Reshaping Decentralised Development Co-operation

THE KEY ROLE OF CITIES AND REGIONS FOR THE 2030 AGENDA

OECD

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BETTER POLICIES FOR BETTER LIVES

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Preface

We are delighted to introduce the joint study conducted by the OECD and the European Commission: *Reshaping Decentralised Development Co-operation: The Key Role of Cities and Regions for the 2030 Agenda.* The results of this study provide an assessment of the major trends in decentralised development co-operation practices, finance and governance. They are also an important step forward in understanding current practices as well as new opportunities raised by the implementation at local and regional government levels of global agendas such as the Sustainable Development Goals, the Addis Ababa Action Agenda, the Paris Agreement and the New Urban Agenda from Habitat III.

Cities and regions are becoming more engaged in international co-operation activities and are therefore increasingly recognised as key development actors. They also possess a unique set of competencies that can complement the actions of traditional national donors. This study is therefore both timely and relevant in understanding how cities and regions support their partners in developing countries in order to achieve global sustainable development agendas. It also provided a platform to take stock of the diversity of definitions and practises within EU and OECD Member countries, and to put forth recommendations to increase the effectiveness, efficiency and impact of decentralised development co-operation.

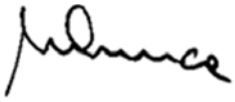
For the European Commission, this general overview on the state of play of decentralised development co-operation is critical in drawing valuable lessons and in aiding future engagement in the field. The findings of the study are also important in helping to adapt decentralised development co-operation to the challenges and goals of the 2030 Agenda and the European Consensus on Development. Last but not least, this work offers an important opportunity for the Commission to discuss and promote its values with partners from both the North and the South.

For the OECD, this study highlights the unique role of local and regional authorities in development co-operation, including Official Development Assistance flows and underlines the need for better reporting of decentralised development co-operation activities from provider countries. Moreover, this evidence-based assessment of the strengths, weaknesses, challenges and opportunities of decentralised development co-operation also created an active dialogue between the OECD Regional Development Policy Committee (RDPC), which works extensively on cities, regions, territorial statistics and multi-level governance, and the OECD Development Assistance Committee (DAC), which gathers the traditional provider community and promotes development effectiveness.

We are confident that this study will contribute to raising the profile and potential of decentralised development co-operation, and set incentives for better data collection, information and knowledge sharing. It was developed through a unique consultation process and dialogue with more than 100 stakeholders from cities, regions, national governments, international organisations and civil society. We invite stakeholders as well

as governments at all levels to consider the proposed recommendations as a vehicle to strengthening the effectiveness of decentralised development co-operation.

Neven Mimica



European Commissioner for
International Cooperation
and Development

Angel Gurria

OECD Secretary General

Foreword

The adoption of the Sustainable Development Goals (SDGs) in 2015 by the United Nations provided an important opportunity to rethink how better development co-operation policies can deliver better lives for citizens. In particular, cities and regions from OECD countries, through their international development cooperation activities – namely decentralised development cooperation (DDC) – play an important role in localising the 2030 Development Agenda by supporting knowledge and good practices sharing with their peers. Their increasing role in this field has been strengthened by the Communications from the European Commission on *Local authorities: actors for development* (2008); *The roots of democracy and sustainable development* (2012); and on *Empowering local authorities in partner countries for enhanced governance and more effective development outcomes* (2013).

This study and the underlying multi-stakeholder policy dialogue seek to contribute to the effectiveness of decentralised development co-operation by taking stock of what has worked or not, and providing guidance on the ways forward. It expands on the 2005 OECD report *Aid Extended by Local and Regional Governments* and assesses key trends and innovative mechanisms in how cities and regions design, implement and assess their development cooperation activities with partner countries.

Acknowledging the large diversity of concepts, definitions, and implementation mechanisms across countries, the report argues that the decentralised development cooperation landscape has become more complex and granular, more bottom-up and multi-stakeholder, and more successful in combining both Official Development Assistance (ODA) and other in-kind activities to build capacity and share practices.

Decentralised development cooperation is increasingly driven by a territorial network model based on demand from peer regions and cities. Building on the key principles of reciprocity, ownership, empowerment and co-development, the projects tend to be more inclusive, while engaging more systematically civil society organisations (CSOs), universities and research centres, the private sector, and associations of local and regional government.

The report suggests some policy recommendations to increase the effectiveness, efficiency and impact of decentralised development cooperation, in a shared responsibility across levels of government and stakeholders. Such recommendations relate to reporting, coordination, monitoring and evaluation with a view to supporting better multi-level governance of development cooperation policies in OECD and partner countries.

Acknowledgements

This report is the outcome of the 15-month policy dialogue with 100+ stakeholders at all levels from public, private and non-profit sectors. It was carried out by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) led by Lamia Kamal-Chaoui, Director, as part of the 2017-18 Programme of Work of the Regional Development Policy Committee (RDPC), in co-operation with the OECD Development Co-operation Directorate (DCD) led by Jorge Moreira da Silva, Director.

This project was developed by the OECD with the financial support of the European Commission. The Secretariat is grateful to the Directorate-General for International Cooperation and Development, Unit of Cities, Local Authorities, Digitalisation, Infrastructures, for its excellent co-operation throughout the implementation phase, in particular to Paolo Ciccarelli, Head of Unit, Anna Lixi, Head of Sector Local Authorities, Barbara Cauli, Michel Laloge and Daphne Barbotte.

The project and underlying policy dialogue were managed by Aziza Akhmouch, Acting Head of the Cities, Urban Policies and Sustainable Development Division, CFE, with Stefano Marta, Policy Analyst, CFE. The report was drafted by a joint team including Aziza Akhmouch, Stefano Marta, Antonio Cañamas and Natalia Altman from CFE as well as Rachel Morris, Cecilia Piemonte and Cushla Thompson from DCD. Thanks are also conveyed to Susan Steensen, Olivier Cattaneo, Kerri Elgar, Alejandro Guerrero-Ruiz, Piera Tortora, Emilio Chiofalo from DCD and Karen Maguire from CFE for their comments on earlier drafts and survey design. Special thanks are also conveyed to Gemma Pinyol Puig for her extensive desk research and literature review support throughout the project.

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The OECD is also grateful to the respondents of the four OECD Special Surveys carried out in 2017, as well as to stakeholders listed in Annex C of this report who provided valuable comments on successive drafts, participated in the policy workshops or webinars, and/or mobilised their networks to share experience and knowledge. Special thanks are herein conveyed to the Committee of Regions, United Cities and Local Governments (UCLG), Eurocities, the Network of Regional Governments for Sustainable Development and CEMR-Platforma for facilitating the data collection, discussion and dissemination of interim results with their respective members throughout the process.

Several workshops and webinars were organised during the project to kick-off the work (31 March 2017), to discuss preliminary findings (9 June and 1 December 2017) and to

build consensus on suggested policy recommendations (13 April 2018). Earlier versions of the draft were presented at the 5th Assises of Decentralised Co-operation organised by the Committee of Regions and DG DEVCO (Brussels, 10-11 July 2017), and in several events or conferences held in Valencia (1-2 November 2017), Tuscany (7 December 2017) and Brussels (11 April 2018). The report was discussed at the OECD Regional Development Policy Committee (RDPC) on 19 May 2017 (GOV/RDPC(2017)5) and 8 December 2017 (CFE/RDPC(2017)12), and at the Development Assistance Committee (DAC) meetings of 28 February 2017 (DCD/DAC/STAT/RD(2017)5) and 1 February 2018 (COM/CFE/RDPC/DCD/DAC(2018)1). Chapter 5 of the report (case study on water) was also discussed at the 10th meeting of the OECD Water Governance Initiative (Vienna, 20-21 November 2017). The report was approved by the RDPC on 8 June 2018 (CFE/RDPC(2017)12/REV1). The final report was edited by Caitlin Connelly, formatted by Eleonore Morena, and Cicely Dupont-Nivore prepared the manuscript for publication.

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Abbreviations and acronyms

AAA	Accra Agenda for Action
ACDIL	Co-operation Agency for the Development of Local Initiatives *Agence de Coopération pour le Développement des Initiatives Locales*
ACE	Agricultural Commodity Exchange
ACF	Action against Hunger *Action Contre la Faim*
ADEME	French Environment and Energy Management Agency *Agence de l'Environnement et de la Maîtrise de l'Énergie*
ADF	Association of French Departments *Association des Départements de France*
ADOS	Ardèche Drôme Ourosogui Senegal
AFCCRE	French Association of the Council of European Municipalities and Regions *Association française du Conseil des communes et regions d'Europe*
AFD	French Development Agency *Agence Française de Developpement*
AIMF	Association of French-speaking Mayors *Association internationale des maires francophones*
AMF	Association of French Mayors *Association des Maires de France*
ANCI	National Association of Municipalities *Associazione Nazionale Comuni Italiani*
ARCI	Italian Cultural Recreational Association *Associazione Ricreativa e Culturale Italiana*
ARF	Association of French Regions *Association des Régions de France*
BADC	Basque Agency for Development Co-operation *Agencia Vasca de Cooperacion para el Desarrollo*
BMZ	Federal Ministry for Economic Co-operation and Development *Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung*
CEMR	Council of European Municipalities and Regions
CFE	Centre for Entrepreneurship, SMEs, Regions and Cities
CIB	Capacity and Institution Building
CIC	Inter-ministerial Commission for Co-operation
CICID	Inter-ministerial Committee for International Co-operation and Development *Comité interministériel de la coopération internationale et du développement*
CIVEX	Commission for Citizenship, Governance, Institutional and External Affairs
CNCD	French National Commission for Decentralised Co-operation *Commission Nationale de la Coopération Décentralisée*
CNCS	National Council for Development Co-operation *Consiglio Nazionale per la Cooperazione allo Sviluppo*
CNDSI	National Council for Development and International Solidarity *Le Conseil National pour le Développement et la Solidarité Internationale*
CNFPT	National Centre of the Territorial Civil Service *Centre Nationale de la Fonction Publique Territoriale*
COP21	2015 United Nations Climate Change Conference
CRS	Creditor Reporting System

CSO	Civil Society Organisation
CSP	Country Strategy Paper
CUF	United Cities of France *Cités Unies France*
DAC	Development Assistance Committee
DAECT	Delegation for Decentralised Development Co-operation of Local and Regional governments *Délégation pour l'action extérieure des collectivités territoriales*
DAES	Department of Agricultural Extension Services
DCD	Development Co-operation Directorate
DDC	Decentralised Development Co-operation
Delog	Development Partners Network on Decentralisation and Local Governance
DFID	Department for International Development
DG DEVCO	Commission's Directorate-General for International Co-operation and Development
DGCL	Directorate General of Local Authorities *Direction générale des collectivités locales*
DPS	Provincial Directorate of Health *Direcção Provincial de Saúde*
DWA	Dutch Water Authorities
EC	European Commission
EPCI	Public Institutions of Inter-municipal Co-operation *Etablissements publics de coopération intercommunale*
ERA-Cameroon	Environment-Action Research Cameroon
EU	European Union
FAIT	Forum for International Activities of Tuscany *Forum Attività Internazionali della Toscana*
FAMSI	Andalusian Fund of Municipalities for International Solidarity *Fondo Andaluz de Municipios para la Solidaridad Internacional*
FAO	Food and Agriculture Organization of the United Nations
FEMP	Spanish Federation of Municipalities and Provinces *Federación Española de Municipios y Provincias*
FEXTE	Technical Expertise and Exchange of Experience Fund *Fonds d'expertise technique et d'échanges d'expériences*
FFEM	French Global Environment Facility *Fonds Français pour l'Environnement Mondial*
FICA	Flanders International Co-operation Agency
FUM	Farmers Union of Malawi
GAD	Gender and Development
GHC	Global Health Centre
GoMA	Government of Malawi
GoMo	Government of Mozambique
GPEDC	Global Partnership for Effective Development Co-operation
GPI14	Global Partnership Initiative 14
GRET	Research and Technological Exchange Group
HLPF	High Level Political Forum
ICFP	Inter-ministerial Conference for Foreign Policy
ICLD	Swedish International Centre for Local Democracy *Internationellt Centrum För Lokal Demokrati*
ICLEI	International Council for Local Environmental Initiatives
ICRAF	World Agroforestry Centre
ICRH	International Centre for Reproductive Health
IFPRI	International Food Policy Research Institute
INS	National Institute of Health *Instituto Nacional de Saúde*
IO	International Organisation

IOB	Policy and Operations Evaluation Department
IQA	Internal Quality Assessment
ITS	Institute of Tropical Medicine Antwerp
LDC	Least Developed Country
LGBTI	Lesbian, Gay, Bisexual, Transgender and Intersex
LIC	Low Income Country
LMIC	Lower Middle Income Country
LRG	Local and Regional Government
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MEACI	Ministry of Foreign Affairs and International Co-operation *Ministero degli Affari Esteri e della Cooperazione Internazionale*
MEAE	Ministry of European and Foreign Affairs *Ministère de l'Europe et des Affaires étrangères*
MEHE	Ministry of Education and Higher Education
MIC	Middle Income Country
MoH	Ministry of Health
MoIM	Ministry of Interior and Municipalities
MoPH	Ministry of Public Health
MoSA	Ministry of Social Affairs
MTR	Mid-Term Reviews
MZCPCU	Mzuzu Coffee Planters Co-operative Union (Limited)
NE-SI	Nazioarteko Elkartasuna - Solidaridad Internacional
NGDO	Non-Governmental Development Organisation
NGO	Non-Governmental Organisation
NHS	National Health System
NRC	Natural Resources College
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OIF	International Organisation of La Francophonie *Organisation Internationale de la Francophonie*
PCD	Policy Coherence for Development
Ps-EAU	Water Solidarity Programme *Programme Solidarité-Eau*
RDPC	Regional Development Policy Committee
RFP	Request for proposal
RICD	Inter-Municipal Network of Co-operation and Development *Rede Intermunicipal de Cooperação para o Desenvolvimento*
SALAR	Swedish Association of Local Authorities and Regions
SCI	Sister Cities International
SDG	Sustainable Development Goal
SEDIF	Water Trade Union for the Greater Metropolitan Paris Area *Syndicat des Eaux d'Ile De France*
SEENET	South Eastern Europe network
SIAAP	Interdepartmental Syndicate for Sanitation in the Paris Region *Syndicat Interdépartemental pour l'Assainissement de l'Agglomération Parisienne*
SIDA	Swedish International Development Co-operation Agency
SKEW	Service Agency Communities in One World Servicestelle Kommunen in der Einen Welt
SMEs	Small and Medium-sized Enterprises
SMOCR	Union of Towns and Municipalities of the Czech Republic
SRHR	Sexual and reproductive health and rights
SSLPP	Small Scale Livestock Promotion Programme
UCCC	United Councils and Cities of Cameroon
UCLG	United Cities and Local Governments

UMIC	Upper Middle Income Country
UNAIDS	Joint United Nations Programme on HIV and AIDS
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNDP ART	United Nations Development Programme -Articulation of Territorial Networks
UNGL	National Union of Local Governments *Unión Nacional de Gobiernos Locales*
UN-Habitat	United Nations Human Settlements Programme
UNICEF	United Nations Children's Fund
UTO	United Town Organisation
VNG	Association of Dutch Municipalities
VVSG	Association of Flemish Municipalities and Cities
WFP	United Nations World Food Programme
WHO	United Nations World Health Organisation
WIN	Women in Development

Executive summary

The 17 Sustainable Development Goals adopted in 2015 by the United Nations set the global agenda for the next 15 years to end poverty, protect the planet and ensure prosperity for all. Cities and regions are at the forefront of the policies that are central to this agenda and people's well-being, from water to housing, transport, infrastructure, land use and climate change. One role they can play is to help their peer cities and regions around the world and this is what decentralised development co-operation (DDC) is about: when cities and regions from one (often developed) country carry partner with cities and regions from another (often developing) country. This report analyses the striking and positive evolution of DDC over the period 2005-15 and suggests policy recommendations based on lessons learned.

Main findings

- Cities and regions from OECD countries have increased their official development assistance (ODA) provided to their peers in partner countries.
  - Despite the global financial crisis, DDC volumes have increased by 12% from USD 1.7 billion in 2005 to USD 1.9 billion in 2015.
  - Germany, Canada, Spain and Austria are the countries where cities and regions provide the highest amounts of overseas development assistance.
  - Those countries receiving the most of such assistance are Malawi (3%) and Peru, Morocco, Senegal and Nepal (2%). If we include imputed student costs (aid to Chinese students studying abroad), China (11%) becomes the top recipient.
  - Development projects addressing climate change (USD 41 million in 2014-15) and gender (USD 163 million on average per year in the period 2014-15) are becoming priorities.
- Cities and regions have different modalities for implementing DDC.
  - While some do not recognise it as a form of aid or consider that volumes are too small to track, others struggle to collect data from a growing number of actors.
  - There is no standard definition of DDC used across countries and only 7 out of 28 EU countries have an official definition.
  - Some cities and regions engage directly with their peers, while others resort to NGOs, universities or the private sector, or sometimes interact directly with national governments.
  - Overall, there has been a shift from the traditional donor-driven development cooperation based on rich/poor countries divides to more systematic reciprocity, partnership and mutual learning.
- Going beyond its ODA component, DDC has evolved towards multi-stakeholder and partnership-driven approaches based on the co-operation of a network of

territorial actors. It now focuses on peer-to-peer learning activities, knowledge sharing and exchange of experiences.

