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**Activities of the United Nations Human Settlements Programme**

**(UN-Habitat), including coordination matters**

**Activities of the United Nations Human Settlements Programme:  
progress report of the Executive Director**

**Addendum**

**Cooperation with local authorities and other Habitat Agenda  
partners, including draft guidelines on decentralization and the  
strengthening of local authorities**

*Summary*

The present report has been prepared with a view to presenting to the Governing Council a brief overview of activities undertaken in the area of cooperation with local authorities and their associations in support of the implementation of the Habitat Agenda and in particular in the implementation of resolution 20/18.

The overview highlights the major actions that have been carried out by the United Nations Human Settlements Programme (UN-Habitat) in collaboration with all Habitat Agenda partners, including local authorities and their associations, to implement successfully the international dialogue on decentralization undertaken to improve governance at all levels, based on the recognition that local democracy and decentralization are key elements which can contribute significantly to attaining the Habitat Agenda and the Millennium Development Goals.

The report also provides recommendations to the Governing Council as a basis for further action in the promotion of effective decentralization and strengthening of local authorities.

The current version of the draft international guidelines on decentralization is contained in the annex to the present report and submitted for consideration by the Governing Council, as mandated by resolution 20/18.

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## **I. Background**

1. Promoting effective decentralization, as a core element of the good governance strategy, has been a focus of work by UN-Habitat over the past decade. Since the Habitat II Conference in 1996 and the adoption of the Habitat Agenda, UN-Habitat has been engaged in active partnership with national and local governments, with a view to empowering local authorities to ensure successful implementation of the Habitat Agenda.

2. Since the adoption of the Millennium Development Goals, in 2000, this partnership has been extended to the implementation of those goals and, in particular, their target 11 on slum upgrading.

3. Several resolutions of the Governing Council encourage UN-Habitat to deepen its partnership with local authorities and request the Executive Director to intensify efforts among all spheres of government towards a successful dialogue on decentralization. Against this background, at its twentieth session, held in Nairobi from 5 to 8 April 2005, the Governing Council adopted resolution 20/18 on the decentralization and strengthening of local authorities. After taking note of the report of the Executive Director on the work by UN-Habitat on the decentralization and strengthening of local authorities, which contained in its annex draft guidelines on decentralization as mandated by resolution 19/12, the Governing Council invited Governments to provide further comments on the draft guidelines to the secretariat before the end of 2005, and to document cases of best practices for incorporation in the compendium of best practices, also in line with resolution 19/12.

4. Resolution 20/18 in particular requested the Executive Director to take these comments into account, to revise and finalize the guidelines during 2006 and to submit the guidelines to the Governing Council for its consideration at its twenty-first session. It also requested the Executive Director to continue supporting the programme of work of the Advisory Group of Experts on Decentralization and strengthening of local authorities and recommended that the Advisory Group should also assist the Executive Director in advising those countries that may wish to implement elements from the draft guidelines.

5. Resolution 20/18 further requested the Executive Director, building on the experience of the Global Urban Observatory, to assist the United Cities and Local Governments organization (UCLG), with the participation of Governments and local authorities, to develop the concept of a global observatory that would assess, monitor and evaluate the state of decentralization and accountability to people at the local level and local governance in the world, as important conditions for achieving the goals of the Habitat Agenda.

6. It finally invited Governments in a position to do so to provide UN-Habitat with the financial contributions necessary to ensure a successful dialogue on decentralization, the development of the observatory concept and to support the work of the United Nations Advisory Committee of Local Authorities and the Advisory Group of Experts on Decentralization.

## **II. Implementing resolution 20/18**

7. In follow-up to resolution 20/18, specific actions were taken by the Secretariat, building on the momentum generated by the dialogue on decentralization, organized during the twentieth session of the Governing Council, to ensure a continuous process of consultation among partners and to promote the attainment of tangible results.

### **A. Mobilization of members of the Advisory Group of Experts on Decentralization**

8. The Advisory Group of Experts on Decentralization was established in line with resolution 19/12 to provide the Executive Director with specialized advice on the international dialogue on decentralization and to identify international principles of decentralization which could be acceptable to all member States.

9. The terms of reference of the Advisory Group include, first, developing recommendations and guidelines on decentralization; second, documenting best practices of local democracy and decentralization; and, third, contributing to the international dialogue on decentralization.

10. The first draft of the guidelines on decentralization, developed in close collaboration between the members of the Advisory Group and the secretariat, was reviewed and discussed by national

delegations and other Habitat Agenda partners, including representatives of local authorities and their associations in April 2005.

11. In the aftermath of the twentieth session of the Governing Council, UN-Habitat has intensified efforts to mobilize the members of the Advisory Group and to coordinate the review process in line with resolution 20/18. In this context, the secretariat has carried out an extensive exchange of correspondence with the Advisory Group experts to share the available material, double-check the incoming information and evaluate the accuracy of collected data on new trends of decentralization, in order to improve the wording and the quality of the proposed draft guidelines.

