

Structured Dialogue - Working Group 2

Complementarity and coherence within the Accra Agenda for Action

(AAA)

Central Theme I: New aid modalities (NAM) and CSOs & LRAs challenges and opportunities?

PLATFORMA position paper

Introduction – Presentation of PLATFORMA

PLATFORMA, representing the voice of European local and regional authorities (LRA) active in development cooperation, welcomes the Structured Dialogue, and the possibility to discuss in detail the present and possible future involvement of CSO and LRA in the EC external action.

PLATFORMA is composed of:

- Council of European Municipalities and Regions (CEMR), with over 50 member national associations from 38 countries
- United Cities and Local Governments (UCLG), with 112 member national associations and more than 1000 cities as direct members, from 136 countries in total
- Conference of Peripheral Maritime Regions (CPMR), with 161 member regions
- Association of European Border Regions (AEBR) with 90 member border regions
- Assembly of European Regions (AER) with 270 member regions
- International Association of French-Speaking Mayors (AIMF), with 203 members in 48 countries
- Spanish Federation of Municipalities et Provinces (FEMP)
- CEMR French Section (AFCCRE)
- Central Union of Municipalities and Communities of Greece (KEDKE)
- CEMR Italian Section (AICCRE)
- Association of Netherlands Municipalities (VNG)
- National Association of Portuguese Municipalities (ANMP)
- Romanian Municipalities Association (AMR)
- Local Government Association (LGA)
- Swedish Association of Local Authorities and Regions (SALAR)
- Cités Unies France (CUF)
- City of Lyon
- City of Paris
- City of Bucharest (district 2)

As an introduction, PLATFORMA members, who contributed to this position paper, would like to highlight the diversity of the development cooperation context, particularly evolving in time of economic downturn, as well as the diversity of the local and regional authorities' roles, competences and added values in development cooperation.

Along with multilateral donors and States, LRA and CSO are key development actors with a wide and long cooperation experience with their counterparts in developing countries.

Since decades local and regional authorities have played an essential role in development cooperation, notably in achieving the Millennium Development Goals. During the Millennium Summit +5 in September 2005 in New York, the UN Secretary General, Kofi Annan explicitly acknowledged the role of local and regional governments in achieving the MDGs. LRA, being the sphere of government closest to people, have a key role to play in ensuring access to basic services for their inhabitants and are in the best position to answer to the citizen's needs. In countries where decentralisation is enforced, they are established by law, result from free local elections, and represent the legitimate key development actor at the local and regional level.

LRA and EU Development cooperation

At the level of the European institutions, their role has been recognised as essential partners for development in the following main documents:

- The Cotonou Agreement (revised in 2005, with a new revision to be adopted in June) recognises local governments as key development actors, and has opened a range of new opportunities to support democratic decentralisation processes (Article 33) and the recognition of decentralised cooperation (Articles 70-71).
- Following the adoption in 2007 by the European Parliament of the report drafted by Pierre Schapira on "local authorities and development cooperation", a new thematic instrument was created in order to support the actions of non state actors and local authorities in development.
- The role of local authorities was reaffirmed in 2008 in the EC communication on "local authorities, actors for development" and in the corresponding Council conclusions on "local authorities as actors for development, working to reduce poverty".

LRA and the Aid Effectiveness agenda

LRA are well aware of the importance of the discussions on aid effectiveness, and want to play a positive role in this debate. Although aid effectiveness principles remain very much within the framework of national policy, driven by donors, LRA are involved in and affected by their implementation.

In addition to the mention of local authorities in the Accra Agenda for Action, LRA have a voice in the Working Party on Aid Effectiveness of the OECD and in the advisory board of the UN Development Cooperation Forum through the World Organization of *United Cities and Local Governments (UCLG)*.

Moreover, LRA have taken own initiatives to work on the impact that aid effectiveness concepts have on decentralised cooperation actions, on the competencies of Southern LRA and more broadly speaking on local governance.

For instance, aid effectiveness was at the heart of the Seminar of Lyon « The added value of decentralised cooperation: Assessing our effectiveness » organised by PLATFORMA last October. In this conference, the need of localising the aid effectiveness principles to implement the Paris Declaration principles was stressed. To give an example, while encouraging co-ownership between all levels of government, our commitment must be to **localise** ownership of national development strategies to the level of local governments in developing countries.

Two other important documents that contribute to the debate on aid effectiveness from a local government perspective are the global UCLG position paper on aid effectiveness and local governments and the *European Charter on development cooperation in support of local governance*.

LRA and new aid modalities

New aid modalities such as General Budget Support (GBS) and Sector wide approaches (SWAp) are privileged instruments used by donors to implement the Paris Declaration and the Accra Agenda for Action. These new aid modalities, given their state-centric focus, imply a top down approach, thus potentially threatening progress on decentralisation and local governance in countries where this process is often young.

Moreover, LRA as much as CSOs are attached to the notion of **development effectiveness** with a aim to move away from aid dependency toward self-sufficiency and greater autonomy of Southern actors, incompatible with only a state to state binary approach.