- Some examples can illustrate the diversity of situations across countries:
  - In Flanders, Belgium, the government has three priorities – healthcare, agriculture and food security – and concentrates its efforts in two countries, namely Mozambique and Malawi.
  - In Tuscany, Italy, the design and implementation of DDC systematically relies on multi-stakeholder partnerships.
  - In France, cities and regions are allowed to spend up to 1% of their revenues to support better access to safe drinking water and sanitation in developing countries.
  - In the Basque Country, Spain, a key objective is to promote gender equality and women's empowerment.
- A solid multi-level governance system is key to improve DDC effectiveness. Lack of coordinated actions and critical scale in the past resulted in fragmentation of DDC interventions and was a major obstacle to effectiveness and efficiency of development co-operation activities undertaken by subnational governments.
- Less than half of donor countries (13 out of 30) currently report on their DDC in the Creditor Reporting System Database.

Recommendations

Use DDC to improve local and regional policies in partner and donor countries and ultimately contribute to SDGs.

Cities and regions are not just mere implementers of national policies or global commitments. Local policy makers can promote sustainable development and policy coherence at scale given their wide range of competencies. The 2030 Agenda provides an ideal framework to mainstream sustainable development goals into local and regional policymaking, planning tools, investment strategies and decision-making.

Recognise the diversity of DDC concepts, characteristics, modalities and actors.

Promoting a more flexible and dynamic understanding of DDC terminology, practices and implications will allow for better implementation of DDC activities by small municipalities and cities as well as provincial and regional authorities. Local and regional government participation in international co-operation activities is largely influenced by the global agenda and the search for greater territorial attractiveness, strengthened linkages with migration policies, policy dialogue, knowledge sharing, practitioner experience, and greater return on influence.

Promote a territorial approach to DDC by fostering place-based and demand-driven initiatives for mutual benefits over time.

There is a need to go beyond the traditional rich/poor co-operation model, which creates asymmetric donor-recipient relations and results in limited reciprocity and learning. A territorial approach to DDC would increase the impact of DDC actions, improve the coordination and reduce the fragmentation of projects. It would also mobilise the knowledge and expertise of a variety of territorial stakeholders to support their peers in partner countries in a more comprehensive way, increasing the return on non-tangible

investments through exchanges of knowledge and good practice and peer-to-peer learning.

Encourage better co-ordination across levels of governments in promoter and partner countries for greater DDC effectiveness and impact.

National and sub-national governments, as well as global networks and national associations of local and regional governments, have an important role to play to facilitate the coordination and exchange of information, knowledge and experience across DDC players, but also to take stock of what, where, and how DDC works, does not work, and how it could be improved.

Set incentives to improve reporting on DDC financial flows, priorities, and practices and better communicate on outcomes and results.

A subset of this recommendation is to trigger ambitious efforts across national and local governments in reporting DDC financial flows (ODA extended by local and regional governments) through the DAC Creditor Reporting System. Improvements on this front will provide a more comprehensive picture of the shared responsibility taken on by promoters and partner countries in development co-operation.

Promote results-oriented monitoring and evaluation frameworks for informed decision-making and better transparency.

To date, the focus of DDC monitoring and evaluation has been mainly on project results. Going forward, these processes should include information on the impact of DDC activities on development goals and outcomes, as well as on sustainable development at large and citizen well-being. They should also contribute to a learning process to inform decisions as well as define DDC priorities and activities.

Part I. **Synthesis Report**

1. Decentralised Development Co-operation: Emerging paradigms and global agendas

This chapter reviews emerging paradigms in DDC, based on a literature review, desk research and on special surveys extended to DAC members and to local and regional governments. It looks at the evolution of the concept, main definitions, key players, implementation modalities and practices and institutional frameworks. The chapter highlights the key role of DDC in development effectiveness and for achieving and localising global commitments, in particular the Sustainable Development Goals (SDGs), both in developed and developing countries.

Survey methodology

This chapter relies on the findings from extensive desk research and literature review analysing the evolution of the concept of DDC, its main definitions and principles, implementation modalities, legal and institutional frameworks, key actors, core motivations and priorities, and multilevel governance challenges and mechanisms. In addition, two OECD special surveys were conducted in national (12 respondents) and sub-national governments (11 respondents) of donor countries, with the objective to provide concrete examples and complementary qualitative information. Overall, collecting responses from the various levels of government was valuable to shed light on issues like the asymmetry of information between levels of government and/or between DDC actors[11].

Table 1.1. Respondents to the 2017 Special Survey to DAC National Focal Points

	Government system	Consolidated response from DAC Focal Point	Various subnational responses
Austria	Federal		Vienna, Tyrol, Lower Austria, Styria
Belgium	Federal		Flanders and Wallonia
Greece	Unitary	x	
Italy	Unitary	x	
Germany	Federal		German Association of LRGs
Spain	Quasi-federal		*Comunidad Autónoma de Euskadi, Comunidad Autónoma de Andalucía, Comunidad Autónoma de Aragón, Comunidad Autónoma de Cataluña, Comunidad Autónoma de Extremadura, Comunidad Autónoma de las Illes Balears, Comunidad Valenciana, Comunidad Foral de Navarra, Comunidad de Madrid*
Portugal	Unitary	x	
Switzerland	Federal	x	
Netherlands	Unitary		Association of Municipalities Association of Regional Water Authorities
Hungary	Unitary	x	
France	Unitary	x	
Sweden	Unitary	x	

A total of 12 countries and 11 LRGs responded to the two surveys extended to DAC national focal points (Table 1.1) and sub-national governments (Table 1.2). Some DAC countries provided a consolidated response (France, Greece, Hungary, Italy, Portugal, Sweden and Switzerland), while others submitted surveys received from LRGs (Austria, Belgium, Germany, the Netherlands and Spain). For reporting purposes, all individual subnational responses to the DAC survey were aggregated under a country response. When national and subnational results conveyed inconsistent or contradictory facts, DAC focal points were invited to check and confirm responses to ensure accurate reporting.

Table 1.2. Respondents to the 2017 Survey to Local and Regional Governments on DDC

Lead organisation/department	Intermediate, regional or state level	Country	Type of respondent
Association of Flemish Municipalities and Cities (VVSG)	Flanders	Belgium	National association of local governments
Municipality of Bilbao	Province of Biscay, Basque Country	Spain	Local government (City)
Fons Mallorqui de Cooperacio I Solidaritat		Spain	Co-operation Fund
Basque Agency for Development Co-operation	Basque Country	Spain	Regional government
Ogre Municipality	Vidzeme	Latvia	Local government (Municipality)
Zoersel Municipality	Antwerp	Belgium	Local government (Municipality)
City of Sint-Niklaas	East Flanders, Flanders	Belgium	Local government (City)
State of Burgenland		Austria	Regional government (State)
National Union of Local Governments (UNGL)		Costa Rica	National association of local governments
Provincial Council of Barcelona	Catalonia	Spain	Local government (Province)
The Union of Towns and Municipalities of the Czech Republic (SMOCR)		Czech Republic	National association of local governments

Taking Stock of Major DDC Evolutions and Emerging Paradigms

Stocktaking is critical to assess DDC evolutions over the past decades, to understand what has and has not worked, and to suggest ways forward to guide the shared actions of donors, governments and stakeholders in development co-operation. In the aftermath of the global financial crisis, governments strived to do more with less, and as a result, had an incentive to work more efficiently together. Subnational governments are also playing an increasingly important role in implementing global commitments, such as the 2030 Agenda for Sustainable Development, the Paris Climate Agreement, and Habitat III's New Urban Agenda, and DDC can serve as an effective to help localise these agendas.

The objective of this report is to acknowledge and document the diversity of situations across and within countries regarding DDC (ODA versus non-ODA, local versus regional DDC, direct versus indirect, etc.). It also seeks to bridge existing policy gaps resulting from the absence of a common, harmonised, standardised definition of DDC across EU and DAC countries.

DDC Concepts have evolved from bilateral municipal twinning to multi-stakeholder approaches

The concept of decentralised co-operation came to light in the 1980s when central governments rolled back traditional aid in favour of increased involvement of local and regional governments (LRGs) to promote public-private partnerships. Decentralised co-operation referred to a method of development co-operation carried out by subnational actors, including economic actors, civil society organisations, deconcentrated state services, autonomous public institutions (universities) or decentralised public authorities (Hafteck, 2003).

Municipal twinning was one of the first forms of DDC. It was used following World War II to promote peace and unity and to develop intercultural ties, promote international solidarity and build institutional capacity (Grupstra and van Eerdt, 2017; Janssens, 2011). Many western European municipalities originally applied this method

during the decolonisation period to establish partnerships with local authorities in developing countries.

In 1971, the UN General Assembly recognised municipal twinning as a tool for international co-operation. This recognition represented a key endorsement of "co-operation twinning", a partnership model that emerged in the 1960s among cities of the Global North and Global South. Initially, city and regional networks, such as United Town Organisation (UTO), the Council of European Municipalities and Regions (CEMR) and the Sister Cities International (SCI), played an important role in promoting twinning (Hafteck, 2003).

Decentralised Development Co-operation then evolved from bilateral municipal twinning to more complex and multi-stakeholder partnerships. Additional subnational actors (e.g. public authorities and agencies) joined their city counterparts to expand partnerships both in terms of participants but also in terms of sectoral focus, e.g. water authorities in France and in the Netherlands (Grupstra and van Edrdt, 2017). The nature of these partnerships evolved further toward "complex partnerships fostering reciprocal cultural, educational, municipal business, professional and technical exchanges and projects" (Hafteck, 2003), laying the foundation for the emergence of new forms of DDC.

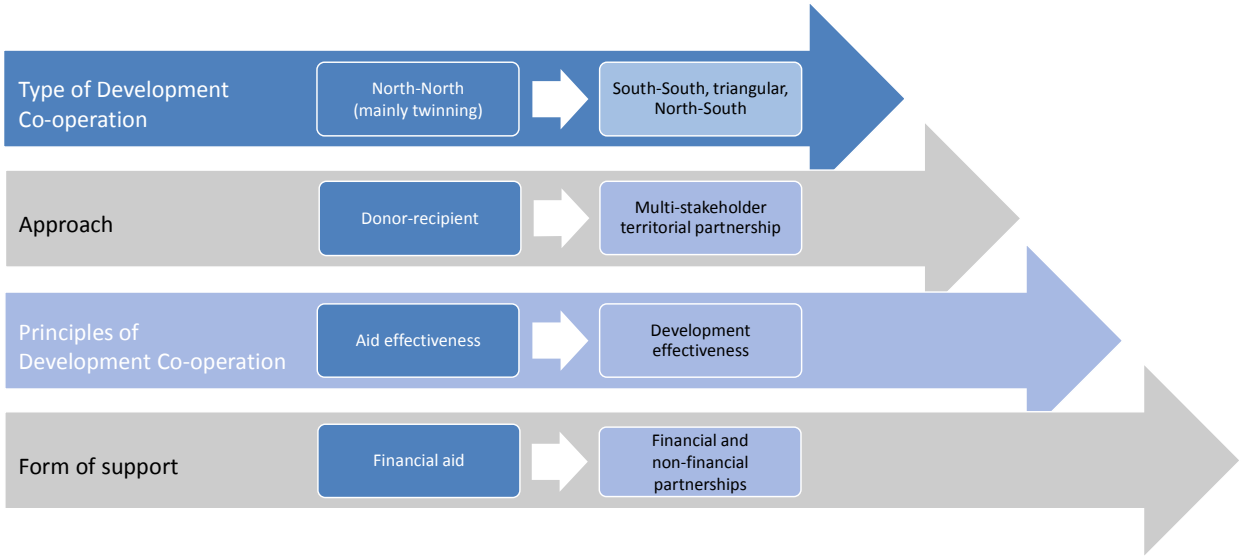
There are two primary reasons for DDC uptake. The first was the need for more effective and impactful ODA flows, and the second, the emergence of LRGs as relevant players in international relations. The development community recognised the distinctive comparative advantages of LRGs with respect to non-governmental organisations (NGOs) or national development agencies to promote more effective development co-operation. Local and regional governments are closer to the ground and have better know-how and expertise on local development and service delivery, on medium and long-term territorial planning and on the consultation mechanisms to involve local communities and generate participatory development processes (UNU-CPR, 2015).

Decentralised Development Co-operation also evolved from a North-South and donor-recipient approach to a partnership approach. The evolution from predominantly financially-driven forms of DDC to the horizontal partnership approach stems from the recognition of the limits of a development model entirely based on the transfer of aid from the "rich North" to the "poor South", and the need for considering partners as peers with a reciprocal flow of knowledge and experience. The approach is more inclusive including LRGs in the Global South and more expansive adopting new concepts and principles of development co-operation such as the notion of development effectiveness as opposed to aid effectiveness (UNU-CPR, 2015; CPMR/Platforma, 2017). The latest DDC forms allow for innovative exchanges (material and immaterial) among territories based on the idea of co-development (CeSPI, 2010), which transcends the traditional North-South and Rich-Poor approach to development co-operation. This evolution strengthens the model by not only serving as a conduit for ODA flows from DDC actors in developed countries to LRGs in developing countries, but also the emergence of as non-financial "peer-to-peer" partnerships that foster peer-to-peer learning activities and exchange of experiences and best practices amongst subnational (Figure 1.1).

A larger number of innovative DDC approaches based on territorial partnerships in development co-operation activities are being implemented (CPMR/Platforma, 2017). The key pillars for this form of DDC are based on the flexible collaboration of various local and regional stakeholders based on their shared goals and comparative advantages, such as the private sector, associations of municipalities, CSOs, academia, and,

sometimes, the central government, which supports and works together with the territorial actors of the partner country.

Figure 1.1. Evolution of DDC-related concept



A wide range of DDC definitions across countries

DDC concepts, definitions and practices vary and there is not, nor can be, a single one-size-fits-all definition across and within OECD countries. Most EU countries do not have an official definition of decentralised development co-operation (only 7 out of the 28 EU member states[2] do) although most of them (23) recognise some role to local and regional governments in development co-operation.

- France refers to DDC in national law regarding decentralised co-operation with local and regional governments.
- Portugal defines DDC as any form of "co-operation carried out by the subnational governments" or "co-operation characterised by the decentralisation of initiatives and relations with developing countries, the inclusion of a wide range of new actors and civil society in their own development"..
- Italy, the Netherlands, Sweden and Germany have common concepts shared with subnational autonomous bodies and municipalities documented in official documents as well as communications. Sweden shares a similar concept of DDC, where the association of local authorities and sister city activities play a key role in establishing DDC relations.
- Spain's national Law on Development Co-operation refers to DDC in one of its articles (Law 23/1998 on International Development Co-operation, article 20). All Spanish Autonomous Communities have passed specific laws regarding development co-operation and some of them own Development Agencies and Co-operation Funds. However, the Law on the rationalisation of local administrations, which in the context of the crisis determines the conditions under which municipalities can co-operate, may have affected the fall on ODA flows (Chapter 2).

- In Belgium, several policy documents refer to city-to-city co-operation in developing countries and development co-operation by regions and language communities (Andreasson and Konigson, 2003; Hafteck, 2003; Janssens, 2011; VVSG, 2014).[3] Flanders, for example, considers DDC as local public policy.
- Germany, for example, refers to DDC as inter-municipal co-operation involving projects that transcend state borders and are implemented with local/regional authorities at least on one side.
- Although it does not count with a proper definition of DDC, Poland's legislation on development co-operation also integrates the notion of DDC and it recognises to local authorities the possibility to co-operate with local and regional communities of other states.

The EU has also gradually recognised the concept of DDC and the key role of local and regional governments for development. The 2008 Communication by the European Commission *Local Authorities: Actors for Development* represents refers to DDC as a new and important dimension of development co-operation with a broad definition stressing that, in addition to providing financial support through ODA, local and regional governments are increasingly supporting their partners in territorial development, decentralisation and strengthening democratic governance as well as in traditional sectors related to poverty reduction. It also highlights the importance of local and regional government for governance and democratisation. This concept has further evolved with the 2013 Communication by the European Commission on *Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes,* which calls for unlocking the potential of local and regional governments for development co-operation through capacity building, the relevance of sustainable urbanisation and the key role of the associations of local and regional governments in DDC.

At the subnational level, only three of the surveyed LRGs reported having a standard DDC definition, which some respondents noted should be broadened to include more in-kind, collaborative activities.

- In Bilbao, Spain, the DDC definition targets the countries in the Global South while promoting co-responsibility and focusing on the role of territorial players for DDC (*III Plan Director de Cooperación 2016-2020*).
- The Association of Flemish Cities and Municipalities (VVSG) in Belgium refers to DDC as 'Municipal Global Policy'[4] that goes beyond the North-South logic. All Flemish municipalities have a shared vision of DDC – Municipal International Co-operation – that supports city-to-city co-operation.

From existing legislation, a broad definition of DDC refers to the development co-operation carried out by decentralised authorities from developed countries, independent of the nature and type of the recipients. The narrow definition of DDC refers to the development co-operation carried out by decentralised public bodies, such as local authorities, regional authorities, and/or public agencies that provide support to decentralised public authorities in partner countries.

A range of DDC concepts and views exist amongst experts and practitioners. Some consider DDC to be only those activities that entail financial transfers to regions and cities in partner countries (donor-recipient approach), while others understand it as a broader set of activities from one city or region to another, including "twinning" of cities, peer-to-peer exchanges or other forms of co-operation and partnerships.

Box 1.1. Selected DDC underlying Principles in the literature

While there is no common definition of DDC shared within or across countries, there are several common principles[5] identified in the literature that guide DDC actions to varying degrees from one country to another:

- ***Reciprocity*:** Reciprocity ensures a two-way relationship between parties to ensure that the impact and results of the action are beneficial to all partners, moving the relationship beyond the traditional donor-recipient relationship.
- ***Proximity*:** This principle, based on the concept of subsidiarity, states that local governments and stakeholders are best equipped to deal with some issues (e.g. social) given their proximity to the affected populations.
- ***Territorial Governance*:** This principle states that the central objective and expected long-term impact of DDC is to enhance local governance through the mobilisation of local authorities and other territorial actors. Critical to this principle and to DDC are collaboration, concertation, and co-decision between decentralised authorities and non-state actors (OECD, 2005; European Commission, 2013.
- ***Territorial Partnership*:** This is one of the most important principles that differentiates DDC from traditional development co-operation. DDC is based on partnerships between decentralised authorities from developed countries and decentralised authorities in developing countries. The partnerships support a common political agenda and objectives and facilitate ownership and results of DDC activities.