## **B. World Urban Forum III and collaboration with local authorities**

12. The World Urban Forum has always provided the Habitat Agenda partners, including local authorities and their associations, with an invaluable opportunity to exchange views on innovative ways towards achieving effective implementation of the Habitat Agenda and the Millennium Development Goals.

13. This section of the report should highlight the major actions taken by the secretariat in collaboration with all involved partners to achieve significant progress in the implementation of resolution 20/18 during the third session of the World Urban Forum, organized by UN-Habitat at the invitation of the Government of Canada in Vancouver from 19 to 23 June 2006.

14. The theme of the World Urban Forum III was “Our Future: Sustainable Cities – Turning Ideas into Action”. Among the various dialogues, roundtables and networking and training events that were organized, at least four sessions were of particular importance to the implementation of resolution 20/18.

### **1. Meeting of the Advisory Group of Experts on Decentralization**

15. Given the commitment to ensure successful implementation of resolution 20/18, which requested UN-Habitat to continue the international dialogue on decentralization at World Urban Forum III and other relevant forums, the Executive Director convened a special meeting, in Vancouver, on 18 June 2006, focusing on: first, final consideration, in the form of a tour de table, of the current draft of the international guidelines on decentralization; second, discussion, in the form of a tour de table, of the format of the proposed compendium of best practices on decentralization and local democracy; and, third, exchange of views on the future role of the Advisory Group of Experts on Decentralization.

16. The main outcomes of that important meeting included further comments on certain aspects of the current draft, final suggestions for amendments submitted for the consideration of the secretariat and proposals relating to the format of the proposed compendium, its length and the criteria for the selection of the best practices discussed.

17. It was further recommended that resources should be allocated to the secretariat, which should work closely with an independent editor to finalize the compendium, as it was felt that its development exclusively through an electronic exchange among the members of the Advisory Group, while effective in terms of harnessing synergies between them, had limited potential for the production of a final, high-quality document.

18. The members also shared the opinion that preparation of the guidelines on decentralization was not an end in itself. It was suggested that further thought should be given to the future of the Advisory Group itself, which should be financially supported and encouraged to engage in the future development of innovative tools and indicators for the application and adaptation of the guidelines, following their adoption, to local contexts by interested Governments.

### **2. Meeting of the Advisory Committee of Local Authorities: local government meeting and mayors' round table**

19. The United Nations Advisory Committee of Local Authorities was established in January 2000 pursuant to resolution 17/18 of the Commission on Human Settlements (1999), which requested the Executive Director to establish a committee of local authorities as an advisory body that would serve the purpose of strengthening the international dialogue with local authorities involved in the implementation of the Habitat Agenda. The Advisory Committee has been instrumental in defining a positive and innovative vision for the future of the world's major cities. It has also contributed

intellectually and substantively to the definition and implementation of the global campaigns on secure tenure and good urban governance initiated and coordinated by UN-Habitat.

20. In accordance with its 2006 work programme and following up on its fifth anniversary meeting, held in Washington DC, in February 2006, the Advisory Committee met in Vancouver, on 20 June 2006, to review the progress made in the implementation of resolution 20/18. The meeting focused primarily on, first, the issue of the finalization of the international guidelines on decentralization and the preparation of a compendium of best practices of local democracy; and, second, joint strategies towards strengthening city-to-city cooperation and citizens' diplomacy through practical actions.

21. At that meeting the Executive Director commended Advisory Committee members on their contribution to the implementation of relevant resolutions of the Governing Council and encouraged them to intensify efforts to continue assisting UN-Habitat in its advocacy work towards strengthening of local authorities at all levels, particularly in line with resolution 20/18.

22. The Advisory Committee members, through the summary by the Chair and various statements made during the meeting, expressed their satisfaction with the organization of the meeting, which was seen as of strategic importance, coming at a significant juncture in the continuing consultations on the adoption of the international principles on decentralization. They unanimously endorsed the draft guidelines, as the fruit of many years of local government lobbying for a world charter on local self-government.

23. One recent action taken by Advisory Committee members to assist UN-Habitat in the current process of consultations on the guidelines was in the form of a letter from the Chair of the Advisory Committee addressed to all regional sections of UCLG and other networks of local authorities, and also to diplomatic missions around the world, inviting them to raise awareness among their national Governments of the acute relevance of the proposed guidelines for improved governance at all levels.

24. The issues of decentralization and the role of local governments in the implementation of the Millennium Development Goals were also on the agenda of the local government session and the mayors' round table, both held on 21 June 2006. Further support was extended to UN-Habitat in its work on decentralization and strengthening of local authorities.

