

**32nd SESSION****Local democracy in Iceland**Recommendation 402 (2017)<sup>1</sup>

1. The Congress of Local and Regional Authorities of the Council of Europe refers to:

a. Article 2, paragraph 1.b of Statutory Resolution CM/Res(2015)9 relating to the Congress, which provides that one of the aims of the Congress shall be “to submit proposals to the Committee of Ministers in order to promote local and regional democracy”;

b. Article 2, paragraph 3 of Statutory Resolution CM/Res(2015)9 relating to the Congress, stipulating that “The Congress shall prepare on a regular basis country-by-country reports on the situation of local and regional democracy in all member States and in states which have applied to join the Council of Europe, and shall ensure, in particular, that the principles of the European Charter of Local Self-Government are implemented”;

c. the present explanatory memorandum on local democracy in Iceland, drawn up by the rapporteurs, Mr Jakob Wiene (Netherlands L, EPP/CCE) and Mr Zdenek Broz (Czech Republic L, ECR) following a visit to Iceland from 21 to 23 June 2016;

d. Recommendation 283 (2010) on local democracy in Iceland.

2. The Congress recalls that:

a. Iceland signed the European Charter of Local Self-Government (CETS No. 122) on 20 November 1985 and ratified it on 25 March 1991, without any declaration or reservation; the Charter came into force for Iceland on 1 July 1991;

b. Iceland signed the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority (CETS No. 207) on 18 November 2009; since then, it has not been ratified;

c. the Monitoring Committee instructed Mr Jakob Wiene (Netherlands L, EPP/CCE) and Mr Zdenek Broz (Czech Republic L, ECR) to prepare and submit to the Congress, as rapporteurs, the report on local democracy in Iceland;<sup>2</sup>

d. The Congress delegation carried out a monitoring visit to Iceland from 21 to 23 June 2016, visiting Reykjavik, Garðabær, Reykjanesbær and Dalabyggð.

3. The Congress wishes to thank the Permanent Representation of Iceland to the Council of Europe and the Icelandic authorities at central and local levels, the Icelandic Association of Local Authorities, experts as well as other interlocutors for their valuable co-operation.

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<sup>1</sup> Discussed and approved by the Chamber of Local Authorities on 29 March 2017, and adopted by the Congress on 30 March 2017, 3rd sitting (see Document [CPL32\(2017\)06](#), explanatory memorandum), co-rapporteurs: Zdenek BROZ, Czech Republic (L, ECR) and Jakob WIENEN, Netherlands (L, EPP/CCE).

<sup>2</sup> In their work, the rapporteurs were assisted by Ms Tania Groppi, expert, member of the Group of Independent Experts on the European Charter of Local Self-Government, and the Congress secretariat.

4. The Congress notes with satisfaction that:

- a. the level of local democracy is globally satisfactory in Iceland, as demonstrated by the low level of conflicts between State and local authorities and by the good level of social services provided by the municipalities;
- b. the national and local authorities were able to deal with a major financial crisis and its economic and social consequences without undermining local self-government;
- c. the new Local Government Act 138/2011 contains important provisions on State supervision and on the involvement of local authorities in national decision making;
- d. the central government actively promotes and largely consults local authorities and recognises the role of the Icelandic Association of Local Authorities;
- e. a wide range of instruments of inter-municipal collaboration does exist, which can contribute to the possibility for small municipalities to provide modern services;
- f. participatory democracy has been improved at local level by the introduction of citizens' meetings and consultative referenda.

5. The Congress notes that the following points call for particular attention:

- a. the division of responsibilities between central government and local authorities has not been clarified and several "grey zones" do persist;
- b. no legislation has been passed giving the European Charter of Local Self-Government legal force as a directly applicable source of law in the domestic legal system;
- c. local authorities dispose of limited resources, which means that they are unable to undertake tasks other than those stated by the law;
- d. local authorities have mentioned the risk of an increase in transferred competences without adequate financial resources;
- e. the equalisation fund is a static mechanism, unable to adjust to changing needs, in order to fulfil its purpose to protect financially weaker local authorities and to correct the unequal distribution of potential sources of finance;
- f. the city of Reykjavik has not been granted a special status establishing different legal arrangements to take account of the particular situation of the capital city compared to other municipalities.

6. In light of the above, the Congress recommends that the Committee of Ministers call upon the Icelandic authorities to:

- a. clarify the division of responsibilities between central government and local authorities on the basis of the subsidiarity principle;
- b. pass legislation to give the European Charter of Local Self-Government legal force as a directly applicable source of law in the domestic legal system;
- c. ensure that local authorities dispose of financial resources that are commensurate with their competences and sufficient to allow them to undertake optional tasks for the sake of their communities;
- d. modernise the equalisation mechanism, in order to enable it to respond to current needs of local authorities;
- e. grant the city of Reykjavik a special status, on the basis of Congress Recommendation 219 (2007), establishing different legal arrangements to take into account the particular situation of the capital city compared to other municipalities;

*f.* ratify the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority (CETS No. 207).