Sources: OECD (2005), "Aid extended by local and state governments", DAC Journal, Vol. 6, No. 4; European Commission (2013), Empowering Local Authorities in Partner Countries for Enhanced Governance and More Effective Development Outcomes, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions

Literature looks at DDC as partnerships among peer local governments, where DDC can be defined as "development co-operation between Local Authorities from Europe and Local Authorities from partner countries" (Fernandez de Losada et al, 2013). According to this model, DDC is a partnership mainly among peers involving non-state actors and focuses on the non-ODA component of DDC.

There are diverging views on whether DDC refers only to development co-operation between local or regional level authorities and partners in participating countries or if it includes partnerships with other non-local actors. In practice, most countries combine several modalities and seldom rely only on city-to-city or region-to-region DDC. In addition, local authorities and sub-national governments channel funds through other actors. Therefore, the prevailing interpretation of DDC includes partnerships with a broader range of stakeholders than local authorities.

Building on the literature and definitions identified across countries, the report seeks to acknowledge the diversity of situation and document the range of practices used within and across countries. In particular, it stresses the importance of the non-ODA component of DDC notably the peer-to-peer learning between local and regional governments.

An increasing number of DDC players

Over recent decades, the DDC model has shifted from bilateral city-to-city partnerships to a more diversified territorial network model (Chapter 4), which involves also regions, LRG national associations, CSOs, the private sector, universities as well as national governments as facilitators, donors, implementers or enablers of DDC activities.

Mapping the key DDC actors (governmental and non-governmental) and strategic partners, as well as their roles and functions, is essential to understand who does what. This information can help to reduce bottlenecks, duplication of efforts, an inadequate flow of resources, and transaction costs and make sure roles and responsibilities are clearly identified and implemented in multi-stakeholder DDC approaches. The roles and responsibilities of DDC actors vary across and within countries, according to the administrative characteristics of a country (federal, unitary or hybrid), and due to other historical, social, political and economic factors**.** In federal or quasi-federal countries like Austria, Germany and Italy where local and regional governments have many prerogatives, DDC activities are likely to be more prominent (OECD/UCLG, 2016).

Regions and cities play a distinctive role in DDC. Regions tend to ensure co-ordination, provide financial support (e.g. to municipal governments) and monitor DDC activities. They also contribute to raising awareness and facilitating education campaigns, fostering technical co-operation, peer-review and experience-sharing and dialogue, and promoting regional economic development through DDC in partner countries. Provinces, where they exist, have prominent roles in financial and technical support, as well as raising awareness, training activities and co-ordination. Finally, municipalities mainly engage in DDC through knowledge sharing and transfer in fields such as local governance and service delivery. They also contribute to awareness raising, peer-to-peer exchanges and mutual learning. The proximity of municipalities to territorial stakeholders and citizens often results in a higher engagement of local actors in the DDC activities. Metropolitan areas tend to play a particular role in sustainable urban development (public transport, management of green and sustainable public spaces, economic development, etc.).

Territorial reforms in several countries had a range of impacts on DDC. In Italy, the emergence of new metropolitan authorities and the proposed dissolution of provinces[6] - although not yet effective - led to less fragmentation and greater concentration of DDC among fewer actors. In Germany, the municipal mergers caused a strong restructuration of municipal partnerships. Similarly, in Portugal, the decentralisation of certain competences also incentivised partnerships by paving the way for municipalities to have a greater involvement with other stakeholders. Finally, the new regions and metropoles created in France by the “Maptam” and “Notre” Laws incentivised the emergence of new DDC actors.

Beyond sub-national governments, other types of players are increasingly involved in DDC activities. In Spain for example, most of the regions and municipalities active in DDC have set up multi-stakeholder platforms or councils acting as advisory bodies on development co-operation to local administrations. These bodies have a participatory approach aiming to engage a broader range of players in the definition, implementation and evaluation of DDC projects. Participants include universities and research centres, local to national and international NGOs, CSOs, youth volunteers, or representatives from private and financial sectors.

- Universities and research centres are often active DDC enablers, facilitators and implementers. In Italy for instance, almost 50% of public universities are active in

DDC, which makes them a prominent actor in the field. Knowledge-based institutions also carry a strong potential to strengthen the evidence base and evaluation DDC projects (Fernández de Losada, 2017). They are critical players for data collection at the local level and drafting reports, strengthening local technical capacity. This is seen in DDC projects between Flanders, Belgium and Pretoria, South Africa, where the University of Pretoria supports a platform for evidence-based and participatory decision making on land reforms (South Africa Land Observatory).

- Non-governmental organisations also play a significant role in DDC, revealing an increasing inclusion of territorial actors in DDC processes, as is the case of countries like Belgium, France or Spain where NGOs can either initiate or manage DDC partnerships and projects.
- National government can also play a role in the implementation of DDC projects as is often the case of Italy, although less so in countries like Portugal or Switzerland.
- The private and financial sectors also engage in non-traditional ways. In particular, SMEs can serve as important capacity building partners for social entrepreneurship projects, which also provides them with an opportunity to expand their business internationally.
- Multilateral or supranational organisations are also engaging in DDC partnerships as implementers rather than donors. They are acting as facilitators, framing DDC partnerships in their programs, or implementing projects in partner countries.

Local and regional governments serve as DDC activity "promoters" and work with partners that serve as "implementers" or "intermediaries" in the implementation of DDC projects. Partners can be other LRGs (e.g. municipalities supported by the regional government), NGOs, international organisations, the private sector, universities, or national associations of LRGs.

Table 1.3. Main types of DDC intermediaries for promoter countries

Type of intermediaries/implementers	Country examples
CSOs/NGOs	Belgium, France, Germany, Italy, Poland, Spain, UK
Private sector	Spain
International organisations	Belgium, Spain
Universities	Belgium, Italy, Spain
LRGs	France, Spain
National government	Belgium, Netherlands
National associations of local and regional authorities	Denmark, Finland, France, Sweden, UK

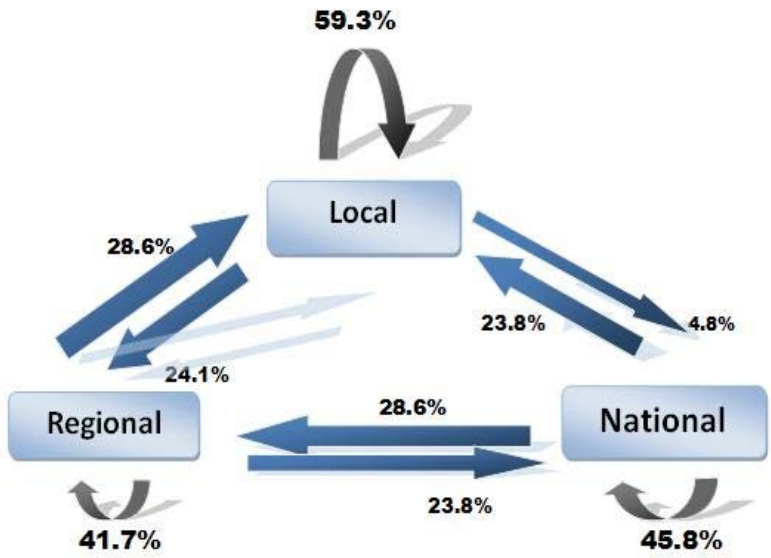
Local and regional governments are the main beneficiaries of DDC activities in partner countries. National governments, CSOs and NGOs, however, can also be beneficiaries, e.g. national government in Flanders and CSOs or NGOs in Spain (Table 1.4).

Table 1.4. Main DDC beneficiaries in partner countries

Type of direct beneficiaries	Some country examples
National governments in partner country	Belgium, Spain
Regional governments in partner country	Austria, Belgium, Finland, France, Germany, Spain
Local governments in partner country	Austria, Belgium, Finland, France, Germany, Italy, Netherlands, Poland, Spain, UK
CSOs/NGOs in partner country	Belgium, France, Spain

The highest degree of interaction related to DDC projects is between local actors (cities and municipalities) as more local levels of government are generally more prone to engage citizens in decision-making processes). Results from the special survey indicated that local authorities in all DAC countries (except Hungary) predominately interact with their local counterparts in partner countries. Local governments in provider countries interact more frequently with the regional rather than with the national level in partner countries. At the national level, DAC countries mostly interact with the national governments of partner countries, while very rarely the national level directly collaborates with the local level. Finally, region-to-region collaboration is the most frequent partnership at the regional level, followed by regional-to-national and regional-to-local partnership.

Figure 1.2. Level of interaction with partner countries in DDC activities



Note: The figure shows the interactions between local, regional and national actors from DAC countries and local, regional and national actors in partner countries. The lighter arrows represent interactions between the provider country and the partner countries (e.g. local to regional, regional to national), and the darker arrows represent interactions within each category of stakeholder (e.g. local to local, regional to regional). Ten countries replied to this question (N/A in Greece and the Netherlands). Austria, Belgium and Spain provided national and sub-national responses and were asked to rank their interactions with other levels of government from the most intensive (1) to the less intensive (3).
Source: OECD 2017 Survey to DAC members.

The emergence of a territorial partnership approach to DDC

There are three main modalities for DDC delivery (Table 1.5): direct co-operation, indirect co-operation, and delegated co-operation. In practice, most countries combine modalities, largely depending on their historical and institutional characteristics.

Table 1.5. Main modalities of DDC delivery and country examples

Modality of DDC	Description of the modalities	Some country examples
Direct Co-operation	**Partnership modality:** Solid and structured bilateral and multilateral relationships between individual LRGs	Austria, Belgium, Bulgaria, Czech Republic, Estonia, France, Finland, Germany, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Spain, Sweden, Switzerland, UK
	Agency modality: Use of ad hoc channels/structures set up by LRGs or their association to implement DDC activities	Austria, Belgium, Czech Republic, Denmark, France, Germany, Finland, Italy, Latvia, Lithuania, Netherlands, Spain, Sweden, Switzerland, UK
	Network modality: Implementation of DDC activities through networks of LRGs, their associations, other territorial stakeholders (CSO, universities, research centre, private companies) and multilateral actors	Austria, Belgium, France, Germany, Italy, Netherlands, Spain, Sweden

Indirect Co-operation	DDC activities implemented through **intermediaries**, mainly NGOs	Belgium, Germany, Italy, Poland, Spain, UK
Delegated Co-operation	LRGs **delegate** the management of its DDC to another national or subnational authority, or aid agency	Belgium

Source: OECD elaborations adapted from CPMR/Platforma, 2017.

Direct Co-operation

Direct co-operation refers to DDC activities based on a *direct partnership* between subnational authorities.[7] Vertical direct co-operation refers to the transfer of resources from a decentralised government from a developed country to a partner in developing countries. Horizontal direct development co-operation involves a transfer from subnational entities in developed countries to a partner in a developing country but it also promotes support among subnational authorities in developing countries. Although there have been efforts to promote horizontal direct co-operation, the most predominant modality among regional, provincial, and local authorities is vertical direct development co-operation. Direct co-operation is mainly implemented through three modalities:

- ***Partnership modality***. This refers to the creation of solid and structured bi- and multilateral partnerships between individual LRGs such as twinning. Twinning has evolved into "complex partnerships fostering reciprocal cultural, educational, municipal business, professional and technical exchanges and projects." (Hafteck, 2003).
- ***Agency modality***. This refers to the use of channels or structures set up by LRGs or by LRGs associations to implement DDC activities in partner countries. For municipal DDC, the national association of municipalities often takes on this role. In regions, development co-operation agencies specifically created to manage development projects with offices in the field tend to assume this role.
- ***Network modality***. This emerged recently as an innovative way to channel decentralised development co-operation. It brings together LRGs, their associations, other territorial stakeholders (CSO, universities, research centre, private companies) and multilateral actors. Different EU or global programmes and platforms (e.g. URBACT, Global Covenant of Mayors for Energy and Climate, URBAL, Asia Urbs, Tacis etc.) promote this type of modality, which can be thematic or generic and are commonly facilitate knowledge exchange activities. Since the mid-1980s, Spain has created several co-operation funds. Some of them group local governments with other territorial stakeholders and aim to promote and strengthen the role of LRGs as active agents of DDC.[8]

Although the *network modality* is emerging as an innovative DDC implementation modality, the agency modality is often resorted to, and the *partnership modality* is still the most commonly used for DDC activities. These modalities are often combined rather than exclusive in DDC activities. Implementation of the partnership modality happens mainly through co-financing projects promoted by LRGs, twinning, or direct technical co-operation schemes between local and regional governments; while the network modality is based on the joint action of a broader range of DDC stakeholders than local and regional governments, including also national associations of LRGs, private sector, multi-stakeholder regional networks, or academic networks.

Indirect co-operation

Indirect co-operation implies working through intermediaries such as NGOs, CSOs and increasingly business to implement projects (Bossuyt and Steenbergen, 2013). A means by which countries resort to indirect co-operation is when sub-national authorities provide financial support to local civil society organisations to implement the activities in partner countries. Often, this process is managed through a call for proposals and does not necessarily imply an engagement with a sub-regional authority in the partner country.

Delegated co-operation

Finally, *delegated co-operation* refers to a delivery mechanism where a subnational authority delegates the management of its DDC to another national or subnational authority or aid agency. It is predominately used by big cities or regions in federal countries that have relevant power and financial capacity for DDC and that apply tools for development co-operation that are usually adopted by national development agencies (CPRM/Platforma, 2017). For a long time, this is the type of modality was reserved for national aid agencies, but more frequently it is used by regional development co-operation agencies such as Flanders in Belgium (e.g. in Mozambique) and/or Catalonia in Spain.

The provision of *direct funding* is still a frequently used DDC modality, mostly in the framework of project grants. This involves a financial transfer from a subnational authority for the implementation of a specific action with a specific budget and reporting requirements as set in a partnership agreement or project proposal. Some regional development agencies (Flanders Department of Foreign Affairs, Belgium and Catalonia, Spain) also deliver direct funding in the form of budget support to national authorities in partner countries. Some DDC actors are experimenting with core funding and/or budget support for decentralised authorities in partner countries. Direct funding is often used in direct co-operation, but overall is also used in delegated co-operation and indirect co-operation.

DDC activities are mostly related to knowledge, capacity and institutions

Knowledge sharing, peer-to-peer learning and exchange of experiences are increasingly emerging as key DDC activities. They consist of the reciprocal transfer of knowledge and know-how by means of advisory activities or exchange of experience to improve institutional and operational capacities of partner organisations. Network partnerships tend to use these types of activities. Other key DDC activities include targeted support to infrastructure, social welfare services, national policy dialogue, economic development, territorial attractiveness, training and professional exchange. The importance of student exchange/research has also increased.

Capacity development is another traditional aid delivery modality frequently found in all DDC mechanisms. Capacity development strengthens the ability of peer institutions in partner organisations to manage their responsibilities and tasks in service delivery for their citizens. Capacity development activities include training, scholarships, or technical assistance delivered by staff from donor organisations.

Development education and awareness raising are core DDC activities. They help to communicate and contextualise global themes to local citizens building on the principles of reciprocity and interdependence. This takes place through different means or vehicles

such as youth, school and civil society exchanges, exhibitions and conferences, campaigns, research or advocacy and policy influencing work.

DDC can also contribute to institutional strengthening including staff capacities to engage in development co-operation. For example, staff working in a decentralised agency can also learn from implementing DDC activities as part of their tasks in the promoter country, and in some cases can be detached to implement the DDC project in a partner country.

A Diversity of Legal and Institutional Frameworks

To better understand the diversity of concepts and approaches to DDC, it is important to look at the legal and institutional framework that allows for subnational governments to engage in development co-operation across OECD countries. The literature review and desk research carried out to develop this report, as well as the OECD Survey to DAC members (2017), revealed an extraordinarily wide range of approaches to DDC. Some countries like France and Spain have been very active in this field, while others such as Denmark or Greece show very little DDC (Copsey and Rowe, 2012).

Countries active in DDC rely on more or less formal institutional frameworks, with some countries having DDC enshrined in development co-operation laws, others counting with specific regulations, and a last group having no legal or regulatory framework in place.

- Countries with legal frameworks that clearly define DDC parameters (Table 1.6) comprise longstanding EU countries (Belgium, France, Italy, Portugal, Spain and Sweden) as well as more recent ones (Hungary, Latvia, Poland and Romania).
- These legal frameworks operate on a national level and recognise the competencies by decentralised bodies to carry out development co-operation. The frameworks range from specific laws mentioning local and regional governments as relevant actors for development co-operation in Italy,[9] Spain or Belgium to decrees for municipal development co-operation (Flanders, Belgium).
- In the case of highly decentralised systems like Belgium, Italy or Spain, legal frameworks have been further developed by the regions adopting their own and context-adapted regulations. In Belgium for instance, the Law on Development Co-operation (11/9/2016) has allowed VVSG to act as a non-governmental actor that co-ordinates development co-operation activities of municipalities.[10]

Table 1.6. Countries with DDC-related legal frameworks

	Legal Framework
Switzerland	Although international co-operation is mainly a task of the national government, Switzerland has a Federal law mentioning that the national level can co-operate with local and regional governments for development co-operation.
Portugal	Portugal has developed the Strategic Framework for Portuguese Development Co-operation (*Conceito Estratégico da Cooperação Portuguesa 2014-20*) which includes local authorities in its mechanisms for the implementation.
Spain	In Spain, all the 17 Autonomous Communities have passed a development co-operation law. For example, the Basque Country has two laws directly linked to DDC, Law 1/2007 on Development Co-operation and the *Carta de Justicia y Solidaridad con los Países Empobrecidos* (14/2007). Catalonia has a Law on Development Co-operation (26/2001); in Andalusia, Law 14/2003 regulates international development co-operation activities; and there is also a specific legal framework for the *Comunidad de Madrid*: Law 2/1995 on grants provided by the *Comunidad*, Law 13/1999 on Development Co-operation and Order 134/2011on the rules for Development Co-operation project justification.
Sweden	In Sweden, the national Policy for Global Development states that municipalities play a role within Sweden's international development co-operation and the law Lag 2009:47 defines municipalities' competences in the field of Development Co-operation.
France	France has several laws regulating DDC. The main ones are the Decentralised Co-operation Law (1992) which recognises the international actions of the French LRGs, and the "Oudin-Santini" Law (2005), which is sector-specific and allows to allocate up to 1% of the water and sanitation budget of water agencies and local and regional governments to water-related international co-operation actions (see Chapter 4, Water DDC case study). Another important law is the Letchimy Law, adopted on 5 December 2016, which secures the External action of local authorities as a right. More recently, the Law No. 2014-773 of 7 July 2014 on the orientation and programming related to development policy and international solidarity secures the external action of French LRGs, including DDC. Of particular importance is Article 14, which allows the extension of the 1% mechanism to the field of solid waste.