25. World Urban Forum III was generally adjudged to have been a successful event. Without any doubt, the involvement of local governments and their representatives in the preparations for the forum and their participation in the in-session discussions contributed significantly to this success.

### **III. Consultations with key international partners on the finalization of the guidelines**

#### **A. Contacts with the Committee of Permanent Representatives**

26. In direct follow-up to the deliberations of the Governing Council at its twentieth session, the Executive Director addressed a letter to all member States referring to relevant resolutions, highlighting the major actions to be undertaken and expressing the commitment of UN-Habitat to translating the requests made to the Programme into specific actions.

27. Where resolution 20/18 is concerned, these actions included, first, finalization of the guidelines on the basis of further comments provided by national Governments; second, finalization of the compendium of best practices; third, development of the concept of a global observatory of local democracy and decentralization, in collaboration with UCLG and with interested countries; and, fourth, expansion of the work of the Advisory Committee of Local Authorities.

28. In her letter, the Executive Director also requested member States to support financially the work of the secretariat, as the provision of such support would itself form part of the implementation of resolution 20/18, which invites Governments in a position to do so to provide UN-Habitat with the financial contributions necessary to ensure a successful dialogue on decentralization and to assist UN-Habitat in performing its mandated tasks.

29. Encouraging feedback was received from a few Governments, while other partners have actively supported the secretariat in carrying out its activities to ensure successful implementation of resolution 20/18.

## **B. Collaborating with the Congress of Local and Regional Authorities of the Council of Europe**

30. In addition, the secretariat has stepped up its efforts, through the conduct of a series of informal talks and exchange of views with national and local government representatives, from which it clearly emerged that finalization of the guidelines was perceived as a crucial step towards developing an international legal framework for the promotion of effective decentralization and strengthening of local democracy.

31. In this context, particular importance was attached to the consultations carried out by the Congress of Local and Regional Authorities of the Council of Europe in collaboration with the Council of European Municipalities and Regions, which is the European section of UCLG, in support of the related work of UN-Habitat. Accordingly, on 10 May 2006, the members of the Policy Committee of the Council of European Municipalities and Regions, meeting in Innsbruck, on the occasion of their 2006 general assembly, adopted a resolution affirming strong support for the partnership between UN-Habitat and local authorities.

32. Recalling article 12 of the Istanbul Declaration, in which Governments committed themselves to promoting decentralization through democratic local authorities and working to strengthen their financial and institutional capacities in accordance with the conditions of countries, while ensuring their transparency, accountability and responsiveness to the needs of people, the resolution by the Council of European Municipalities and Regions supports the UN-Habitat draft guidelines on decentralization and the strengthening of local authorities. The guidelines are also deemed to serve as an essential basis for the exchange of international experience in this area as they provide tools for benchmarking and guidance on good practices, and also promote the cause of good governance at all levels, including for municipalities.

33. In addition, in the Final Declaration adopted at its twenty-third general assembly, the Council of European Municipalities and Regions reaffirms its commitment to local self-government and stresses that the strengthening of local and regional government is not limited to the European continent, but is indeed a global aspiration. The Declaration, taking note of resolution 20/18 of the Governing Council of UN-Habitat, calls on the European Union, all European countries in which the Council of European Municipalities and Regions has members and the wider international community to support the guidelines, which would constitute the first occasion at such an international level of Governments approving principles for effective local government. The Council of European Municipalities and Regions further calls on all its associations of local and regional governments to take action and lobby to achieve that long-standing goal.

34. It is against this background and based on the necessary supportive documentation on the progress accomplished to date by local authorities and their associations, working in close collaboration with UN-Habitat, in the context of the international dialogue on decentralization, that the members of the Council of European Municipalities and Regions initiated further activities which led to an official visit by a high-level delegation of the Congress of Local and Regional Authorities of the Council of Europe to United Nations Headquarters in New York, to express their support for the work of UN-Habitat.

35. Since then, the Congress of Local and Regional Authorities of the Council of Europe has been following, with close attention, the finalization of the UN-Habitat guidelines on decentralization. In an official letter addressed to the Executive Director, the President of the Congress sincerely welcomed this initiative and invited the Executive Director to bring the guidelines to the attention of the Congress members, representing local and regional authorities of the 46 Council of Europe member States.

36. In consultation with the secretariat, the Congress included the discussion on the scope and content of the guidelines in the agenda of its autumn institutional session, held in Moscow in the framework of the 2006 Russian Presidency of the Committee of Ministers of the Council of Europe.

## **C. Co-organizing the Africities Summit and the All-Africa Ministerial Conference on Decentralization and Local Development**

37. At the fourth session of the Africities Summit, held in Nairobi from 18 to 22 September 2006, on the theme: "Building local coalitions for the implementation of the Millennium Development Goals in African local governments", representatives of national and local governments and their development partners used the opportunity to take stock of the implementation of decentralization policies in Africa.

