to designate up to two areas of good governance on which they want to improve. The managing organisation would then organise peer review visits to and from municipalities which have reached particularly high levels of performance in the areas concerned.

Such peer review visits should lead to drawing up very specific recommendations and plans for improvement.

c. A European Award for Excellence

In the light of the results of the quality Label, the Council of Europe could develop a European Award for Excellence.

This Award would be granted in order to recognise and celebrate the very best European practice in respect of the 12 Principles of Good Democratic Governance.

The selection would be performed by a selection panel of European independent experts appointed by the Council of Europe. Selection would be operated following suggestions made by the national selection panels and on the basis of a specific methodology developed and adopted by the Council of Europe.

The Council of Europe would publish annual information concerning the Award for Excellence it grants.

ANNEX II**THE BUDAPEST AGENDA REVIEWED IN VALENCIA****THEMES, CHALLENGES AND ACTIONS ACCORDING TO PREFERENCES EXPRESSED
BY MEMBER STATES**

1	Legal framework and institutional structure	
	Challenges	Actions
1	Giving full effect to the principle of subsidiarity by defining and legislating on the competences, structures and boundaries of local and regional authorities;	When engaging in processes of reform of local and regional self-government, to respect the European Charter of Local Self-Government and be guided by Recommendation Rec(2004)12 on the processes of reform of boundaries and/or structure of local and regional authorities; To monitor developments in regional self-government with a view to identifying in particular innovations and any issues common to a number of states;
2	Fostering effective relations between different levels of territorial administration, particularly between central and local authorities;	To share our knowledge, experience and views concerning the relationship between central and local authorities with a view to identifying good practice and drawing up guidelines on this topic;
3	Encouraging and creating the necessary conditions for inter-municipal co-operation.	To share our knowledge, experience and views concerning inter-municipal co-operation with a view to identifying and promoting good practices and drawing up guidelines on this topic.

2	Democratic participation and public ethics	
	Challenges	Actions
1	Responding to the changing ways in which citizens engage in public life at local level and, in some cases, the decreasing willingness to do so;	<p>To continue work on the ways in which information and communication technologies can facilitate democratic reform at local and regional level;</p> <p>To examine the desirability and feasibility of forms of remote voting in local and regional elections;</p> <p>To develop and make use of tools to assess the effectiveness of measures taken to enhance participation in public life at local level;</p> <p>To examine the desirability and feasibility of introducing convention-based legal standards on the participation of citizens in public life at local and regional level;</p>
2	Ensuring ethical behaviour by local and regional authorities, elected representatives and officials, whilst respecting local and regional self-government as well as individual rights and legitimate interests;	<p>To continue to promote the Handbook of Good Practice on Public Ethics at Local Level and prepare, where possible, handbooks suited to the particular situation in member States and thematic documents targeted at specific audiences;</p> <p>To gather and share good practices concerning the evaluation of compliance with standards of public ethics at local and regional level;</p> <p>To exchange experiences and provide the information necessary for the review of the Handbook, with a view to preparing a revised version in 3 to 4 years time;</p>
3	Addressing the low level of electoral turnout in elections at local and regional level in many countries;	To pursue the implementation of Recommendation Rec(2001)19 on the Participation of Citizens in Local Public Life and of Recommendation Rec(2004)13 on the participation of young people in local and regional life;
4	Broadening the scope for participation by foreign residents in public life at local level.	To seek to overcome any obstacles to acceding to the Convention on the Participation of Foreigners in Public Life at Local Level and to seek to ratify it as soon as possible.