Notes: In the International Development Co-operation and Humanitarian Aid law of 19 March 1976 of Switzerland, it is mentioned that "The Federal Council can collaborate with cantons, communes and public institutions on international development co-operation and humanitarian aid activities and support their initiatives".
In Portugal, examples include i) the Inter-ministerial Commission for Co-operation (CIC) and ii) the Development Co-operation Forum. Both seek to enhance reflection, dialogue, co-ordination and complementarity of development co-operation policy.

A second group is formed by those countries that do not have a specific legal framework referring to DDC but rely on local and/or decentralisation regulations for carrying out their DDC activities (e.g. the principle of subsidiarity in Germany). This group includes Austria, Bulgaria, Germany, Estonia, Finland, Ireland, Lithuania, the Netherlands, Slovenia and the Slovak Republic. In most of these cases, DDC is a part of and embedded in the national development co-operation policy, where the DDC is a vehicle to implement the national strategy for development co-operation. Finland, Germany and the Netherlands have specific programmes to support DDC within national financial frameworks.[11]

- In **Germany**, international politics and policy is an exclusive responsibility of the states and the national government. However, a specific programme of the Federal Ministry for Economic Co-operation and Development (BMZ) and some state governments currently seeks to engage municipalities in DDC by offering instruments and projects to support country and regional partnerships with the global south (e.g. Partnerships with communities in the Middle East and Northern Africa).[12] The largest of such financial programmes incentivising DDC is channelled by *Servicestelle Kommunen in der Einen Welt* (SKEW), funded by BMZ, which aims at offering human and financial resources and advice to support municipal development co-operation.[13]
- In the **Netherlands**, neither the Constitution nor the Municipal law (2002) mention local government capacity to establish bilateral agreements in DDC,

according to the association of Dutch municipalities VNG, but sectoral practice may differ. For instance, the regional water authorities have room to set their own agenda on DDC when it relates to water management either through specific national level financial transfers, or through programmes that are earmarked by sector, or through their own resources within the NWB Fund.

Some countries have neither supporting DDC legal frameworks nor conducive decentralisation regulations as is the case of the Czech Republic, Denmark, Greece, Luxembourg and Slovakia. In fact, legal frameworks in these countries are considered by "the ability of subnational bodies to engage in development co-operation" (Copsey and Rowe, 2012; Bossuyt and Steenbergen 2013). In these countries, development co-operation is considered an exclusive competency of the central government and therefore a sole function of the central state.

Many countries have developed guidelines to better support and frame DDC activities. The OECD Survey to DAC members identified six countries with national level guidelines: Austria, Belgium, France, Germany, Italy and the Netherlands. Guidelines also exist at the regional level (Flanders and Wallonia, Belgium and the Basque Country, Spain), local level (Municipality of Zoersel, Belgium, and Bilbao, Spain) or for a specific sector (e.g. water in France or the Netherlands). In Zoersel, Belgium and Barcelona, Spain, the guidelines are strictly limited to the budget allocation. In Flanders, Belgium, the Flemish Association of Cities (VVSG) developed a document outlining the main principles for DDC design and implementation in partner countries.[14]

Several studies reveal that a legal framework might not suffice to incentivise, explain and measure levels of DDC (Bossuyt and Steenbergen, 2013; Copsey and Rowe, 2012). Indeed, some countries have been able to translate their legislative framework into a dedicated public policy and create a link to financial frameworks that are conducive to DDC. This is the case for Spain where some regions and municipalities have developed policies, operational plans, and strategies, making DDC a regional/local public policy. However, often, even in countries with favourable regulations and policies, the legal framework will only have an impact DDC practices if decentralised bodies are engaged. The political-administrative structure of a given state, its twinning tradition, institutional capacity, the demand from the civil society, and the role of LRGs associations in supporting and triggering emerging interest to engage in DDC, in addition to global politics are also important factors in understanding the uptake of DDC.

A decentralised political-administrative structure is more likely to be conducive to DDC. In fact, various studies have observed moderate to high levels of DDC among political-administrative decentralised states, while limited DDC activities are observed in centralised country systems (Bossuyt and Steenbergen, 2013; Copsey and Rowe, 2012). The decentralisation process involves the recognition and devolution of competencies towards subnational authorities, resulting in an increase of autonomy and authority. In most of the decentralised systems in Europe, subnational public authorities have the power to engage in international relations, including development co-operation (Bossuyt and Steenbergen, 2013; Copsey and Rowe, 2012; OECD, 2005). Often, decentralisation of competencies is accompanied by decentralised fiscal frameworks, as is the case of Germany, or they are at least accompanied by room for decentralised financial management such as in Italy. In France[15] - an example of a centralised country with extensive DDC activities – the funding that can be assigned to DDC activities is determined by the regional parliaments. In Spain, the regional parliaments define such

funding amounts for the regional governments, while municipal governments define their own.

The waves of territorial redefinitions generated by the 2008 financial crisis and resulting fiscal consolidation had an impact on DDC legal and institutional frameworks. Many central governments-initiated processes of responsibilities, resources and authority transfer from top to bottom levels with a search for lower costs, as well as empowerment of subnational governments, better service delivery, governance and citizens' trust. Such decentralisation in its different forms (de-concentration, devolution, asymmetric etc.), parallel and perpendicular to globalisation, has generally offered a window of opportunity for DDC expansion globally. The increasing weight of subnational authorities is not only relevant to bringing government closer to civil society but also to strengthening the power of local authorities in global negotiations and processes. Decentralised Development Co--operation has the potential to foster greater international co-operation and exchange between and engagement of local authorities, CSOs, NGOs, and citizens. However, in the absence of local and regional autonomy and effective collaboration across levels of government, territorial reforms may not always be conducive to greater international co--operation of cities and regions, especially at a time of scarce financial resources and tax revenues.

Localising Global Agendas: A Window of Opportunity for DDC

A strong role for Local and Regional Governments in global agendas

The 2030 Agenda for Sustainable Development (SDGs), UN Habitat III, Paris Climate Agreement, and Addis Ababa Action Agenda, all recognise the important role of local and regional governments to fulfil substantial implementation needs. These Global Agendas provide a window of opportunity to strengthen the role of cities and regions in localising Global Goals and to raise awareness on the importance of LRGs to support national governments in achieving those goals, both in OECD and in non-OECD countries.

The SDGs set the global development agenda for the next fifteen years, stimulating crucial actions for humanity and the planet. The 17 SDGs and related 169 aspirational global targets are action oriented, global in nature and universally applicable. The SDGs aim to reach environmental sustainability, social inclusion and economic development in both OECD member and non-member countries.

The 17 SDGs are very comprehensive in their scope and cover all policy domains that are critical for sustainable growth and development. They are also strongly interconnected (meaning that progress in one area generates positive spill over in other domains) and require both coherence in policy design and implementation, as well as multi-stakeholder engagement, to reach standards in a shared responsibility across multiple actors. The implementation of SDGs should therefore be considered in a systemic way and rely on a whole-of-society approach for citizens to fully reap expected benefits.

Cities and regions have a crucial role to play in attaining the SDGs. Most underlying policies and investments to advance SDGs are a shared responsibility across levels of government. Estimates suggest that without proper engagement and co-ordination with local and regional governments, countries will not reach 65% of the 169 underlying SDG targets. Subnational governments play a significant role in funding investments that support SDGs, e.g. infrastructure for basic services (drinking water, sanitation, solid

waste management, transports, housing). In 2015, they were responsible for 59.3% of total public investment throughout the OECD area.

Lessons from the 2010-15 *Millennium Development Goals* show that the use of national averages to measure progress towards goal achievement can misrepresent realities on the ground and mask increased regional disparities. The use of national aggregated data and averages to measure progress toward development goals masks regional disparities. The absence of subnational data in the measurement of MDG progress did not provide governments with the relevant granular information, data and incentives necessary to inform and guide targeted national policies to reach the poorest and most marginalised groups. A shift in methodology to assess progress towards global agreements should take into consideration how global targets affect subnational levels. Territorial indicators and disaggregated data are essential to improve government capacity (at all levels) to reach SDGs and to help avoid distorted analysis, priority setting and statistical development efforts in countries.

Although local and regional governments can play a proactive role in addressing the 2030 Agenda, in line with the subsidiarity and co-responsibility principles, localising the SDGs is not an easy task as it implies effective co-ordination and engagement across levels of government. Cities and regions did not have a formal place at the negotiating table during the design of SDGs. Their input was indirect through consultations within their national and global associations, networks and representatives. The intergovernmental nature of the negotiation process has therefore largely conveyed the perception that central governments are responsible for implementing the SDGs and other Global Agendas. Local and regional governments were consulted in less than half of the countries (37 out of 65) that reported on SDGs progress to the High Level Political Forum in 2016 and 2017.[16] Further engaging LRGs in the Voluntary National Reviews could be a means to promote multilevel dialogue and collaboration among cities, regions and national governments for the implementation of the SDGs.

There is a need to enhance the role of cities and regions to support localisation of the SDGs and reflect place-based contexts. It is critical to understand how the SDGs translate to their territorial specificities and realities, where cities and regions stand vis-à-vis their national average as well as other cities or regions, which tailored recommendations can help mainstream the SDGs into territorial planning, strategy setting and policy making.

A territorial or place-based approach to SDGs provides a conceptual and operational framework to address the multi-sectoral, multi-actor and multi-level nature of SDGs. The territorial approach puts emphasis on: i) a shift from a sectoral to a multisectoral approach in addressing the SDGs; ii) more emphasis on bottom-up approaches and their alignment with top-down priorities; iii) the elaboration of context-specific policies and interventions to capture the regional diversity of SDGs, as opposed to “one-size-fits-all” approaches; and iv) the recognition of the importance of a well-functioning multi-level governance system, in order to align national objectives and strategies with regional and local priorities and improve policy coherence and complementarities across SDGs. A territorial approach allows the diversity of different territories to be taken into account and leads to a better understanding of differences in development opportunities that are so often missed with one-dimensional or one-size-fits-all policies (OECD/FAO/UNCDF, 2016).

A territorial approach to SDGs implies actions on several fronts. First, it requires an assessment of the real conditions and existing inequalities to serve as a baseline to measure progress over time. This should include a range of actors – from local and regional authorities to grassroots communities – allowing for multi-dimensional efforts to

foster better data collection, localised monitoring tools, improved allocation of resources and greater accountability and outcomes. Second, building on existing inter-subnational platforms, there is a need to develop and gather comparable metrics. Harnessing the work of networks of local and subnational authorities, in collaboration with the national level; accompanying and supporting local and subnational specific plans and strategies, for tailored-cut action to respond the needs of each territory; promoting local and subnational actions for tackling SDGs to be scaled up and replicated where appropriate especially for lagging regions to catch up; and fostering local and subnational transparency and knowledge and information sharing with regards to sustainable development issues.

A window of opportunities for DDC from global agendas

The EU recognises the key role of local and regional governments for development co-operation and for the achievement of global commitments. The new European Consensus on Development adopted in May 2017 stresses the key relevance of LRGs for the implementation of the SDGs. This is confirmed also by the EC Communication "A sustainable European future: The EU response to the 2030 Agenda for Sustainable Development" which stresses in two paragraphs (17 and 24) the key role of LRGs to implement the SDGs.[17] This recognition follows the EU Communication[18] (May 2013) which endorsed local authorities as key development co-operation actors for the achievement of the objectives of the EU Agenda for Change.

Decentralised Development Co-operation can play a key role in the localisation of the SDGs, both in OECD countries and in partner countries. Addressing global priorities, in particular the SDGs, is becoming one of the main criteria in determining geographical priorities for DDC, as also emerged from the desk review and from the OECD Special Survey to DAC members and LRGs. The DDC principle of reciprocity perfectly captures the global nature of the 2030 Agenda and provides a key entry point for local and regional governments to support each other in addressing and implementing the SDGs. The territorial partnership DDC modality is well designed to address the complexity and interconnectedness of the SDGs and to promote policy coherence vertically, across levels of government, and horizontally.

Regions and cities in OECD countries can support and learn from their peers in partner countries through DDC to contribute to SDG attainment. They can provide good practices, capacity-building, knowledge-exchange, peer-to-peer learning activities and institutional strengthening for indicator development, monitoring systems, and examples of place-based implementation.

The broadening of sectors and service areas covered by DDC over the last decade aligns well with thematic global agendas. This reflects the influence of global challenges on DDC sectoral orientation as well as place-based priorities and needs. The Paris Climate Agreement, for example, is likely to trigger further emphasis on climate-related DDC, while the needed territorial approach to the SDGs will also provide a window of opportunity to mainstream the universal goals into their policy design and implementation, including local and regional planning and investment, both in OECD and non-OECD countries.

Box 1.2. How Global Agendas have (re)shaped or influenced DDC

SDGs: In Portugal, Netherlands, Germany and Flanders, Belgium, the SDGs have provided a useful framework to identify and evaluate existing DDC programmes against these goals and/or to elaborate new DDC programmes (e.g. iDEAL in the Netherlands). The 2030 Agenda is also setting policy targets and helping improve the institutional framework for development co-operation. In Flanders, Belgium and the Netherlands, there has been a shift towards an inclusive and multisector approach for which municipalities are increasingly getting involved or being incentivised to work internationally. Interestingly, Flemish local municipalities count with an SDG engagement charter "Global Goals, Local Focus".[19] In France, the stakeholder participation, in particular citizens and territorial actors, is a critical step for aligning the national strategy to the agenda. Two examples include: The "Terrinclus" project, which consolidated a network of local pilots on DDC best practices for advancing the implementation of the SDGs; "*Le Tour de France des ODD*" launched by Comité 21 to raise awareness on the importance of SDGs at the local level.

Paris Agreement: The COP21 outcomes have influenced most of the Survey respondent countries' DDC activities to some extent. In France, it lead to support for international conferences and events linking climate and DDC (e.g. Climate Chance), serving as platforms to share knowledge and build coalitions, as well as the financial support provided by the *Ministère de l'Europe et des Affaires étrangères* (MEAE) to 36 climate change-related DDC projects. In Portugal, the Paris Agreement served to facilitate multi-stakeholder partnerships, emphasising the importance of unlocking spaces of exchange of expertise and best practices, for example, through dedicated programmes on Capacity Building for Developing Low Carbon Resilient Strategies in Cape Verde, Mozambique and S. Tomé e Príncipe.

New Urban Agenda: The outcomes of Habitat III and the New Urban Agenda have had less influence on (re)shaping DDC activities to date. France is one of the exceptions, where many metropoles have put into place DDC projects that are in line with this agenda (related to public transport, participative management, etc.) under the framework of an urban development campaign entitled *Développement Durable Urbain*. In Portugal and Sweden, the outcomes have been a source of inspiration for governing in partnership and for fostering best practices exchange.

UN Summit for Refugees and Migration: Portugal illustrated the shaping power of this agenda through its project "Global Platform for Syrian Students". In France, migration has also been shaping the DDC orientation of local authorities: for instance, the Crisis and Support Centre from the *Ministère de l'Europe et des Affaires Etrangères* (MEAE) is currently developing pilot migration-related projects and linking them with DDC actors. Finally, Italy also signalled migration as an emerging and crosscutting front of action for DDC. The key role of local and regional governments to support the integration of migrants and refugees was also highlighted by the Mechelen Declaration in November 2017.

The EU Consensus on Development: This is a leading paradigm for many respondents whether it helps to trigger policy dialogues (the Netherlands) or it serves as a means to inspire subnational governments to work internationally (Sweden).

Key influence of the Global Agenda on the definition of DDC priorities

The keywords associated with DDC illustrate the core motivations, interests and concerns of the different actors. DAC member survey respondents mainly associated DDC with "governance", "ownership", "partnerships", "SDGs" and "effectiveness", while local and regional governments associated it with "local", "capacity", "twinning", "civil society" and "governance". The strong link made to "governance" supports the theory that a multilevel governance framework could strengthen the capacity of actors to co-ordinate and achieve goals at the territorial level.

Figure 1.3. Keywords associated with DDC

According to DAC countries (left) and LRGs (right)

Note: The word cloud was created based on the key terms that were ranked on a scale of 1 to 5 out of a common list of 43 words suggested in the OECD 2017 Special Surveys to DAC members and LRGs.
Source: OECD 2017 Survey to DAC members and LRGs.