38. The Africities Summit was organized under the auspices of the Municipal Development Partnership. In its turn, the first Africities Summit, held in Abidjan 1998, had contributed to the emergence of African local governments on the regional and international scene. The 2000 Summit, held in Windhoek, marked the beginning of the structuring of the African municipal movement and the pan-African dialogue on decentralization and sustainable local development. The Yaounde Summit, held in 2003, witnessed the setting up of the All-Africa Ministerial Conference on Decentralization and Local Development (AMCOD) and the organization United Cities and Local Governments of Africa, the African chapter of UCLG.

39. Within the framework of the tripartite dialogue session, which was facilitated by the Executive Director of UN-Habitat, municipal development partners exchanged views on the challenges ahead and confirmed their commitment to decentralization and to the realization of the Millennium Development Goals. They reaffirmed their willingness to support AMCOD and the organization United Cities and Local Governments of Africa and committed themselves to including efforts to strengthen local authorities' competences in the area of the Millennium Development Goals among their international cooperation and development assistance priorities.

40. On the one hand, mayors and local leaders expressed their wish for the strengthening of national unity and solidarity between the African central Governments in order to give more prominence to the voice of Africa on the international scene. In particular, they expressed a desire for further decentralization reforms with a view to promoting realization of the Millennium Development Goals and enhancing access by the people to basic services, in compliance with the national policies laid down by national Governments.

41. On the other hand, the ministers reaffirmed their commitment to decentralization and the accelerated transfer of adequate resources for a faster implementation of the Millennium Development Goals; they also encouraged the adopting by local governments of practices that promoted transparency, accountability and the delivery of services to the citizens. During a special session of AMCOD, held at the headquarters of UN-Habitat, the Executive Director congratulated the members of AMCOD and quoted the Yaoundé Declaration of 29 October 2005, which urged African Governments to "undertake concerted and coordinated action to place decentralization and local development at the centre of governance and development policies of our countries". The Declaration also called for the strengthening of legal and institutional frameworks with regard to decentralization and participatory governance, and for efforts to transform decentralization into a lever to strengthen the democratic process.

42. The Executive Director took the opportunity to brief the ministers on efforts by UN-Habitat to promote effective decentralization and the strengthening of local authorities. As the focal point for local authorities within the United Nations system, UN-Habitat has been advocating the cause of local development for more than a decade. Its joint advocacy work with local authorities reached a first milestone with the creation of the World Assembly for Cities and Local Authorities Coordination, in its preparations for the Habitat II Conference in 1996. This enabled local authorities to have an effective voice, for the first time, in a major United Nations conference and its political outcome – the Habitat Agenda.

43. In her speech, the Executive Director stressed that UN-Habitat had been working tirelessly since 1998 with the former World Assembly for Cities and Local Authorities Coordination and, more recently, with UCLG, on two key issues. The first issue was to ensure that the voice of local authorities continued to be heard at the intergovernmental and legislative level.

44. In that connection, after five years of hard work, the General Assembly of the United Nations, in its resolution 58/227, in December 2003, had adopted the new rules of procedure of the Governing Council of UN-Habitat. In particular, rule 64, under section XI entitled: "Participation of non-members of the Governing Council", reads as follows: "Duly accredited representatives of local authorities, invited by the Executive Director, in consultation with their respective Governments, where requested, or representing national or international associations or organizations recognized by the United Nations, may participate, as observers at public meetings, in the deliberations of the Governing Council and its subsidiary organs."

45. This rule represents a breakthrough as it allows local authorities to take part in sessions of a policy-making organ of the United Nations. The community of local authorities and the members of UCLG, in particular, have made use of this rule in participating actively in the deliberations of the Governing Council, which is a subsidiary body of the General Assembly of the United Nations.

46. The second issue has been the formalization of a set of international principles on decentralization and the strengthening of local authorities and local democracy. After nearly a decade of effort and various rounds of consultations at the regional and global levels, the Executive Director unveiled the draft international guidelines on decentralization, which outline the main principles underlying the democratic, legal and administrative aspects of local governance and decentralization. At the same time they are flexible enough to be adapted by all States Members of the United Nations.

47. The Executive Director concluded her mobilization campaign by strongly encouraging the members of AMCOD to back efforts by UN-Habitat and support the adoption of the guidelines at the next session of the Governing Council in April 2007, as recommended in paragraph 10 of the Declaration of Nairobi, adopted in Nairobi on 22 September 2006, the main outcome of the 2006 Africa Summit.

#### **D. Collaborating with United Cities and Local Governments**

48. The secretariat has carried out extensive consultations with UCLG relating to the establishment of an observatory of decentralization and local democracy, as mandated by resolution 20/18. In this context, a draft project document was circulated to donor countries in order to initiate discussions and stimulate thinking around the concept of the observatory and its objectives. The main justification for the proposed observatory remains the acute need for an instrument designed to support continuing efforts by Governments to promote local democracy, and to encourage them by providing further guidance on effective decentralization.