3	Local and regional finance and public services	
	Challenges	Actions*
1	Reaching a level of resources for local and regional authorities which is commensurate with their responsibilities;	To make use of, implement and promote, as appropriate, the existing Council of Europe <i>acquis</i> in the field of local and regional finance, in particular Recommendations Rec(2004)1 on the financial and budgetary management at local and regional levels and Rec(2005)1 on financial resources for local and regional authorities;
2	Finding an optimum structure of income sources in order to allow local and regional authorities to offer their citizens services which are adapted to their requirements;	To promote and assess the impact of the Council of Europe's <i>acquis</i> in the field of local finance; To make use of and implement, as appropriate, the Committee of Ministers recommendations in the field of local and regional public services;
3	Fostering the leadership and capacity of local and regional authorities to deliver good local and regional governance and providing citizens with services of the highest possible quality while respecting budgetary constraints;	To share experiences on leadership, benchmarking and capacity-building for local and regional authorities with a view to identifying good practice and possibly preparing a recommendation of the Committee of Ministers to member States in these fields; To examine the possible ways in which local and regional authorities can co-operate with other authorities (inter-municipal co-operation, co-operation with authorities of a different level) and with the private sector (partnerships, concession of public services, contracting out certain elements) for improving public services offered to their citizens;
4	Striking the right balance between a high degree of freedom for local and regional authorities in managing their finance and a high degree of accountability.	To consider updating some of the previous reports in the field of local and regional finance and notably the report on "Local finance in Europe" examined by us the 11 th session of the Conference (Lisbon, 1996).

* Explanation for the presentation of actions in one single column: For actions in the field of local and regional finance / public services, it is not possible to clearly assign individual actions to individual challenges as for the other themes; there rather is a set of actions being applied as a whole or in various combinations to the different challenges.

4	Transfrontier and interterritorial co-operation	
	Challenges	Actions
1	Finding ways and means of providing territorial communities or authorities and their transfrontier co-operation bodies with the capacity necessary to engage in and develop co-operation;	<p>To identify the persons or institutions in charge of, or responsible for transfrontier and interterritorial co-operation at the level of the state (or the regions, as appropriate), with a view to creating within the Council of Europe an informal network through which to request and share information and documentation;</p> <p>In co-operation with the associations of local authorities at national and European level, to develop and promote the use of training methods and tools aimed at enhancing the capacity of local authorities to engage in sustainable transfrontier co-operation initiatives;</p>
2	Removing remaining legal and administrative obstacles to transfrontier and interterritorial co-operation;	<p>To make use of the "check list" of measures to be taken prior to or after the ratification of the Madrid Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities and its Protocols with a view to giving these instruments the greatest possible effect;</p> <p>To make use of, and implement, as appropriate, Recommendation Rec(2005)2 of the Committee of Ministers on good practice in and the removal of obstacles to transfrontier and interterritorial co-operation;</p>
3	Establishing a clear and effective legal framework for institutionalised co-operation between territorial communities or authorities (euro-regions).	To continue the work engaged in the Council of Europe on a draft Protocol to the Madrid Outline Convention on Euroregional Co-operation Groupings.

FURTHER COMMITMENTS BY MEMBER STATES	
<i>As concerns the acquis of the Council of Europe:</i>	<ul style="list-style-type: none"> - To give the fullest possible implementation to the relevant norms and recommendations, at central state and local and regional levels, and to this end, to: - ensure translation into the official language(s) of our respective states; - publish and disseminate the texts concerned and organise promotional events on them; - collect feed-back from relevant actors about the implementation of the acquis and report to the intergovernmental bodies of the Council of Europe in order that experiences are shared, lessons drawn and the acquis is constantly updated and improved.
<i>As concerns the information base of the Council of Europe</i>	<ul style="list-style-type: none"> - To promote awareness and make use of it wherever appropriate, through - translation of the parts most relevant to our respective administrations, associations of local authorities and citizens; - facilitated access to it by relevant actors; - further input to be provided to competent bodies of the Council of Europe.
<i>As concerns participation in the work of the Council of Europe</i>	<ul style="list-style-type: none"> - To review the working methods and procedures in force in our respective national administrations so as to ensure that our participation in the intergovernmental co-operation in the Council of Europe reflects the priority we attach to it; - to share our experiences with a view to identifying good practices in this regard and keeping them under review.