In terms of geographical priorities, addressing global priorities such as SDGs, or the Paris Agreement, has become increasingly important to define the geographical focus of DDC activities. This criterion has gained more and more importance for DAC countries since 2005, which highlights the influence of global agendas on DDC actions over the past decade, in particular the SDGs. Conversely, LRGs are less inclined to consider global agendas when defining areas or countries of intervention. Levels of poverty and extreme poverty in the countries of intervention have traditionally been important criteria to define DDC interventions. Other important criteria include political and historical parameters, economic and commercial criteria, and culture. Proximity does not seem to have a strong influence on the definition of geographical priorities at the national or subnational level. Local and regional governments still mainly define their geographical priorities by political and historical criteria and the need to address extreme poverty. Citizens' consultation is also a key criterion, stressing the increasing importance of engaging citizens and civil society in defining DDC actions. Addressing global agendas is emerging as a priority for local and regional governments; however, there is a need to further raising their awareness in this area, in particular SDGs. The role of diaspora is more and more important for DDC as diaspora living in a territory can be an important factor to start a partnership between two LRGs.

The last decade has seen an evolution in terms of the sectoral priorities for DDC-related activities. Health and education together with social inclusion and culture are the main sectoral priorities for DDC interventions, and local governance, democracy and decentralisation, the environment, climate change and water, as well as economic development, are gaining traction, in particular for local and regional governments. Humanitarian assistance and migration, transport and mobility, and land use and urban development are also increasingly important at the local and regional level.

Aid effectiveness: How does DDC contribute?

Key principles

Decentralised Development Co-operation actors have recently taken responsibility for the implementation of the principles of aid effectiveness. Although the 2005 Paris Declaration on Aid Effectiveness[20] did not identify an explicit role for local and regional actors, the applicability of the principles for effective development co-operation to the subnational context has gained traction. In 2008, the Accra Agenda for Action (AAA) first recognised the potential of local and regional actors to contribute to aid effectiveness, emphasising their unique role to strengthen capacity development for stronger institutions, systems, and local expertise so that developing countries may fully own and manage their development processes. Furthermore, donors have committed to provide support to "increase the capacity of all development actors – parliaments, central and local governments, CSOs, research institutes, media and the private sector – to take an active role in dialogue on development policy and on the role of aid in contributing to countries' development objectives".[21] In 2011, the Busan Partnership for Effective Development Co-operation formally recognised local and regional actors and extended to them the responsibility to implement the principles for effective development co-operation.[22] The Busan Partnership highlights four principles for all actors to implement:

- **Ownership of development priorities by developing countries**. Partnerships for development can only succeed if led by developing countries and are implementing approaches that are tailored to country-specific situations and needs.
- **Focus on results**. Our investments and efforts must have a lasting impact on eradicating poverty and reducing inequality, on sustainable development, and on enhancing developing countries' capacities, aligned with the priorities and policies set out by developing countries themselves.
- **Inclusive development partnerships**. Openness, trust, and mutual respect and learning lie at the core of effective partnerships in support of development goals, recognising the different and complementary roles of all actors.
- **Transparency and accountability to each other**. Mutual accountability and accountability to the intended beneficiaries of our co-operation, as well as to our respective citizens, organisations, constituents and shareholders, is critical to delivering results. Transparent practices form the basis for enhanced accountability.

Tools and Frameworks for evaluating DDC effectiveness

International frameworks for comprehensively assessing DDC effectiveness as an aid modality can be better utilised. Existing mechanisms for measuring and monitoring aid effectiveness do not adequately apply the principles to DDC actors, yet in light of the

Busan partnership, it is crucial to understand how to apply the aid effectiveness framework to DDC. The Global Partnership for Effective Development Co-operation (GPEDC), co-led by UNDP and the OECD, carries out a biannual monitoring exercise to assess the implementation of internationally-agreed effectiveness principles. The Partnership allows local and regional actors from both donor and partner countries in the monitoring process, recently admitting UCLG/FOGAR representation to the GPEDC steering committee. In 2016, 81 low- and middle-income countries led the reporting exercise, with the participation of 125 countries, 74 development organisations and several hundred civil society organisations, private sector representatives, trade unions, foundations, parliamentarians and local governments.[23] National governments of aid recipient countries were requested to consult with all actors reporting on funds received from bilateral, multilateral or other types of donors, including local or regional actors providing development co-operation. However, DDC actors were not included in reporting in the 2016 round of monitoring.

Existing tools and frameworks available to assess the effectiveness of DDC actors and activities could be improved to better reflect the 2030 Agenda. The OECD DAC CRS data and OECD DAC Peer Reviews provide insight on DDC fragmentation and predictability, but they are not sufficient to assess the effectiveness of DDC. Aid fragmentation gained prominence under the MDGs as an area of concern particularly in Least Developed Countries (LDCs) in the health and education sectors. The 2030 Agenda promotes the involvement of a wider array of actors (e.g. local and regional) in a broader range of economic and environmental development-related areas (i.e. beyond the MDG focus on health and education, further addressing consumption and inequality for example). The global consensus to broaden the scope of development activities will necessarily increase the number of small-scale projects across sectors and therefore necessitate further reflection on how to evaluate the effectiveness in the SDG-era.[24] Better data and further analysis are required to measure and track DDC effectiveness and to evaluate its modalities against development co-operation principles.

A growing trend among DAC members to engage local and regional actors in development co-operation provides opportunity to grow their capacity to finance international development co-operation activities. The 2017 OECD Survey on DDC indicates that the number of national, regional and local actors involved in DDC activities across DAC members has more than doubled over the 2005 to 2015 period from 336 to 695 actors.[25] There is a growing donor proliferation at the central level both with regard to the number of partner countries in which each donor is active, as well as the average number of sectors in which donors engage within their partner countries.[26] Decentralised Development Co-operation actors seem to follow a similar trend; however, in the case of local and regional governments, proliferation does not add to the administrative burden of partner countries' central governments, as local governments are usually only permitted to provide aid to their counterparts in developing countries (OECD, 2005). The growing number of local and regional actors involved in development co-operation activities could be linked to the increasingly recognised capacity of local and regional actors to finance and implement development co-operation activities.

The volatility of DDC financing from year to year and across donors presents possible implications for aid predictability. Large shifts in financing over a short period of time can indicate volatility in financing and risk diminishing the level of aid predictability. Portugal's financing decreased at a rate of 95% from 2005 to 2015, while DDC financing from Austria increased by a rate of 360%[27] mainly because of refugee costs. However, not all DDC actors demonstrate such large fluctuations; DDC financing from Belgium

increased by 16% over the same period, and in some instances, DDC actors have made significant progress to ensure long-term predictability of financing. The Government of Flanders practices innovative long-term DDC budgeting, which ensures a five-year commitment cycle allowing greater predictability of aid for recipient countries. Flanders' DDC activities are reported as ODA and are regularly evaluated. The latest internal review of Flanders' DDC activities revealed that support provided in Malawi, Mozambique and South Africa met the Busan Principles for Effective Development Co-operation.[28]

Table 1.7. Trends in DDC ODA growth rates, 2005, 2010 and 2015

USD million, net disbursements, 2015 prices

	2005	2010	2015	Rate of growth, 2005-15 (%)
Austria	36.8	22.7	169.5	+360
Belgium	74.0	97.6	85.8	+16
Canada	..	90.8	253.9	+180
Czech Republic	..	..	0.3	..
France	..	69.6	63.6	-9
Germany	1012.9	933.4	975.5	-4
Greece	0.8	..	0.0	-100
Italy	19.9	26.4	27.7	+39
Japan	6.2	3.7	3.3	-46
Portugal	4.7	0.6	0.3	-95
Spain	473.6	570.1	209.5	-56
Sweden	..	10.6	14.2	+34
Switzerland	43.4	48.9	62.6	+44
United Kingdom	..	..	18.5	..
Total	**1672.5**	**1874.4**	**1884.5**	**+13**

Source: OECD DAC CRS.

The size of DDC transactions relative to central government providers reflects different levels of government and decentralised structures. Decentralised Development Co-operation transactions are six times smaller on average than those of central aid agencies. Table 1.8 shows the average values per transaction for DDC and non-DDC aid activities, country by country, over the period 2010-15. Although on average a DDC activity transaction size is smaller than that of a centralised project, there are several cases where DDC activities are equivalent in size to their centralised counterparts. For example, Portuguese DDC aid activities are 57 times smaller than non-DDC aid activities, while there is no significant size difference between a DDC and a non-DDC project in the Czech Republic and Switzerland (Table 1.8, Column C). Smaller transaction size ratios across members reflect the administrative capacity and/or size of DDC actors in donor countries relative to the level of decentralisation of respective development co-operation frameworks. Given the distinct differences between kinds of activities carried out by subnational actors in comparison to their central government counterparts, it is challenging to conclude whether the low transaction size of DDC projects relates to their relative size and scale or whether their size presents a burden on recipient government administrations.

OECD DAC CSR data does not provide enough granularity to compare transactions between local and regional actors. While transaction costs typically increase with the number and diversity of donor institutions, contributions and partners involved in the

activity, ODA data does not allow for analysis of transaction cost incurred within agencies, i.e. between levels of government. Only 4 out of 30 DAC members report on DDC disaggregated at regional and municipal levels.

Table 1.8. Average size of DDC and non-DDC transactions, 2010-15

USD thousands net disbursements, 2015 prices

	DDC: TUSD by transaction (a)	Non-DDC: TUSD by transaction (b)	Non-DDC size by transaction/DDC size by transaction (c)
Austria	32	202	6
Belgium	130	437	3
Canada	62	1894	31
Czech Republic	48	71	1
France	43	584	14
Germany	67	661	10
Italy	31	182	6
Japan	75	1469	20
Portugal	10	561	57
Spain	84	238	3
Switzerland	595	417	1
United Kingdom	232	1429	6
Average	**117**	**679**	**6**

Note: All in-donor costs and scholarships were excluded from the analysis. For Canada, a more refined analysis was carried out to exclude transactions with the same long description to account for the multiple-purpose code reporting methodology. For Japan, Technical Co-operation aggregates activities were excluded.

There is need to strengthen the transparency of DDC ODA data reported to the OECD DAC CRS database. The growing number of DDC actors increases the administrative burden for the central government to report granular data across a multiplicity of actors. Fewer than half of DAC members, or 13 out of 30, currently report on DDC financing and activities. However, improved CRS reporting, including on policy markers for environmental and gender equality and women's empowerment-related aid, as well as on peer-to-peer learning, and technical assistance, can help to better maximise the development impact of DDC actors across sectors and development contexts.

OECD-DAC Peer Reviews provide information on the financing trends, co-ordination efforts and overall contribution to assessing the effectiveness of certain DDC actors. Every five years, DAC members undergo an OECD DAC Peer Review, which provides an important mechanism to understand how to improve development strategies and structures to increase the effectiveness of investment and to identify and share good practice in development policy and strategy.

Spain, Germany, France, Portugal and Belgium carried out OECD DAC Peer Reviews from 2013-16, including insights on development co-operation with DDC actors. These emphasise the opportunities to scale-up DDC partnerships and to better maximise the development effectiveness of collaboration.

- The 2016 Peer Review of Spain provides an overview of the trends in ODA volumes provided by the autonomous governments and notes successful co-ordination efforts between levels of government (e.g. AECID invested EUR 1 million in a joint fund to incentivise participation by DDC actors in Spanish aid co-ordination efforts). Spain carries out regular evaluations of

autonomous government DDC activities, in one instance noting that DDC actors do not implement Spain's Country Partnership Frameworks, an important tool to review and guide country programmes and gauge their effectiveness.

- The 2016 Peer Review of Portugal notes that Camões I.P. has helped municipalities to establish a network to share their experiences and enhance co-ordination. Important progress has been made since the 2010 peer review to successfully agree on strategic partnerships with municipalities, aligning development co-operation priorities and activities. Portugal's 2008 Peer Review further recognised inter-municipal co-operation with Cape Verde as an important component of Portugal's development efforts, building on the links created through the Cape Verdean community living in Portugal. Many of the 17 Cape Verdean municipalities have direct relationships with Portuguese cities to support projects on education, culture, local institution building, conservation of heritage sites and social welfare. Generally, Cape Verdean municipalities appreciate this type of co-operation because it can provide a quick means of financing local projects such as building libraries, sports centres or schools. When there is an urgent need for financing, municipalities contact their partner cities in Portugal directly.
- The 2015 Peer Review of Belgium focuses on the federated entities of Flanders, Wallonia-Brussels International and Brussels-Capital, which have their own development co-operation legislation and policy frameworks and competence in areas likely to affect development in partner countries such as trade. Three main challenges were highlighted: i) The review called into question the development effectiveness of funding granted by regional export assistance agencies (SOFINEX and Flanders Investment and Trade). Since the federated governments have competence for trade, the review noted that complementarity should be enhanced to ensure the leveraging effect, and, especially, to increase financing for development. ii) Furthermore, a lack of clarity regarding the competence for development co-operation between the federal and federated levels caused some challenges to co-ordination. Monthly meetings foster information exchange, the review recommends further work to establish a common vision for development and improve coherence and complementarity among interventions. iii) A particular challenge was raised regarding the public financial management of the "Prosaude" basket fund for the health sector managed by the Government of Mozambique. Since 2006, Flemish development co-operation provided annual financing of EUR 2 million to the project. The donors and the Ministry of Health launched an action plan aimed to improve management of finances. In this context, in 2013 the Flemish government funded a Belgian Development Agency technical specialist to support the working group by administering the basket fund, which helped improve financial management at the Ministry of Health.[29]
- While the 2015 Peer Review of Germany does not include coverage of DDC financing by German Federal States or cities, it does recommend BMZ strengthen whole-of-government approaches to include federal states and local governments more systematically in co-ordination efforts.
- The 2013 Peer Review of France recognises the important growing role of DDC actors, citing partnerships between the Ministry of Foreign Affairs, *Agence Française de Developpement* (AFD) and some 250 French local authorities. It highlights the creation of the French National Commission for Decentralised Co-operation (CNCD), responsible for maintaining the Atlas of French Decentralised Co-operation[30] and provides an electronic platform for local

and regional authorities to report ODA figures. The review also highlights the long-term nature of French decentralised co-operation, which provides transfer of skills and promotion of "co-development" strategies. Several challenges of French DDC proliferation were also raised, such as in cases where DDC activities could better co-ordinate in order to complement other co-operation programmes and to target activities in sectoral terms.

Existing literature further emphasises the crucial opportunities for maximising development effectiveness of the DDC aid modality (Table 1.9). Although the number of DDC actors has grown and their transactions are small, the quality and effectiveness of their modalities cannot be demonstrated through traditional measures of aid fragmentation. It would be essential to evaluate projects based on the level of requisite financing, i.e. effective projects carried out city-to-city, region-to-region or state-to-state. Inter-municipal co-operation, for example, may even benefit from lower transaction costs than alternatives because co-operating governments share similar objectives (Brown, 2008; Hefetz, Warner and Vigoda-Gadot, 2014). Moreover, Decentralised Development Co-operation activities target a relatively limited number of mainly key social sectors with recognised ability to transfer know-how and engage in co-development partnerships. Local government representatives value the sustainability of partnerships such as twinning arrangements that have lasted for 10-15 years or more. As such, DDC can provide cost-effective and locally-owned solutions based on longstanding and specialised expertise.

Table 1.9 offers an overview of the core opportunities and challenges of DDC approaches as an effective aid modality.

Table 1.9. Opportunities and Challenges of DDC

Opportunities	Challenges
• Technical expertise on local and regional service delivery • Peer-to-peer exchange of technology, with a focus on human and institutional capacity building • Medium and long-term planning and budgeting • Cost-effective sustainable processes through existing structures such as longstanding municipal twinning or "city diplomacy" partnerships • Local ownership of global agenda in North and South "co-development"	• Administrative burden for the central government to report on a growing number of local and regional actors • Co-ordination with other levels and entities within the development co-operation framework • Proliferation of DDC actors and small project sizes • Predictability of financing from year to year as well as country to country • Dissimilarity in local and regional development priorities/relevance of solutions in the North and the South

Notes

[1] Respondents completed the survey based on their own personal knowledge, views and availability of data; therefore, responses are not meant to provide a comprehensive qualitative assessment of DDC evolutions in those countries.

[2] Belgium, France, Germany, Italy, the Netherlands, Spain and Sweden.

[3] www.brulocalis.brussels/fr/Matieres/Cooperation-internationale/programme-de-cooperation-internationale-communale/.

[4] www.vvsg.be/Internationaal/Noord-Zuid/Documents/FromNorth-SouthToGlobal_0905.pdf.

[5] For France, the principle of legitimacy is crucial to DDC implementation. DDC partnerships must include two (or more) LRGs, represented by democratically elected representatives.

[6] Delrio Reforms, 2014 or formally called Law 56 passed in April.

[7] In Flanders, this also refers to the partnership between a regional authority and a national authority.

[8] Fondo Extremeño, Fondo Galego, Euskal Fondoa, Fons Català, Fons Valencià, Fons Mallorquí, Fons Pitïús, Fons Menorquí, Fondo Canario y Fondo Andaluz (FAMSI).

[9] In Italy, Law n. 125 of 11 August 2014 explicitly mentions Regions, Provinces, local authorities, Universities and research centres among the actors of the Italian Development Co-operation system art. 25 states that the Italian Ministry of Foreign Affairs and the Agency will promote partnerships and collaboration with Regions, Provinces and Municipalities in development co-operation and finance development co-operation initiatives implemented by those actors. Italian Regulation no. 113 of 22 July 2015, Statute of the Italian Agency for Development Co-operation: art 15 states that the Agency can provide financial contributions to territorial authorities on the basis of annual calls for proposal by addressing priorities (country/sectors) within the available financial budget.

[10] The new law on Belgian Development Co-operation that entered into force on 30 June 2016, entails changes to the non-governmental co-operation enabling project implementation by members of civil society, including NGOs and trade unions (Civil Society Organisations), and by para-public institutions such as universities (Institutional Actors) (The Belgian Development co-operation, 2016).

[11] E.g. "North-South Local Government Cooperation Programme" in Finland; '42 frequently asked questions on International Decentralised Cooperation – Featuring a special section on German-Cameroonian municipal partnerships' GIZ and UCCC; Sida's Program Twinning Cooperation between Municipalities in Sweden and in Countries of the South in Sweden.