49. UN-Habitat has considerable experience in managing an observatory of global reach, as evidenced by the Global Urban Observatory. The Programme has also developed a number of valuable indicators such as the so-called “urban governance index”, which have significantly contributed to the promotion around the world of the Global Campaign on Good Urban Governance.

50. UCLG has established a specific commission within its world secretariat to deal with issues related to decentralization and local democracy and to follow up on the activities of the web portal, Global Observatory on Local Democracy and Decentralization. With the support of its world secretariat and through its regional and metropolitan sections, as well as associations of municipalities and networks of cities, local institutions and other partners, UCLG is able to facilitate access to useful data on the current status of local governments and new trends of local democracy around the world. The collection of these important data may be necessary in improving the state of local autonomy and of decentralized cooperation and in strengthening international cooperation among cities and associations of local authorities. The members of UCLG, including their local networks, are considered key participants in the establishment of the Global Observatory on Local Democracy and Decentralization and its management.

51. Taking into account its strong presence at the regional and local levels, UCLG will be capable of: first, carrying out an exhaustive identification, by region, of existing websites proposing useful information on local governments; and, second, helping with the provision of additional information services relating to associations of local governments, per country and region, to regional organizations which are engaged in collaboration with local governments, as well as with the preparation of country profiles on the structures of local governments and the state of local autonomy.

52. The expected outputs from this crucial partnership should include the publication of a joint UCLG-UN-Habitat report on the state of decentralization and local democracy in the world, which may focus on regional, or global trends of decentralization, depending on the availability of data and the public demand; and the development of further recommendations on decentralization and local democracy, taking into account new trends and lessons learned.

53. It goes without saying that such an undertaking would not be realizable without both the technical and financial support of those interested Governments and all Habitat Agenda partners. In this context, attention is drawn to the agreement of cooperation between the Ministry of Foreign Affairs of France and UN-Habitat, aimed at supporting the implementation of resolution 20/18 through the establishment of a steering committee, which should provide a framework conducive to a constructive exchange of views on the objectives of the proposed observatory. All interested partners are encouraged accordingly to contribute substantively and financially to those activities, with a view to increasing synergies propitious to their success.

#### **IV. Activities with the other Habitat Agenda partners**

54. UN-Habitat has also been collaborating extensively with a number of non-governmental organizations and youth organizations and networks since the twentieth session of the Governing Council in 2005. The secretariat has updated the non-governmental organization database and its Partners and Youth Section has actively participated in the preparations for World Urban Forum III.

55. UN-Habitat has mainstreamed its partnerships with civil society organizations and is collaborating with those networks at global, national and local levels. It has also maintained and developed a partnership with Global Parliamentarians on Habitat, the only international parliamentary group committed exclusively to promoting sustainable human settlement development. Finally, UN-Habitat has also begun collaborating with the private sector and with young people through the establishment of the Partners and Youth Section. This type of collaboration will enable the private sector and young people to make a significant contribution towards meeting the challenges of urban sustainable development. More information on UN-Habitat collaboration with agenda partners other than local authorities may be found in the report of the Executive Director on coordination matters: cooperation with agencies and organizations within the United Nations system, intergovernmental organizations outside the United Nations system and non-governmental organizations, contained in document HSP/GC/21/2/Add.3.

#### **V. Conclusions and recommendations**

56. Collaboration between UN-Habitat and the Habitat Agenda partners has matured. The most recent evidence of the growing interest and confidence in this crucial partnership was provided by World Urban Forum III in Vancouver, the final report of which notes that some 10,000 participants from over 100 countries, including 1,534 representatives of local authorities and their associations, 2,289 representatives of non-governmental organizations, 1,442 members of the private sector and 63 parliamentarians, accepted the invitation from the Executive Director to take part in this global event.

57. Clearly, the quest for innovative ideas and practical solutions to the urban challenges arising in a globalized world will be considerably facilitated by strengthening the alliance for sustainable urban development that UN-Habitat has established with its partners over the last decade. No doubt, these much-needed innovative and practical solutions will include measures to improve governance, at all levels, by promoting effective decentralization policies.

58. It remains crucial to ensure that the reforms undertaken effectively favour national cohesion, as devolution of power entails delegation, the placing of considerable strains on bureaucracy, the dilution of authority and the need for partnerships. In this context, the decentralization process should not be conceived as a hierarchy of governance, but rather as an effective way of reaching out to the local population.

59. In addition, the allocation of distinct administrative and financial powers and functions between central and local governments, and between successive tiers of local authorities, as well as the necessary reforms to be carried out must be fully consistent with the constitutional and statutory frameworks of each country.

