

## Monitoring of the application of the European Charter of Local Self-Government in Iceland

Recommendation 513 (2024)<sup>1</sup>

1. The Congress of Local and Regional Authorities of the Council of Europe (“the Congress”) refers to:
  - a. Article 2, paragraph 1.b, of the Charter of the Congress of Local and Regional Authorities appended to Statutory Resolution CM/Res(2020)1 relating to the Congress, stipulating that one of the aims of the Congress is “to submit proposals to the Committee of Ministers in order to promote local and regional democracy”;
  - b. Article 1, paragraph 3, of the above-mentioned Statutory Resolution CM/Res(2020)1, stipulating that “[t]he 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 the effective implementation of the principles of the European Charter of Local Self-Government”;
  - c. Chapter XVIII of the Rules and Procedures of the Congress on the organisation of monitoring procedures;
  - d. the Congress priorities set up for 2021-2026, in particular priority 6b that concerns the quality of representative democracy and citizen participation;
  - e. the Sustainable Development Goals (SDG) of the United Nations 2030 Agenda for Sustainable Development, in particular Goal 11 on sustainable cities and communities and Goal 16 on peace, justice and strong institutions;
  - f. the guidelines for civil participation in political decision making, adopted by the Committee of Ministers on 27 September 2017;
  - g. Recommendation CM/Rec(2018)4 of the Committee of Ministers to member States on the participation of citizens in local public life, adopted on 21 March 2018;
  - h. Recommendation CM/Rec(2019)3 of the Committee of Ministers to member States on supervision of local authorities’ activities, adopted on 4 April 2019;
  - i. the previous Congress Recommendation on the monitoring of the European Charter of Local Self-Government in Iceland [[Recommendation 402/2017](#)];

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1. Debated and approved by the Chamber of Local Authorities and adopted by the Congress on 16 October 2024 (see document CPL(2024)47-02, explanatory memorandum), co-rapporteurs: Matthias GYSIN, Switzerland (L, ILDG) and Gudrun MOSLER-TÖRNSTRÖM, Austria (L, SOC/G/PD).

j. the explanatory memorandum on the monitoring of the European Charter of Local Self-Government in Iceland. [CPL32(2017)06].

2. The Congress points out that:

a. Iceland joined the Council of Europe on 7 March 1990, signed the European Charter of Local Self-Government (ETS No. 122, "the Charter") on 20 November 1985 and ratified it in its entirety in 1991. Iceland has ratified 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);

b. The Committee on the Monitoring of the implementation of the European Charter of Local Self-Government and on the respect of Human Rights and the Rule of Law at local and regional levels ("the Monitoring Committee") decided to examine the situation of local democracy in Iceland in the light of the Charter. It instructed Matthias Gysin, Switzerland (L, ILDG) and Gudrun Mosler-Törnström, Austria (R, SOC/G/PD), with the task of preparing and submitting to the Congress a report on the implementation of the Charter in Iceland;

c. The monitoring visit took place from 23 to 25 January 2024. The Congress delegation met representatives of various institutions at all levels of government. The detailed programme of the monitoring is appended to the explanatory memorandum;

d. The co-rapporteurs wish to thank the Permanent Representation of Iceland to the Council of Europe and all those who they had exchanges with during these meetings.

3. The Congress notes with satisfaction that in Iceland:

a. local self-government has a high level of fiscal autonomy;

b. Icelandic municipalities lead globally in terms of female voting and representation;

c. sums of state grants have been increased and initiatives have been made to improve the calculation of costs for some of the transferred services;

d. plans have been approved for the necessary work to revise procedures and the consultation between state and municipalities on public finances;

e. the equalisation system is currently under revision and it is expected that a new one will be in place as soon as some controversial aspects will be resolved;

f. following Congress recommendation 402 (2017) "Local democracy in Iceland", in particular its paragraph 6.f, 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) has been ratified on 22 May 2017.

4. 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 despite previous Congress recommendations on this matter;

b. the European Charter of Local Self-Government still lacks legal force as a directly applicable source of law in the domestic legal system, despite previous recommendations from the Congress;

c. local authorities do not 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. the current equalisation mechanism does not fully take into account the diverse needs of local authorities;

e. the city of Reykjavik has not been granted a special status;

f. inter-municipal co-operation is mostly single-purpose and often overlapping creating problems of transparency and accountability;

g. the system for consultation with the National Association of local authorities of Iceland on financial matters appears not to be efficient;

h. relevant legislation after the ratification of the Additional Protocol on the right to participate in the affairs of a local authority has not been adopted;

5. In light of the foregoing, the Congress requests that the Committee of Ministers invite the authorities of Iceland to:

a. clarify the division of responsibilities between central government and local authorities based on the subsidiarity principle;

b. adopt 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. finalise the modernisation of the equalisation mechanism, to ensure it can effectively respond to the current needs of local authorities;

e. grant the city of Reykjavik a special status, on the basis of Congress Recommendation 452 (2021), establishing different legal arrangements to take into account the particular situation of the capital city compared to other municipalities;

f. further promote amalgamations of municipalities, also by improving and strengthening relevant incentives;

g. improve the system of inter-municipal co-operation through new forms of multi-purpose organisations that could address needs in rural and in urban areas, and would enhance transparency and accountability;

h. strengthen the institutional framework for consultation on financial matters to ensure a more regular and timely consultation process in accordance with the Charter's requirements on consultation and also taking into consideration good practices in other countries;

i. enact relevant legislation after the ratification of the Additional Protocol on the right to participate in the affairs of a local authority, following due consultation with local authorities.

6. The Congress calls on the Committee of Ministers and the Parliamentary Assembly of the Council of Europe to take account of this recommendation on the monitoring of the European Charter of Local Self-Government in Iceland and the accompanying explanatory memorandum in their activities relating to this member State.