[12] https://skew.engagement-global.de/country-and-regional-partnerships.html.

[13] The ongoing projects that are being financed range from one on "Municipal Climate Partnership" to "Municipal Partnerships for Sustainability" focused on SDG implementation.

[14] www.vvsg.be/Internationaal/Noord-Zuid/Documents/FromNorth-SouthToGlobal_0905.pdf.

[15] In France, it refers to the contribution sourced through local taxes and not the total of aid allocated DDC by a given sub-national authority.

[16] UCLG (2017) Local and Regional Governments' report to the 2017 HLPF. Global Task Force of Local and Regional Government.

[17] http://data.consilium.europa.eu/doc/document/ST-10370-2017-INIT/en/pdf.

[18] Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes (2013).

[19] www.vvsg.be/Internationaal/Noord-Zuid/Documents/20160302_SDG%20verklaring%20Versie3_EN.pdf.

[20] www.oecd.org/development/effectiveness/45827300.pdf.

[21] www.oecd.org/dac/effectiveness/34428351.pdf.

[22] www.oecd.org/development/effectiveness/49650173.pdf.

[23] www.oecd.org/development/making-development-co-operation-more-effective-9789264266261-en.htm.

[24] www.realinstitutoelcano.org/wps/portal/rielcano_es/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/zonas_es/cooperacion+y+desarrollo/dt2-2016-olivie-perez-elecciones-pendientes-cooperacion-espanola.

[25] 2017 OECD Survey to DAC members.

[26] DCD/DAC(2014)53/FINAL.

[27] The Austrian increase was due in part to in-donor refugee costs.

[28] OECD Special Survey 2017.

[29] www.flanders.be/en.

[30] https://pastel.diplomatie.gouv.fr/cncdext/dyn/public/login.html;jsessionid=33B306107DC7C7ACC6296E8B52D3D5EA.jvm01996-1.

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2. Key trends in Decentralised Development Co-operation financial flows and governance

This chapter provides an overview of Decentralised Development Co-operation (DDC) activities carried out by subnational actors in OECD-DAC countries since 2005, including qualitative information on DDC strategic planning, and its contribution to aid effectiveness. The basis for the assessment is data reported to the OECD DAC Creditor Reporting System (CRS) as Official Development Assistance (ODA), as well as literature reviews and expert consultations. The scope of DDC assessed therefore refers mainly to aid provided by the public sector other than the central government. When possible, data from the 2017 OECD survey on DDC activities are utilised to improve the accuracy of volumes. The second. The chapter also focuses on existing multi-level governance challenges, co-ordination mechanisms, and evaluation frameworks, and provides policy recommendations for the effective implementation of DDC activities.

Overview of Decentralised Development Co-operation reported as Official Development Assistance (2005-15)

Methodology

The OECD DAC is a longstanding institution providing verified data and statistics on development finance. Since 1961, the OECD Development Assistance Committee (DAC) has provided a unique international forum for many of the largest funders of aid. Of the 30 DAC Members,[1] 21 are also members of the European Union, including the EU itself. This provides a unique role for the EU within the OECD system. IMF, the World Bank, and UNDP, amongst others, participate as observers. The statistics produced by the DAC aim to meet the needs of policy makers in the field of development co-operation and to provide a means of assessing the comparative performance of providers of aid with the overarching objective to support better public policies for better lives.

The concept of ODA[2] was defined over 50 years ago and continues to evolve over time to remain fit for purpose to support sustainable development. ODA refers to financial support – either grants or "concessional" loans – from OECD-DAC member countries to countries on the DAC list of ODA-eligible countries.[3] These funds support development in areas such as health, sanitation, education, infrastructure, and help to strengthen tax systems and administrative capacity, amongst others. Over the years, the DAC has refined ODA reporting rules to reflect the use of new instruments (e.g. guarantees for development), ensure the rules of ODA remain fit-for-purpose in new development and economic contexts (e.g. new rules on concessionality according to developing country income category), and to ensure the greatest possible consistency amongst donors (e.g. harmonisation of donor reporting on refugee costs).[4]

Decentralised Development Co-operation reported as ODA is defined as "*aid provided by the public sector other than the central government*" and is considered the most comprehensive measure of DDC despite limitations in data coverage. Aid extended by Local and Regional Government (OECD, 2005) carried out analysis on the DDC of 12 DAC members, although only 9 of these countries (Australia, Austria, Belgium, Germany, Greece, Italy, Japan, Spain and Switzerland) collected CRS data at the level of individual activities.[5] Since then, project-level descriptions reported under the agency codes have become more prevalent, allowing for a more comprehensive understanding of the characteristics of international development co-operation provided by local and regional actors. As of 2015, 13 DAC members report on activities at the subnational level, using the agency codes listed below in. DAC CRS agency codes provide donors with a means of "tagging" project-level data according to institutions at the level of municipalities, provinces, federal states, regions or other public-sector actors other than the central government. DAC members consider that ODA reporting on DDC is comprehensive and that all local governments actively involved in financing development co-operation report on these flows (OECD Survey 2017).

Table 2.1. 2015 CRS codes utilised by DAC members to report DDC

DAC member	Agency name	DDC agency code
Austria	Provincial governments, local communities	6
Belgium	Provinces/municipalities	60
Belgium	Flanders Official Regional Ministries	70
Belgium	Walloon Official Regional Ministries	80
Belgium	Brussels Official Regional Ministries	91
Belgium	German-speaking Official Regional Ministries	94
Canada	Provincial Governments and municipalities	9
Czech Republic	Regional Governments and Municipalities	14
France	Coop Decentralised	8
Germany	Federal States and Local Governments	12
Germany	Federal Institutions	14
Germany	Federal State of Schleswig-Holstein	80
Germany	City State of Hamburg	81
Germany	Federal State of Lower-Saxony	82
Germany	City State of Bremen	83
Germany	Federal State of North Rhine-Westphalia	84
Germany	Federal State of Hesse	85
Germany	Federal State of Rhineland-Palatinate	86
Germany	Federal State of Baden-Wurttemberg	87
Germany	Federal State of Bavaria	88
Germany	Federal State of Saarland	89
Germany	City State of Berlin	90
Germany	Federal State of Brandenburg	91
Germany	Federal State of Mecklenburg-West Pomerania	92
Germany	Federal State of Saxony-Anhalt	93
Germany	Federal State of Saxony	94
Germany	Federal State of Thuringia	95
Greece	Municipalities	15
Italy	Local administration	8
Japan	Prefectures	14
Japan	Ordinance-designed Cities	15
Portugal	Municipalities	3
Spain	Municipalities	16
Spain	*Comunidad Autónoma de Andalucía*	17
Spain	*Comunidad Autónoma de Aragón*	18
Spain	*Comunidad Autónoma del Principado de Asturias*	19
Spain	*Comunidad Autónoma de las Illes Balears*	20
Spain	*Comunidad Autónoma de Canarias*	21
Spain	*Comunidad Autónoma de Cantabria*	22
Spain	*Comunidad de Castilla y León*	23
Spain	*Comunidad Autónoma de Castilla-La Mancha*	24
Spain	*Comunidad Autónoma de Cataluña*	25
Spain	*Comunidad Valenciana*	26
Spain	*Comunidad Autónoma de Extremadura*	27
Spain	*Comunidad Autónoma de Galicia*	28
Spain	*Comunidad de Madrid*	29
Spain	*Comunidad Autónoma de la Región de Murcia*	30
Spain	*Comunidad Foral de Navarra*	31
Spain	*Comunidad Autónoma del País Vasco o de Euskadi*	32
Spain	*Comunidad Autónoma de La Rioja*	33
Spain	*Ciudad de Ceuta*	
Spain	*Ciudad de Melilla*	34
Switzerland	Municipalities	11
United Kingdom	Scottish Government	21
United Kingdom	Welsh Assembly Government	22

Coverage of DDC data in the CRS database

The number of DAC members reporting on DDC continues to increase, yet major data gaps persist. The number of regular reporters of DDC has increased from 9 countries in 2005 (Austria, Belgium, Germany, Greece, Italy, Japan, Portugal, Spain and Switzerland), to 11 countries in 2010 (Canada and France) to finally 13 out of 30 DAC members in 2015 (the Czech Republic and the United Kingdom), 9 of which are members of the European Union (Table 2.2). Despite this increase, a number of members that carry out qualifying DDC activities (e.g. the Dutch Association of Municipalities and the Association of Dutch Water Authorities) do not report on financing to the CRS, and the overall dataset includes significant time series gaps.[6] In addition, reporting practices by DAC members vary. Each DAC member determines the agency codes to report, reflecting the magnitude and political significance of local and regional governments in development co-operation in member countries, the availability of resources in statistical units to collect data from subnational actors, as well as national reporting preferences to promote subnational actors as providers of international development co-operation.

Table 2.2. CRS DDC Data collection coverage, 2005-15

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Austria											
Belgium											
Canada	x	x	x								
Czech Republic	x	x	x	x	x	x					
France	x	x	x	x	x						
Germany											
Greece											
Italy											
Japan											
Portugal											
Spain											
Switzerland											
United Kingdom	x	x	x	x	x	x	x				

Notes:
x - No reporting on DDC.
Light grey boxes - DDC reported to the CRS.
Dark grey boxes - Indicate revisions reported through the special 2017 survey on DDC.

The lack of a universally agreed DDC definition (see Chapter 1) presents challenges for ODA data collection. There is room to improve CRS reporting on aid extended by local and regional governments other than the central government in DAC countries. The term DDC is often used to describe development activities beyond projects monetised as grants or loans and counted as ODA, including twinning, peer-to-peer learning, capacity building for local governance as well as projects implemented by NGOs and CSOs. While CRS reporting captures most forms of DDC, over the 2005-15 period coverage of some kinds of DDC is lacking due to ambiguity regarding the definition, particularly twinning programmes.[7] [8]

Current ODA reporting on DDC does not allow for comparison between local and regional level financing, yet some donors are making efforts to improve reporting to the CRS database.[9] Despite the introduction of DDC agency codes, very few DAC members

provide separate codes for local and regional actors. Only Spain, Germany and Belgium have separate identifiers for local and regional levels. Efforts are underway in Spain to improve reporting by expanding the sub-national agency codes, thus enabling reporting of data from the autonomous communities and autonomous cities of Ceuta and Melilla.

There are significant administrative challenges associated with DDC reporting due to the multiplicity of subnational actors involved in DDC activities. In the 2017 OECD Survey to DAC members, countries noted that the multiplicity of subnational actors is a major obstacle to data collection at central government level. The OECD area has become more decentralised in the past two decades with almost 138 000 subnational entities in 2015-16.[10] In Spain, the number of subnational actors participating in DDC has increased from 336 to 695 actors from 2010-15.[11] Recent studies validate this trend; the OECD area has become more decentralised in the past two decades with almost 138 000 subnational entities in 2015-16. A dedicated and complementary survey was also extended to the national associations of local and regional authorities in DAC member countries specifically targeting the multitude of subnational perspectives and experiences in DDC.

Coverage of DDC data in the 2017 OECD Surveys

This report summarises the findings from the OECD 2017 Survey to DAC members and LRGs. The 2017 Survey targeted 16 additional DAC members which do not currently report under DAC CRS subnational agency codes as well as 2 non-DAC EU countries.[12] Of these countries, 12 responded to the survey, which further demonstrates the difficulty of expanding data coverage. The table below outlines data provided by 7 central government respondents and 12 regional and local actors on behalf of DAC governments to the 2017 dedicated-survey. Although the survey response rate was low, 38% (12 out of the 32 countries targeted), the largest providers of DDC participated in the survey.

The 2017 Survey to DAC members targeted additional information on recent evolutions in DDC from the perspective of central governments. However, a number of DAC members have deferred responses to the level of regions, cities or associations which presents additional challenges for the harmonisation and aggregation of the qualitative information. One finding from the 2017 survey is that several regional counterparts are in favour of efforts to standardise the collection of data on DDC activities across levels of government, and in synergy with the expected reporting on the achievement of the sustainable development goals.

The 2017 special survey has also provided an opportunity for countries to cross-check the data reported to the CRS database and to foster a dialogue with their subnational counterparts. For example, in response to the survey request, Italy provided additional DDC projects carried out by universities from 2012 to 2015. Switzerland made corrections to data reported in 2015. Finally, Portugal provided DDC figures from 2005 to 2010 and revised data for 2011 to 2015 where previously these were unavailable. The Survey also requested qualitative information on DAC members' legal frameworks for DDC, challenges multi-level governance challenges and best practices to shed light on emerging trends, paradigms, and practices for local and regional authorities' contribution to development co-operation, in addition to analysis of DDC flows.

Characteristics of financial flows (2005-15)

This section provides an overview of the trends in local and regional government aid since 2005. For the purposes of this report, the volumes of aid extended by subnational

governments in countries that choose to report on these as ODA are herein considered as the most detailed and comprehensive available proxy to quantify global volumes of DDC.

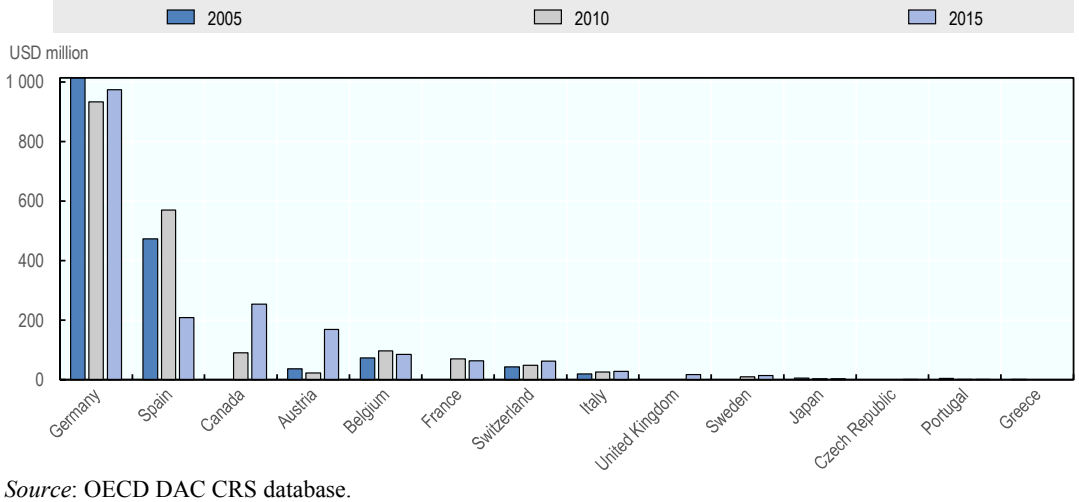
Table 2.3. Participants in the 2017 Special Survey on Decentralised Development Co-operation

Survey participants	Central government response	Subnational responses
Austria		Vienna, Tyrol, Lower Austria, Styria
Belgium		Flanders and Wallonia
Greece	Yes	
Italy	Yes	
Germany		German Association of LRGs
Spain		*Comunidad Autónoma de Euskadi*, , *Comunidad Autónoma de Andalucía*, *Comunidad Autónoma de Aragón*, *Comunidad Autónoma de Cataluña*, *Comunidad Autónoma de Extremadura*, *Comunidad Autónoma de las Illes Balears*, *Comunidad Valenciana*, *Comunidad Foral de Navarra*, *Comunidad de Madrid*
Portugal	Yes	
Switzerland	Yes	
Netherlands		Association of Municipalities
		Association of Dutch Water Authorities
Hungary	Yes	
France	Yes	
Sweden	Yes	

Since 2005, total DDC volumes have grown in absolute terms, with Germany and Spain ranking highest. Although some providers scaled back DDC activities following the global crisis, and others increased ODA spending via subnational entities (Figure 2.1), the total DDC volume over the past 10 years, continued to increase. It grew 1% per year over the period 2005-15, from USD 1.7 billion in 2005 to USD 1.9 billion in 2015 (constant prices).[13]

Figure 2.1. Trends in DDC ODA, 2005, 2010 and 2015

Net disbursements, 2015 prices



Source: OECD DAC CRS database.

Decentralised Development Co-operation ODA volumes vary greatly from country to country and from year to year.

Figure 2.3 demonstrates the heterogeneity of DDC spending across countries from 2005-15. Some countries saw an increase in DDC ODA volumes, including Austria (+360%), Switzerland (+44%), Italy (+39%) and Belgium (+16%), while others saw a decrease in volume: Greece (-100%), Portugal (-95%), Spain (-56%), Japan (-46%) and Germany (-4%). The impact of the 2008 financial crisis is particularly visible in the case of Portugal and Spain, while France and Germany appear relatively unaffected.