PLATFORMA believes that the role of LRA and their representative associations should be more systematically taken into account when working in GBS or SWAp. **Further research and proper evaluation should be carried out by donors particularly regarding:**

- LRA engagement possibilities in budget support and sector-wide approaches
- The impact of budget support and sector-wide approaches on decentralisation and on the role of LRA, as well as more broadly as of the Declaration of Paris

In this regard, we have read with great interest the study « Engaging non state actors in new aid modalities » funded by the EC that will be presented during the working group session. **We regret that the EC did not take this opportunity to further study LRA engagement possibilities and we believe that a realisation of such a study for LRA would be justified.**

LRA are disposed to provide their expertise for demonstrating their particular role in new aid modalities

As set in the working papers, the questions for debate are the following:

1. What specific roles can **CSOs & LAs** play in the new aid modalities?
2. Is there a risk that the new aid architecture as it is has been slowing shaping falls into an **"instrumental" view on CSOs**? How to prevent that the role of CSOs is reduced to being just service providers of government systems?
3. Where does the notion of the **'Right of initiative'** of CSOs & LAs fit in the context of new aid modalities?
4. What **specific skills should CSOs&LAs develop** to enhance their involvement under new aid modalities? What are the **Capacity building needs**?
5. What **alliances can CSOs&LAs** build with such institutions as National Parliaments/Courts of Auditors/etc? (are there successful examples?)
6. How can the **European stakeholders** (EC, MS, EP, European CSOs&LAs) **improve the involvement of local CSOs & LAs** under new aid modalities such as general and sectoral budget support?

QUESTIONS

1. What specific roles can CSOs & LAs play in the new aid modalities?

- **LRA involvement allows for genuine local democratic appropriation of development strategies.** Involvement of LRA and of other actors such as CSOs broadens ownership of the programmes, and ensures that the strategies and programmes respond to the needs of the citizens. Technical and political actors from the local and regional levels are indeed those who are able to sustain and nurture long term development projects beyond the external intervention.

Involvement of LRA reduces the threat of marginalising the local level when setting up general budget support, and to anchor strategies and action programmes in sector approaches within territories.

In particular, **consultation and association with national associations of LRA should be sought in national dialogues on development strategies.** National associations are mandated to represent all their members, thus ensuring representation of small and medium-sized LRAs that would otherwise not be able to participate in the dialogues. This implies that LRA and their associations are given the means to ensure this participation, notably through financial assistance and capacity building actions.

Sector Wide Approaches

- LRA are responsible for the delivery of basic services at local and regional level that have a direct impact on poverty, and are legitimate actors of development. They are key players in the transformation of national development strategies on concrete actions at local level and for the realisation of many sectoral strategies (health, education, transport, food security...).

Consequently **LRA and their specificities should be taken into account in SWAPs, and should be associated to all the stages of these programmes, from design (i.e. Sector Policy Support Programme) to implementation, monitoring and evaluation.** There is a need of structural and systematic involvement of the voices of local and regional levels, to ensure better alignment with territorial needs and to design more realistic and feasible strategies

- **Territorial governance should be seen as a cross-cutting issue:** SWAPs should be specifically dedicated to the development of the local governance sector

Decentralisation of Budget support

- Budget support can be considered as an effective instrument directly dedicated to LRA **that respect conditions of finance management,** by providing support to the budget of local and regional governments. This decentralised budget support would be dedicated to the **implementation of their local or regional strategy of poverty reduction** by providing them more predictable funding, helping local and regional governments to expand public services and reinforcing administrative capacities and financial management, while aligning aid with the territorial strategy. By decentralising GBS, the national development plan can be fed into from a bottom-up approach by local and regional governments, which strengthens democratic local ownership.

- Intermediate governments can here play a specific role. For instance, a Province could directly manage a budget support programme funded by the EC in support of local authorities of its territory, in the framework of its administrative competencies. It would allow smaller local governments to benefit from these new mechanisms, while preserving a public finance management.
- The use of these resources relies on the recognition of LRA leadership in local and regional policy management and should not substitute their own resources.

At the moment, **donors and the European Commission do not or insufficiently look for this involvement. LRA join CSOs concern of this lack of consultation and ask the EC and donors to work for better inclusion of all the actors of development in these modalities.**

2. Is there a risk that the new aid architecture as it is has been slowing shaping falls into an “instrumental” view on CSOs? How to prevent that the role of CSOs is reduced to being just service providers of government systems?

We do regret that LRA are not mentioned in this question. Given that there is a risk marginalisation of local and governments, legitimate and natural service providers to the citizens, this question is also pertinent for LRA.

