



## **Decentralization: What future for Local Intermediate Authorities?**

### **Political Declaration of the 6<sup>th</sup> Political Conference of CEPLI May 17, 2013, Ploiesti - Romania**

Europe is now crossed by a will to reform the territorial organization of States. The financial and economic crisis that we are facing is sometimes used as a pretext for a fundamental rethinking of Local Intermediate Authorities.

This trend is hiding a greater crisis of the European Union related to the deepening of decentralization and local democracy.

CEPLI expresses the willingness of local intermediate authorities to ensure their proximity mission to the citizens and partners of the European institutions for the implementation of cohesion policy.

- 1) Local governments are at the heart of **three challenges**: the challenge of good **public management**, the challenge of territorial development, the challenge of democracy and local self-government. The States, for the sake of quickly reforming their territorial organization, too often forget that decentralization is not an end in itself but a tool to better deal with these challenges. The decentralization should simultaneously allow: a fair management of the territories' diversity; an effective mobilization of the resources and skills to the benefit of territories' economy (leverage effect); to strengthen the democratic legitimacy and responsibility of elected people at the various territorial levels.
- 2) The public action of the local authorities should be interconnected with national and European policies and pursue the territorial cohesion purpose. It must **respect three principles** established at European level: the multilevel governance requiring an equitable participation of different territorial levels; an open partnership for all development players; an enhanced subsidiarity. We must welcome the initiative of the Commission establishing a Code of conduct of Partnerships for the programming period 2014-2020; should it survive the refusal of several members of the European Council, the Code will stimulate an equitable cooperation among all territorial levels and civil society; it should obviously be flexible enough in order to allow each State to adapt it to its own institutional context, but mandatory, at the same time.
- 3) Studies developed by the OECD (2004) and the Association of European Regions (2009) highlight a **positive correlation between decentralization and competitiveness** of the economy in the Member States; there are good examples especially in the German and Spanish regions. Such European studies, proving the **added value** of decentralization, should be pursued and their results widely disseminated. Decentralization not only allows a better "democratic breathing" of

territories but also a more efficient development, based on proximity between actors, territories' resources and decision-making centers.

- 4) We are facing nowadays an **unacceptable paradox**: on the one hand, confronted with the economic crisis and rising unemployment and social insecurity it causes, some States recognize the need for enhancing the competencies of **local intermediate** authorities (welfare, public services, local development, etc..) and, on the other hand, these same States refuse to grant the financial autonomy to local authorities or an appropriate transfer of these resources. This unequal division denies the principle of proportionality between competencies and finances and leads to a financial stranglehold of the local intermediate authorities. It is most often a disguised recentralization. Although the effectiveness of own resources of authorities was demonstrated, in a context of increasing pressure of taxation on citizens, community resources cannot rely solely on local fiscal policy. And the latter must furthermore be reformed and expanded. **The principle of subsidiarity, decentralization and financial autonomy are interdependent.**

We recall also the provisions of Article 9 of the European Charter of Local Self-Government, mentioning, inter alia, that "*Local authorities shall be entitled, within national economic policy, to adequate financial resources of their own, of which they may dispose freely within the framework of their powers*" and that "*Local authorities' financial resources shall be commensurate with the responsibilities provided for by the Constitution and the Law*".

- 5) One of the essential roles of **intermediate level** authorities is to work for cohesion and territorial solidarity. It appears, nowadays, that their scope is the best suited to ensure **complementarity and equity between urban and rural areas**. It is at this level that partnerships and cooperation between cities and rural areas are being set up by pooling resources for a balanced economic development and for the provision of essential and high quality public services for all citizens.