Figure 2.2. Rate of DDC growth, increases

Index 100 in 2005

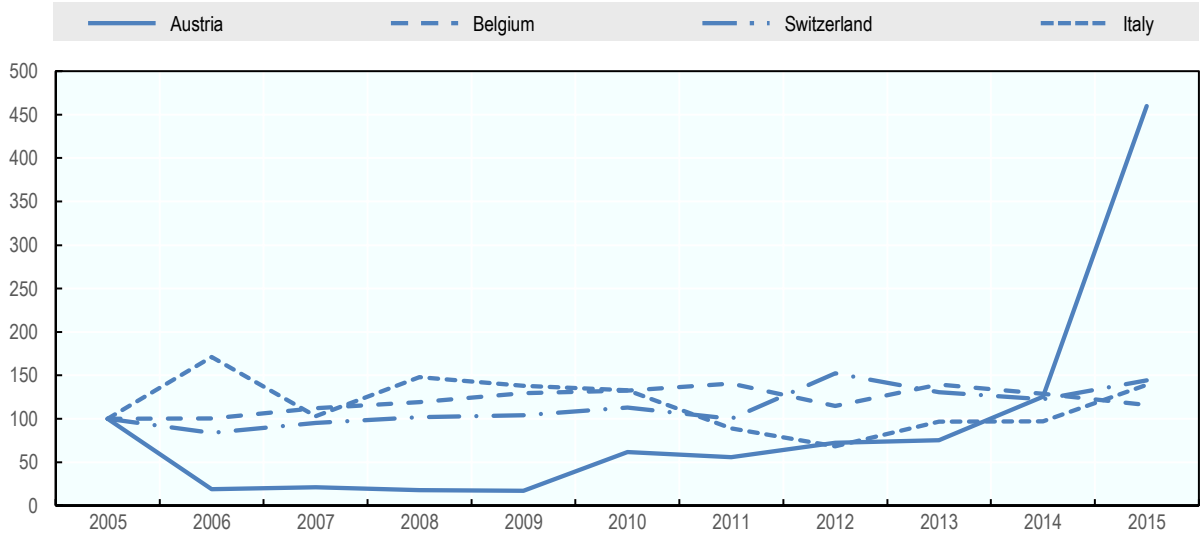


Figure 2.3. Rate of DDC growth, decreases

Index 100 in 2005

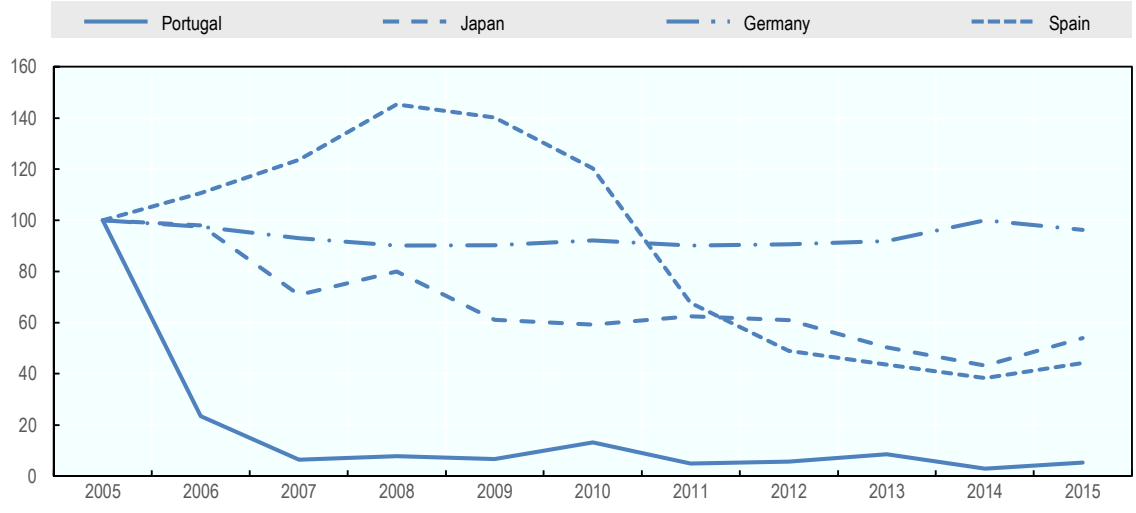


Table 2.4. Proportion of DDC in total bilateral ODA

USD million net disbursement, 2015 prices

	Amount reported in 2005	As a percentage of total bilateral ODA	Amount reported in 2010	As a percentage of total bilateral ODA	Amount reported in 2015	As a percentage of total bilateral ODA
DAC members reporting on DDC	**1672.5**	**6**	**1863.7**	**6**	**1870.3**	**4**
Where EU countries	**1622.9**	**11**	**1720.3**	**8**	**1532.0**	**7**
Austria	36.8	3	22.7	4	169.5	22
Belgium	74.0	5	97.6	5	85.8	8
Czech Republic	..	..	..	..	0.3	0.4
France	..	..	69.6	1	63.6	1
Germany	1012.9	13	933.4	13	975.5	7
Greece*	0.8	0.4	..	..	..	..
Italy	20	0.8	26.3	4	27.7	2
Portugal	4.7	2	0.6	0.2	0.3	0.2
Spain	473.6	26	570.1	17	209.5	59
Where non-EU countries	**49.6**	**0.5**	**143.4**	**1**	**338.3**	**1**
Canada	..	..	90.8	3	253.9	9
Japan	6.2	0.1	3.7	0.1	3.3	0.1
Switzerland	43.4	2	48.9	3	62.6	2
United Kingdom	..	..	..	..	18.5	0.2
DAC members not reporting on DDC						
Where EU countries						
Sweden			10.6	0.39	14.2	0.29

Notes: Sweden provided data on DDC volumes for the first time via the special OECD survey carried out in 2017. In 2010, Estonia reported one project valued at USD 0.025 million or 0.03% of total bilateral ODA.
.. : not available
Source: OECD DAC CRS database.

Decentralised Development Co-operation represents a small yet constant portion of ODA, with DDC contributing the highest portion of total bilateral aid in Spain (59%) and Austria (22%). Over the 2005-15 period, relative volumes of DDC remained stable at 6% of total bilateral ODA (The relative volume of DDC drops to 4% of total bilateral ODA when the total includes DAC members who began reporting later than 2005. Some individual countries are increasingly using DDC relative to other forms of bilateral ODA, i.e. Austria (from 3% to 22%), Belgium (from 5% to 8%), Italy (from 0.8% to 2%) and Spain (from 26% to 59%), while other donors have decreased its use, i.e. Germany (from 13% to 7%)[14] and Portugal (from 2% to 0.2%).[15]

Geographical and income allocation

In volume terms, DDC mainly targets Middle Income Countries (MICs). This reflects recipient country institutional and administrative capacities, financial resources, and public finance management at local and regional levels. Analysis of DDC allocation by income level and country context is available starting in 2010 (Figure 2.4). Middle Income Countries received the largest amount of DDC in 2014-15 (USD 986 million), representing more than four times the amount provided to Low Income Countries (LICs)

and Least Developed Countries (LDCs) over the same period. Decentralised Development Co-operation allocated to LDCs and LICs has decreased, from USD 274 million in 2010-11 to USD 208 million in 2014-15. The European Commission recognised that engaging partner country local and regional authorities in development co-operation activities can prove challenging in cases where the quality of local governance is lacking. This, in turn, diminishes the political willingness of central governments to create a conducive environment at the local level, including through legal and regulatory instruments, and particularly in contexts of fragility.[16]

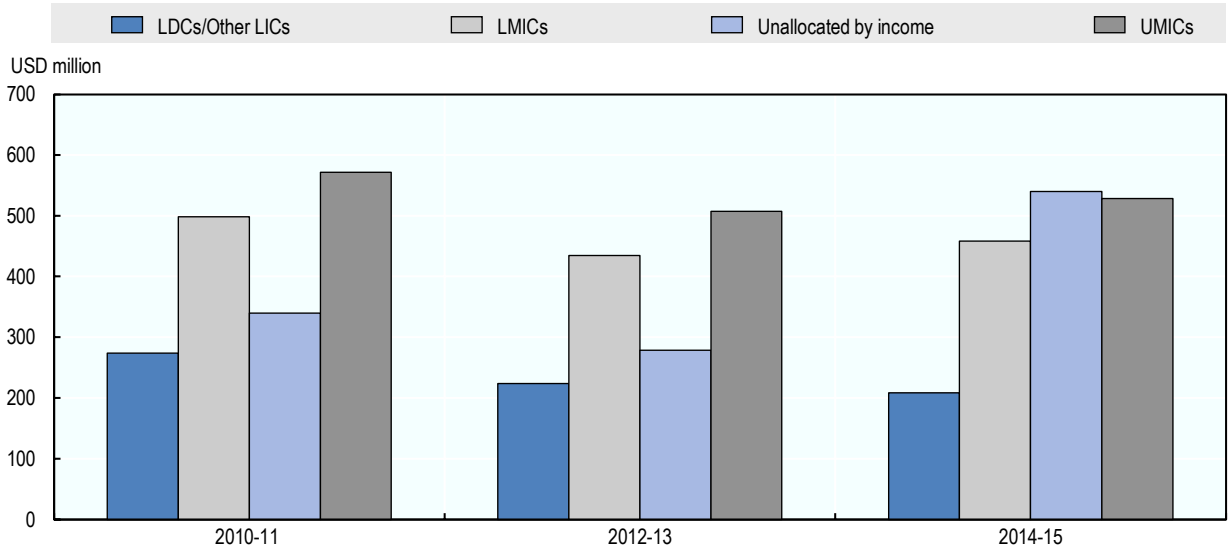
Reporting not allocated to an income/country group has increased significantly since 2012. Following a decrease in unallocated reporting in 2010-11, DDC reported as unallocated by income has increased from USD 279 million in 2012-13 to USD 540 million in 2014-15. The increase is due in part to spending on in-donor refugee costs.

Among the top individual recipients of DDC, China received the largest proportion of recipient-allocable DDC in 2005, 2010 and 2015 (with 15%, 10% and 11% respectively). Decentralised Development Co-operation to China consists principally of imputed student costs (defined as indirect or "imputed" costs of tuition in donor countries) from Germany provided to resident Chinese students. The composition of top recipients of DDC has shifted significantly since 2005, both in terms of regional focus and in terms of country income category. In addition to China, three other countries were targeted consistently throughout the period: India, Cameroon, and Morocco.

The largest portion of DDC was comprised of small activities programmed across a large number of countries – the "Other" category (at 45%, 50% and 38% of DDC in 2005, 2010 and 2015). The "Other" category is comprised of recipient countries receiving less than 2% of DDC each. This category represents the largest aggregate category of DDC recipients and included over 125 different recipient countries in 2015. The only LIC/LDC to receive more than 2% of DDC was Haiti following the earthquake in 2010. As expected, DDC is most often provided through many small projects, reflecting the relative size and scale of country institutions and financial resources at the local and regional level. This modality, involving numerous projects across a large number of partner countries, requires strong levels of co-ordination to avoid redundancies and improve aid implementation.

Figure 2.4. Trends in DDC allocation by income category

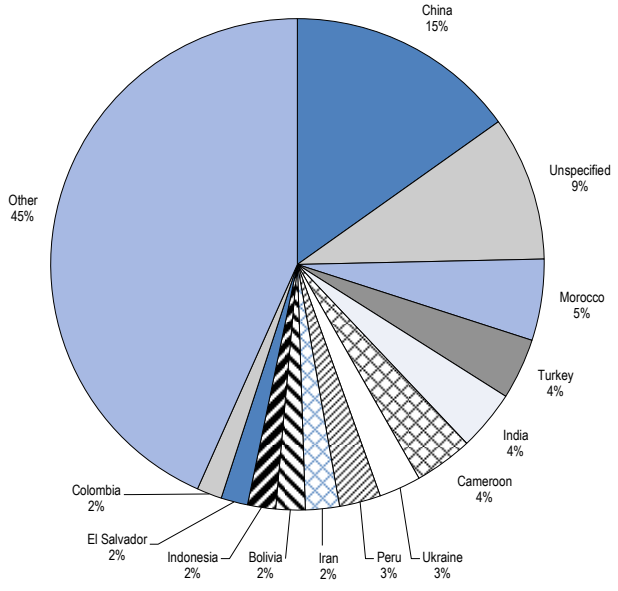
2-year average commitments, 2015 prices



Source: OECD DAC CRS database.

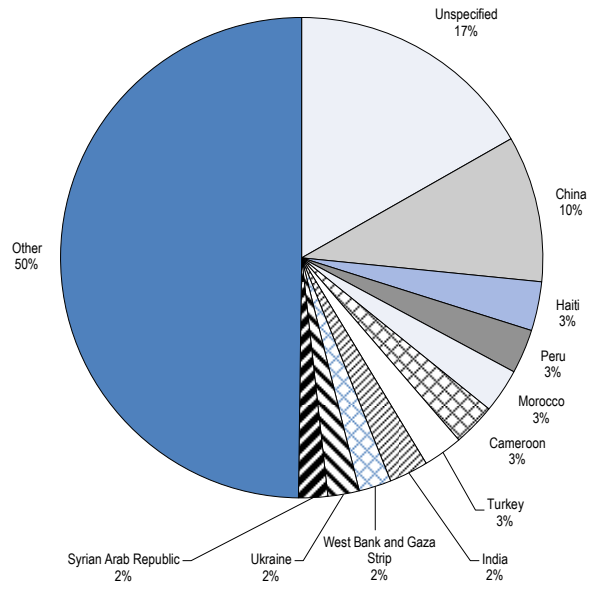
The "Unspecified" category represents resources provided without allocation to a specific recipient country and consists mainly of in-donor refugee costs (60% of the "unspecified" category in 2015) and aggregate projects (20% of the total in 2015 mainly from Spain and Switzerland). The category of "unspecified" recipients has grown from 9% in 2005 to 26% in 2015.[17]

Figure 2.5. DDC ODA by top recipients, 2005



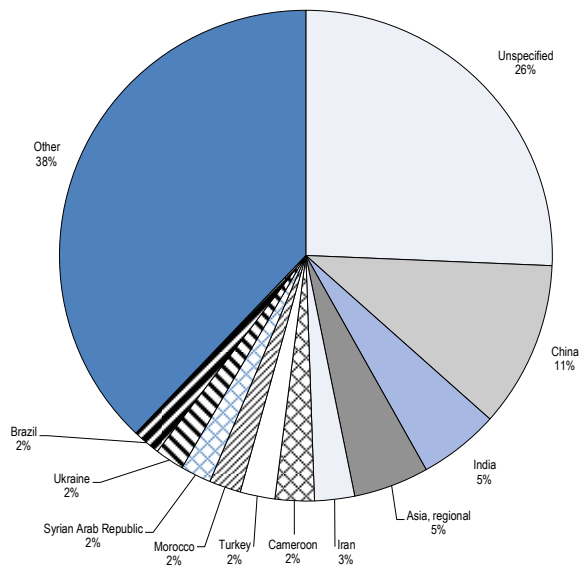
Source: OECD DAC CRS database.

Figure 2.6. DDC ODA by top recipients, 2010



Source: OECD DAC CRS database.

Figure 2.7. DDC ODA by top recipients, 2015

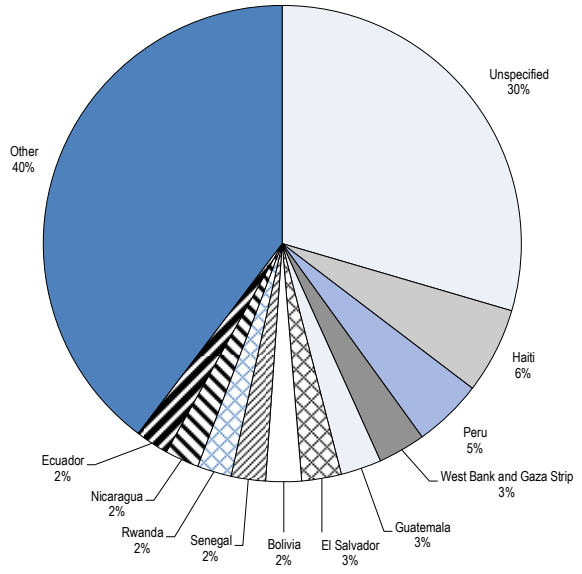


Source: OECD DAC CRS database.

Figure 2.8 and Figure 2.9 exclude imputed student costs to provide a view of the diversity of other top recipients. In 2010, Haiti was the top recipient of DDC as a consequence of the 2010 earthquake (6%). The other top recipients in both 2010 and 2015 included Bolivia, El Salvador, Peru, Senegal, the West Bank and Gaza Strip.[18] The "Other"

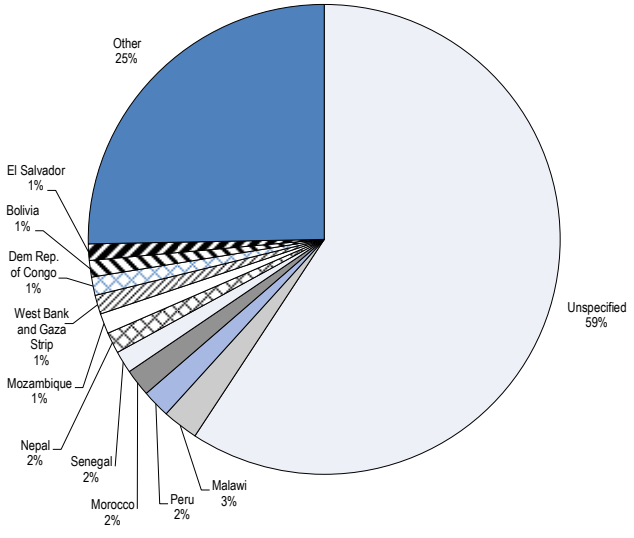
category decreased from 40% in 2010 to 25% in 2015, signifying a drop in smaller projects targeting a range of developing countries. The "Unspecified" category increased significantly from 30% in 2010 to 59% in 2015 and largely consists of in-donor refugee costs.

Figure 2.8. DDC ODA by top recipients, excluding imputed student costs, 2010



Source: OECD DAC CRS database.