- As budget and sector support have a centrifugal force and tend to concentrate power and funding at central level, these aid modalities can contribute to **undermining decentralisation efforts and weaken territorial governments’ competences**. As stressed in the UCLG position paper on Aid Effectiveness and local authorities and as mentioned in the Structured Dialogue working paper, this threat of marginalising LRA – being relegated to a role of « executive arm » of the central government - could **challenge the credibility of LRA and their legitimacy**. This is especially true in countries where important efforts of decentralisation and of empowerment of the local and regional level have been realised, and where progresses on territorial governance have to be consolidated. This issue should be systematically taken into account when designing and implementing Budget support or Sector approach programmes (see question 1).

It raises the broader question of the **implication of LRA and of representative associations in policy dialogue** in partner countries and with donors, and of the recognition by the donor community of LRA as legitimate actors for development.

3. Where does the notion of the ‘Right of Initiative’ of CSOs & LAs fit in the context of new aid modalities?

- Alignment of donors with national budgets should not undermine **the principle of subsidiarity and the respect of LRA autonomy**. Part of the budget or sector support should be specifically dedicated to local and regional budgets or contribute to strengthen transfer mechanisms and ensure predictability of these transfers to LRA. They should address local governance and decentralisation support, in respect of the country local and regional law and architecture. Donors should support the promotion

of a national framework fostering local democratic governance in policy dialogues regarding new aid modalities.

4. What specific skills should CSOs&LAs develop to enhance their involvement under new aid modalities? What are the capacity building needs?

The working paper recalls the importance of « addressing the need to **reinforce the capacity of CSOs** in order to be able to fully participate by **gaining legitimacy, representativeness and credibility** ». **Although we can only agree with the need for more CSO capacity building, we are surprised that no mention of the need for increased actions for LRA capacity reinforcement has been made. Needs for increased capacity are as important for LRA and their representative associations as for CSO and should be fully recognised.**

Being legitimate development actors, LRA and their national and regional representative associations particularly need support to strengthen their:

- **Capacity to allow full participation in national dialogues**
As highlighted previously (see question 1), national and regional associations of LRA have a key role to play in the representation of the LRA in national dialogues on national strategies and policies. Institutional strengthening is needed to ensure their participation, as well as to ensure they can assess and monitor the impact of Budget support and sector approaches on local governance and on decentralisation in their country.
- **Capacity to allow full participation in programming phases**
Capacity building initiatives should include a focus on the planning capacity, financial and budget management and training of human resources, in order to be able to implement the new aid modalities

Finally, it has to be stressed that many Northern LRA associations and individual LRA are engaged in peer-to-peer capacity building actions and in exchanges of practices between northern and southern LRA and their associations to strengthen capacities of their Southern counterparts, based on long-term relationships and mutual accountability. In some countries these actions are supported by national governments, whereas in other countries the funds are mobilized from the own budget of the LRA.

The coordinating role of the EC and its delegations could be here interesting: Delegations could engage in strategic partnerships with local and regional actors and EU representatives.

5. What alliances can CSOs&LAs build with such institutions as National Parliaments/Courts of Auditors/etc? (are there successful examples?)

- Dialogue is a key factor for successful multi-level governance. In countries where decentralisation is advanced or progressing, development and strengthening of dialogue mechanisms between the different levels of government (local, regional and central levels) is important to improve coherence in the design and the implementation of policies at both national regional and local level.

- LRA, as democratically elected bodies, also have a legitimate role to play in holding national governments accountable for the implementation of national strategies of decentralisation and the use of available funding for territorial governance. This watchdog role can be exercised in parallel with the one realised by National parliaments, Courts of Auditors and CSOs.
- Furthermore, as elected bodies, LRA have a role to play with their counterparts of the national level for keeping alive and nurturing the public debate.
- Strengthen alliances with municipal committees or financial committees of Parliaments as well as with the Courts of Editors to strengthen local auditing, especially a posteriori.

6. How can the European stakeholders (EC, MS, EP, European CSOs&LAs) improve the involvement of local CSOs & LAs under new aid modalities such as general and sectoral budget support?

As explained above (question 4), Northern LRA concretely contribute to the strengthening of their southern counterparts. These existing initiatives should be supported and funding for capacity building should be increased, to allow further N/S and S/S LRA exchange of practices and strengthening, and to allow their involvement in new aid modalities thanks to the improved management capacities.

Appropriate actions from EC and MS could include:

- Further mainstreaming of territorial governance, in alignment with the partner country decentralisation process and territorial governance system: systematic inclusion in all programming phases from design to implementation, monitoring and evaluation of budget or sector support and in the policy dialogue accompanying this process
- General Budget support should include the territorial governance dimension, foresee local and regional authorities funding in the strategic documents and in the policy dialogue (predictable transfer mechanisms)
- Develop a Sector Wide Approach on Local Governance
- Systematically consult national LRA associations and involve them in coordination committees regarding decentralisation
- Contribute to strengthening LRA and their associations to reinforce their participation in national dialogues and their management capacity
- Carry out further studies on the impact of new aid modalities in decentralisation and in the actions of LRA, and on the ways to further engage LRA in these modalities.
- Integrate the northern and southern LRA in the EU Code of conduct on division of labour in development policy. By using this legal framework, it could be possible to coordinate the intervention of various and numerous actors.