

**Extract from the Valencia Declaration
15th Conference of European Ministers responsible
for local and regional government
(Valencia, Spain, 15-16 October 2007)**

Appendix I

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"¹.

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;

¹ Article 3.1 of the European Charter of Local Self-Government

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;
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.