60. Accordingly, the guidelines on decentralization which have been developed by UN-Habitat and its partners represent a major step forward in the international dialogue on decentralization, as they are designed to tackle these challenges, while remaining sufficiently flexible to be adapted by interested national Governments to their particular situations.

61. The Governing Council is therefore urged to consider adopting the draft guidelines, which are annexed to the present report, as recommended in the proposed draft resolution on the issue (HSP/GC/21/L.3), which provides UN-Habitat with the mandate further to develop tools and indicators to facilitate the application of the guidelines.



## Annex

### Draft guidelines on decentralization and the strengthening of local authorities

#### I. Introduction

1. As stated in the Habitat Agenda, sustainable human settlements development can be achieved “through the effective decentralization of responsibilities, policy management, decision-making authority and sufficient resources, including revenue collection authority, to local authorities, closest to and most representative of their constituencies”.<sup>1</sup> The Habitat Agenda also recommends that: “Governments should examine and adopt, as appropriate, policies and legal frameworks from other States that are implementing decentralization effectively”.<sup>2</sup>

2. In recent years, the concepts of local autonomy or local self-government have been used to reflect, from a local authority perspective, the widely recognized need for decentralization. Effective decentralization is today regarded as an element of good governance and an expression of democratic practice and effective and efficient public administration. It is also recognized that elected local authorities, alongside national and regional authorities, are key actors in democratic governance and administration, which collaborate with national and regional authorities but also have their own autonomous spheres of public action. Local democracy thus constitutes an essential element of democracy itself whatever the form of the State, whether federal, regionalized or unitary.

3. It is further recognized that the process of decentralization requires concerted efforts in capacity-building and institutional reform and should therefore be associated with the strengthening of local authorities.

4. The present guidelines have been prepared by the members of the Advisory Group of Experts on Decentralization, which was established by the Executive Director pursuant to resolution 19/12 of the Governing Council of UN-Habitat. The mandate of the Advisory Group of Experts on Decentralization is to provide advice on the international dialogue on decentralization by developing recommendations and documenting best practices.

5. The guidelines outline the main principles underlying the democratic, constitutional, legal and administrative aspects of local governance and decentralization. At the same time they must be applied to specific conditions of State form (federal, regionalized or unitary), with different State traditions (for example, Napoleonic, Germanic or Anglo-Saxon, as well as traditions found in Asia, or in the Arab world). For that reason they do not provide a uniform and rigid blueprint applicable to all Member States of the United Nations. They may be subject to national adaptations. Their main objective, however, is to support and guide legislative reform where necessary and appropriate.

6. At its twentieth session in Nairobi, 5–8 April 2005, the Governing Council adopted resolution 20/18 on decentralization and strengthening of local authorities, after taking note of the report of the Executive Director on work by UN-Habitat in this area since the Habitat II Conference in 1996.

7. In resolution 20/18 the Governing Council expressed appreciation for the draft of the guidelines, which was annexed for its consideration to the report of the Executive Director, and invited Governments to provide further comments on that draft to the secretariat before the end of 2005 and to document cases of best practices for incorporation in the compendium of best practices in line with previous resolutions 18/11 and 19/12.

8. Resolution 20/18 in particular requests the Executive Director to take these comments into account and to revise and finalize the guidelines during 2006 in consultation with the Committee of Permanent Representatives to UN-Habitat and with the support of the members of the Advisory Group of Experts on Decentralization and the collaboration of UCLG, and to submit a final draft to the Governing Council for its consideration at its twenty-first session, in 2007.

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1 Habitat Agenda, para. 177.

2 Idem, para. 180.

9. In direct follow-up to resolution 20/18, the Executive Director requested the secretariat to intensify efforts to mobilize the members of the Advisory Group of Experts on Decentralization and other partners to ensure successful finalization of the proposed guidelines. An exchange of correspondence was undertaken in consultation with Governments to solicit further comments and suggestions of good practices, as requested in resolution 20/18.

10. At the recently concluded third session of the World Urban Forum, coordinated by UN-Habitat at the invitation of the Government of Canada, and held in Vancouver from 18 to 23 June 2006, a special meeting of the Advisory Group of Experts on Decentralization was organized to evaluate progress made in the finalization of the Guidelines and agree on the next steps.

11. After constructive discussions, the Advisory Group members adopted the draft in its current format, which the secretariat has now released as the “Vancouver draft”.

## **A. Governance and democracy at the local level**

### **1. Representative and participatory democracy**

12. Political decentralization to the local level is an essential component of democratization, good governance and civil engagement; it should involve an appropriate combination of representative and participatory democracy.

13. Participation through inclusiveness and the empowerment of citizens shall be an underlying principle in decision-making, implementation and follow-up at the local level.

