

**35th SESSION****Coping with the debt burden: local authorities in financial difficulty**Recommendation 427 (2018)<sup>1</sup>

1. Article 9 of the European Charter of Local Self-Government, regarding the entitlement of local authorities to adequate financial resources, constitutes a cornerstone of the Charter, safeguarding the right of local authorities to adequate and commensurate financial resources of their own, within national economic policy.

2. Unfortunately, the importance assigned to Article 9 is not suitably reflected within the legislation of many member States. The non-implementation of Article 9 is related to an over-centralisation of the financing of local authorities, a limited level of own income and a lack of financial resources that are freely available to local and regional authorities to exercise their powers.

3. Financial autonomy nevertheless remains an essential aspect of local autonomy and local democracy. It is crucial to allow for local authorities to perform their tasks and plan long-term successfully.

4. The discordance between the importance of Article 9 and its application has been addressed many times by the Congress, and remains one of the outstanding recurring issues identified by the Congress in its monitoring of the Charter.

5. In the light of the above, the Congress:

a. recalls its Recommendation 362 (2014), to which the Committee of Ministers replied on 17 June 2015;

b. recalls its Resolution 372 (2014), in which it asked its Governance Committee to “undertake, within the next four years, a review of those countries which are facing particular problems meeting their undertakings under Article 9”;

c. regrets that in 12 member States no change has been observed concerning the efficient implementation of Article 9;

d. regrets that the explanatory memorandum to this recommendation and its recent monitoring reports reveal flagrant violations of Article 9 by some member States;

e. takes up the Committee of Ministers’ offer for dialogue of the issue of the financial difficulties of local authorities in relation with the non-implementation of Article 9.

6. The Congress invites the Committee of Minister to call on member States to:

a. increase their efforts to ensure full implementation of Article 9 through dialogue and consultations with local authorities and their national associations;

b. adopt a common understanding of the financial autonomy of local authorities, notably ensuring that:

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<sup>1</sup> Debated and adopted by the Congress on 8 November 2018, 3rd sitting (see Document [CG35\(2018\)21](#), explanatory memorandum), rapporteur: Heather McVEY, United Kingdom (L, SOC).

- i. municipalities can fully comply with their mandatory tasks and functions with the resources at their disposal;
  - ii. municipalities can have a degree of discretion in expenditure and make choices over own and transferred resources that enable them to adapt them to local circumstances;
  - iii. the share of their revenues that is raised locally is commensurate with their competences and enables them to provide services that are suited to the needs of their communities;
- c. guarantee the financial autonomy of their local authorities, with the aim of reinforcing local democracy within their countries.