14. Local authorities should recognize the different constituencies within civil society and should strive to ensure that all are involved in the progressive development of their communities and neighbourhoods. Local authorities should have the right to establish and develop partnerships with all actors of civil society, particularly non-governmental and community-based organizations, and with the private sector and other interested stakeholders.

15. Local authorities should be entitled, either through their country’s constitution or its national legislation, to define appropriate forms of popular participation and civic engagement in decision-making and in fulfilment of their function of community leadership. This may include special provisions for the representation of the socially and economically weaker sections of society, such as women, certain ethnic groups and other minorities.

16. The principle of non-discrimination should apply to all partners and to the collaboration between national and regional governments, local authorities and civil society organizations.

17. Participation of citizens in the policy-making process should be reinforced in status, at all stages, wherever practicable.

18. With a view to consolidating civil engagement, local authorities should strive to adopt new forms of participation such as neighbourhood councils, community councils, e-democracy, participatory budgeting, civil initiatives and referendums, in as far as they are applicable in their specific context.

19. The participation of women and the consideration of their needs should be a cardinal principle embedded in all local initiatives.

20. The participation of young people should be encouraged in all local initiatives: schools should be developed as important common arenas for the participation of young people, the democratic learning process should be promoted and youth associations should be fostered; “children’s council” and “youth council”-type experiments should be promoted at the local level, as genuinely useful means of education in local citizenship, in addition to providing opportunities for dialogue with the youngest members of society.

### **2. Local officials and the exercise of their office**

21. Politicians and officials in local authorities should discharge their tasks with a sense of responsibility and accountability to the citizens. They should maintain a high degree of transparency at all times.

22. While local political office should be viewed as a commitment to the common good of society, the material and remunerative conditions of local politicians should guarantee security and good governance in the free exercise of their functions.

23. There should be a code of good conduct that requires public civil servants to act with integrity and avoid any situation that may lead to a conflict of interests. Such a code should be made public when available.
24. Mechanisms should be put in place to allow citizens to reinforce the code.
25. Records and information should be maintained and in principle made publicly available not only to increase the efficiency of local authorities but also to make it possible for citizens to enjoy their full rights and to ensure their participation in local decision-making.

## **B. Powers and responsibilities of local authorities**

### **1. Subsidiarity**

26. The principle of subsidiarity constitutes the rationale underlying the process of decentralization. According to that principle, public responsibilities should be exercised by those elected authorities which are closest to the citizens.<sup>3</sup>
27. It is recognized that, in many countries, local authorities are dependent on other spheres of government, such as regional or national governments, to carry out important tasks related to social, political and economic development.
28. In many areas powers should be shared or exercised concurrently among different spheres of government. These should not lead to a diminution of local autonomy or prevent the development of local authorities as full partners.
29. Local autonomy aims to allow local authorities to develop to a point where they can be effective partners with other spheres of government and thus contribute fully in development processes.
30. Decisions should be taken at the level appropriate to the type of decision – international, national, regional or local.
31. National, regional and local responsibilities should be differentiated by the constitution or by legislation, in order to clarify the respective powers and to guarantee access to the resources necessary for the decentralized institutions to carry out the functions allocated to them.

### **2. Incremental action**

32. An increase in the functions allocated to local authorities should be accompanied by measures to build their capacity to exercise those functions.
33. The policy of effective decentralization may be applied in an incremental manner in order to allow for adequate capacity-building.
34. Where decentralization is a new policy, it may be implemented on an experimental basis and the lessons learned may be applied to enshrine this policy in national legislation.
35. National principles relating to decentralization should ensure that the national or regional government may intervene in local government affairs only when the local government fails to fulfil its defined functions.
36. The burden of justifying an intervention should rest with the national or regional government. An independent institution should assess the validity of such intervention.
37. As far as possible, nationally determined standards of local service provision should take into account the principle of subsidiarity when they are being drawn up and should involve consultation with local authorities and their associations.
38. The participation of local authorities in decision-making processes at the regional and national levels should be promoted. Mechanisms for combining bottom-up and top-down approaches in the provision of national and local services should be established.

## **C. Administrative relations between local authorities and other spheres of government**

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<sup>3</sup> See Governing Council resolution 19/12 of 9 May 2003.

**1. Legislative action**

39. Local authorities should be acknowledged in national legislation and, if possible, in the constitution, as legally autonomous sub-national entities with a positive potential to contribute to national planning and development.
40. National legislation and, if possible, the constitution should determine the manner in which the local authorities are constituted, the nature of their powers, the scope of their authority, responsibilities, duties and functions.
41. Constitutional and legislative provisions for local government organizations may vary depending on whether a State is federal, regionalized or unitary.
42. Legislative provisions and legal texts should clearly articulate the roles and responsibilities of local authorities vis-à-vis higher spheres of government, providing that only those roles and responsibilities beyond their scope and competence should be assigned to another authority.
43. Local authorities should have full responsibility in spheres involving interests of local citizens except in those areas specified by national legislation, which should state what lies outside their competence.

**2. Empowerment**

44. Local authorities should freely exercise their powers, including those bestowed upon them by national or regional authorities, within the limits defined by legislation. These powers should be full and exclusive, and should not be undermined, limited or impeded by another authority except as provided by law.
45. Other spheres of government should consult local authorities and their associations when preparing, or amending, legislation affecting local authorities.
46. Local authorities and their institutions should be assisted by other spheres of government to determine local policy and strategic frameworks within the parameters set by national policies.
47. Other spheres of government should support initiatives to develop responsive, transparent and accountable instruments necessary for efficient and effective management at a local level.

**3. Supervision and oversight**

48. The supervision of local authorities should only be exercised in accordance with such procedures and in such cases as provided for by the constitution or by law.
49. That supervision should be confined to a posteriori verification of the legality of local authority acts and should respect the autonomy of the local authority.
50. The law should specify the conditions – if any – for the suspension of local authorities. In the event that there is a need to suspend or dissolve a local council or to suspend or dismiss local executives, the exercise shall be carried out with due process of law.
51. Following the suspension or dissolution of local councils, or the suspension or dismissal of local executives, the prescription of the law should determine the resumption of their duties in as short a period of time as possible.
52. There should be independent bodies, such as administrative courts, to oversee such suspensions or dissolutions by higher spheres of government and to which appeal may be made.

**D. Financial resources and capacities of local authorities**

**1. Capacities and human resources of local authorities**

53. Local authorities should be supported by other spheres of government in the development of their administrative, technical and managerial capacities and of their structures, which should be responsive, transparent and accountable.
54. Local authorities should be allowed to determine as far as possible their own internal administrative structures, to adapt them to local needs and to ensure effective management.

55. Local authorities should have full responsibility for their own personnel. There should be common standards of qualification and status in the management of such personnel.

56. The service conditions of local government employees, as defined by national legislation, should be such as to permit the recruitment and retention of high-quality staff on the basis of best performance, professional competence and experience and of gender equality, and should exclude any type of discrimination based on religion, language or ethnic origin.

57. Adequate training opportunities, remuneration and career prospects should be provided to local government employees in order to enable local authorities to reach a high quality performance in the provision of services to the citizens.

58. Training opportunities should be provided or supported by Governments, in collaboration with local authorities and their associations.

## **2. Financial resources of local authorities**

59. Effective decentralization and local autonomy require appropriate financial autonomy.

60. Local authorities' financial resources should be commensurate with their tasks and responsibilities and ensure financial sustainability and self-reliance. Any transfer or delegation of tasks or responsibilities by the State shall be accompanied by corresponding and adequate financial resources, preferably guaranteed by the constitution or national legislation and decided upon after consultations between concerned spheres of government on the basis of objective cost assessments.

61. Where central or regional governments delegate powers to them, local authorities should be guaranteed the adequate resources necessary to exercise these powers as well as discretion in adapting the execution of their tasks to local conditions and priorities.

62. Local authorities should have access to a broad variety of financial resources to carry out their tasks and responsibilities. They should be entitled, preferably on the basis of constitutional and national legislative guarantees, to adequate resources or transfers, which they may freely use within the framework of their powers.

63. A significant proportion of the financial resources of local authorities should derive from local taxes, fees and charges to cover the costs of services provided by them and for which they have the power to determine the rate, notwithstanding their possible framing (tax brackets) or coordination by legislation.

64. Taxes which local authorities should be entitled to levy, or of which they receive a guaranteed share, should be proportional to their tasks and needs and of a sufficiently general, dynamic and flexible nature to enable them to keep pace with their responsibilities.

65. Local taxes, such as land-based taxes, should preferably be collected by local authorities themselves, provided that they have appropriate capacities and oversight mechanisms in place.

66. Financial sustainability should be ensured through a system of financial equalization, both vertical (between State and local authorities) and horizontal (among local authorities). This should happen especially where the local tax-base is weak or non-existent.

67. Legislation should guarantee the participation of local authorities in framing the rules governing the general apportionment of redistributed resources, including both vertical and horizontal equalizations.

68. As far as possible, financial allocations to local authorities from Governments should respect their priorities and shall not be earmarked for specific projects. The provision of grants shall not remove the basic freedom of local authorities to exercise policy discretion within their own jurisdiction.

69. Earmarked allocations shall be restricted to cases where there is a need to stimulate the local implementation of national policies, in areas such as environmental protection, social development, health and education.

70. For the purpose of borrowing for capital investment, local authorities should, within guidelines and rules established by Governments and the legislation, have access to national and international capital markets. State supervision and monitoring may however be necessary in countries affected by volatile macro-economic situations.

71. Local authority borrowing should not endanger the fiscal policies designed to ensure the financial stability of national Governments.

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