Figure 2.9. DDC ODA by top recipients, excluding imputed student costs, 2015



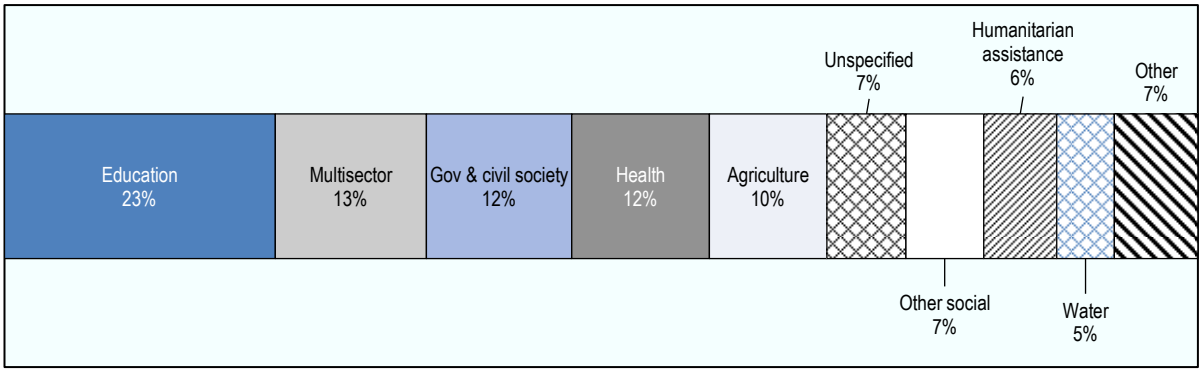
Source: OECD DAC CRS database

Sectoral allocation

Since 2010, DDC targets a number of key social sectors such as education, health, agriculture and water. In 2010, education was the main sector targeted by DDC activities, representing 23% of total sector-allocable resources. In 2015, health and agriculture sectors remained stable at 12% and 10% of DDC respectively, while the water sector grew by 1% and education decreased by 15%. Multi-sector DDC increased by 8% and includes a range of sectoral aims, e.g. education/training, scientific research, rural development, in-donor refugee costs, and other social sectors.

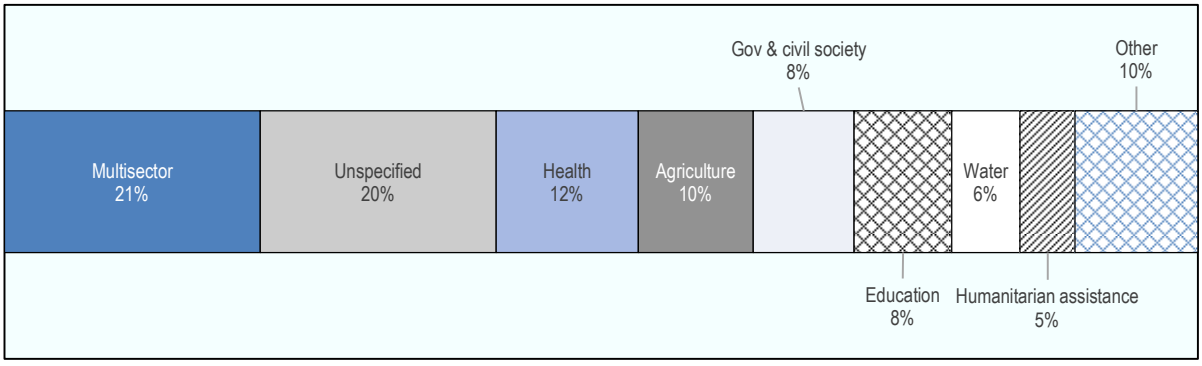
Reporting on sector-allocable DDC has decreased due to reporting challenges faced by several DAC members. From 2010-15, total DDC to social sectors dropped from 59% of DDC to 34% of total sector-allocable DDC. This was mainly due to an increase in non-sector allocable reporting. In 2015, availability of granular sectoral data decreased due to greater reporting under the "multi-sector" and "unspecified" categories (principally from Spain and Switzerland),[19] which contributed to the shift in the figures from specific social sectors.

Figure 2.10. Sectoral allocations of DDC, 2010



Note: "Other social" includes social/welfare services, employment policy, housing policy, low-cost housing, culture and recreation, statistical capacity building, narcotics control and social mitigation of HIV/AIDS; "Other" concerns a multitude of other sectors not feasible to show in the chart.
See www.oecd.org/dac/stats/documentupload/2015 for more details on sector classification.
Source: OECD DAC CRS database.

Figure 2.11. Sectoral allocations of DDC, 2015



Note: "Other" concerns a multitude of other sectors not feasible to show in the chart.
See www.oecd.org/dac/stats/documentupload/2015 for more details on sector classification.
Source: OECD DAC CRS database.

Decentralised Development Co-operation has increased support to infrastructure projects in certain sectors (such as water and health), demonstrating financing capacity beyond traditional social sectors. While the legal framework for development co-operation in many DAC countries authorises local governments to maintain "international relations", it also explicitly states that these should concern "local government affairs" which can limit the scope of sectoral targeting. While the definition of local government affairs varies from one country to another depending on their administrative organisation, basic social services are usually within their field of responsibility. Since 2005, local governments' aid budgets have increased to support financing of social sectors and infrastructure projects including water supply and sanitation, solid waste management and electricity.

Climate-focused sectoral allocation

Decentralised Development Co-operation activities can be analysed by policy objectives (climate change adaptation and mitigation, gender equality and women's empowerment). Policy markers indicate donors' policy objectives in relation to each aid activity. The markers allow an approximate quantification of aid flows that target the objective based on how they are tagged, i.e. all activities marked as "principal" or "significant" indicate funding to pursue a specific objective.

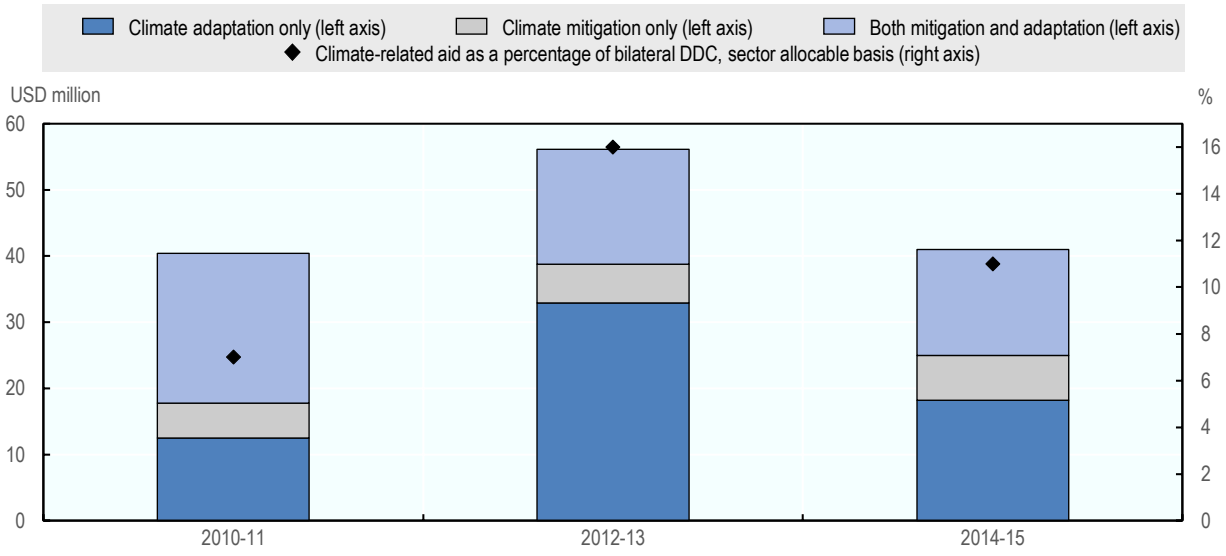
Climate change mitigation is not strongly targeted by DDC actors. In 2014-15, climate change-related DDC amounted to USD 41 million, or 11% of total bilateral allocable DDC volumes screened by the climate markers.[20] The percentage of DDC targeting climate change appears small relative to non-DDC sector-allocable bilateral aid (41% climate-related focus). The lower focus of DDC activities on climate-change related activities could be attributable to the requisite financing and technical expertise needed to implement climate change mitigation activities and reduce greenhouse gas emissions, particularly large-scale energy, infrastructure and transportation projects. At the same time, local authorities may be better placed than national governments to reduce greenhouse gas emissions from some key sources such as waste and transport and deliver a range of co-benefits to local citizens (OECD, 2009).[21]

Climate change-related adaptation activities are highly targeted among DDC projects. In 2014-15 "adaptation only" aid activities represented 44% of total climate-related DDC compared to only 28% for bilateral allocable non-DDC activities. Climate change adaptation activities aim to reduce the vulnerability to impacts of climate change and climate-related risks and include actions such as managing flood risk, water stress, or the "climate proofing" of urban infrastructure at the local and regional levels. The higher concentration of adaptation-focused activities in DDC volumes therefore reflects the relative capacity of DDC actors in typical adaptation sectors, including the water and sanitation, agriculture, and disaster risk and preparedness sectors.

DDC actors in Spain play a crucial role in promoting climate change-related aid. In volume terms, Spain provides the largest amount of DDC climate-related aid, allocating USD 24 million on average per year in 2014-15. Relative to total bilateral allocable DDC volumes, the United Kingdom provides the largest proportion of climate-related aid, focusing 34% of aid on climate-related issues. Figure 2.13 shows the DDC climate-related focus in 2014-15 by donor.

Figure 2.12. Total DDC climate change-related aid from 2010 onwards

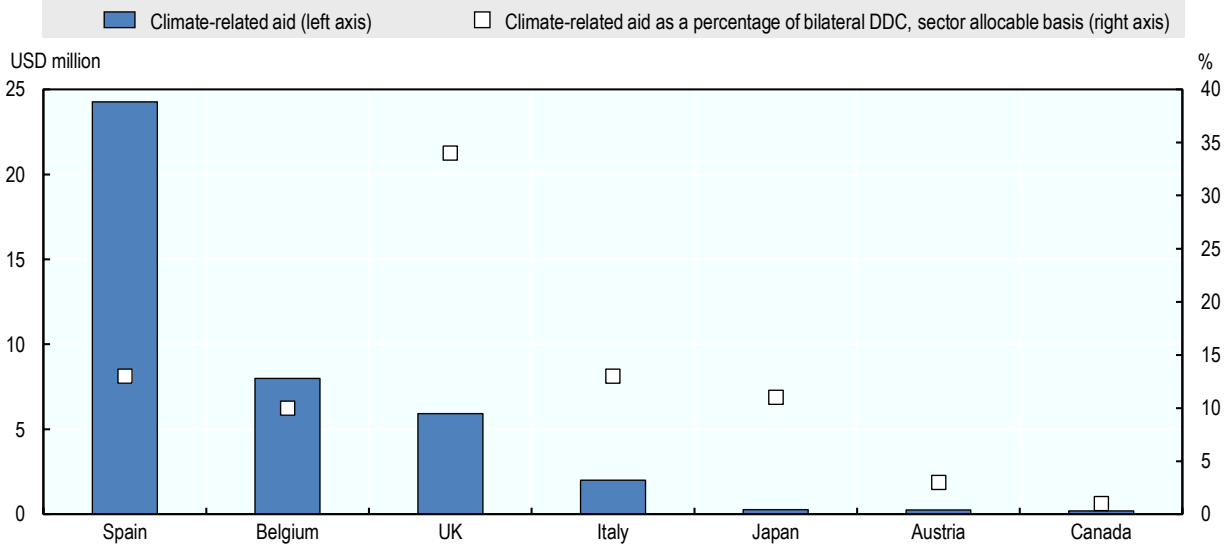
Bilateral allocable basis, 2-year average commitments, 2015 prices



Note: The coverage ratio, i.e. the proportion of aid screened against both climate markers, was calculated for every donor and year over the period. France and Germany did not report on DDC and climate in the full period. They were excluded from this analysis. Austria showed an insufficient coverage ratio in 2012-13 (less than 70%). For the same reason, the years 2010-12 were excluded for the Czech Republic, 2010 for Portugal and 2010-11 for the United Kingdom.
Source: OECD DAC CRS database.

Figure 2.13. Trends in DDC climate-related aid by donor

Bilateral allocable basis, 2-year average commitments in 2014-15, 2015 prices



Note: The Czech Republic and Portugal are not shown in the chart as the amounts are low or inexistent. In 2016, 21% of French DDC targeted climate mitigation and 21% climate adaption (data for 2014-15 is not available)

Box 2.1. Spotlight on Spain's contribution to climate change adaptation through DDC

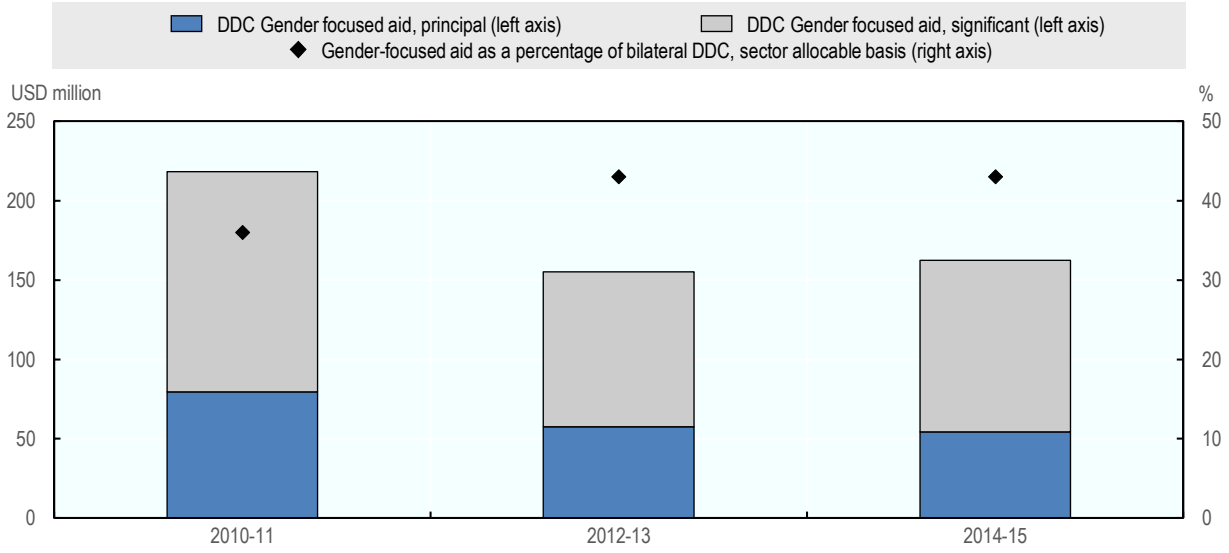
In 2015, the majority of Spanish DDC with the principal objective as climate change adaptation was channelled through national NGOs and targeted Lower Middle Income Countries (LMICS) and Least Developed Countries LDCs (USD 1.4 million). Upper Middle Income Countries (UMICs) accounted for over one-third of DDC adaptation spending (USD 867 000) in 2015, mainly financing support for disaster prevention and preparedness. The majority of Spanish adaptation DDC projects were financed by the autonomous governments, while 3 projects were financed by municipalities, including a project from 2014-15 carried out in Mali by the *Asociación Demé* to support water supply and sanitation for the construction of a water reservoir in Nafadji.

In 2012-15, the largest Spanish DDC adaptation project (principal and significant) was financed by the autonomous governments and carried out by the Basque NGO, *Nazioarteko Elkartasuna - Solidaridad Internacional* (NE-SI). The project, totalling nearly USD 800,000 in grants, targeted disaster prevention and preparedness in Haiti. The NE-SI project aimed at strengthening the resilience of communities located in the Mapou river basin in the district of Belle-Anse, Department of Southeast Haiti. The NE-SI conception of development co-operation is rooted in sustainable human development.

Source: OECD CRS Database.

Figure 2.14. Trends in DDC gender-focused aid

2-year average commitments, 2015 prices, sector-allocable basis



Note: The coverage ratio, i.e. the proportion of aid screened against the gender marker, was calculated for every donor and year over the period. France and the United Kingdom did not report on gender in the full period; Austria provided insufficient coverage in 2015; the Czech Republic in 2010 and 2011, Portugal in 2010, and in 2010, 2011 and 2012.
Source: OECD DAC CRS Database.

Gender equality and women's empowerment

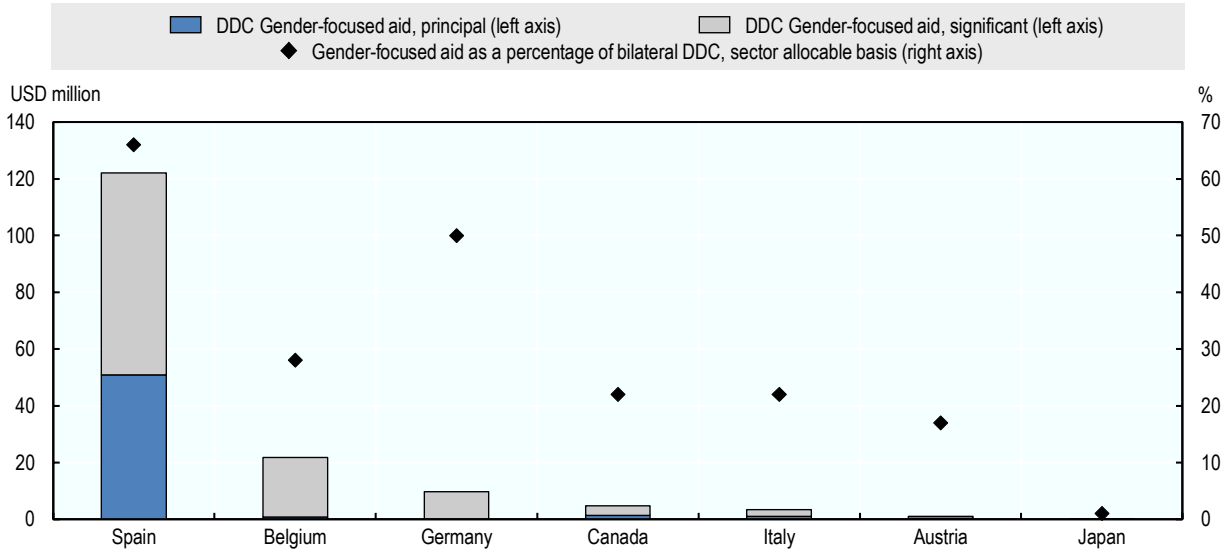
The OECD tracks aid in support of gender equality and women's rights. DAC members are required to indicate if a project/programme targets gender equality as a policy objective according to a three-point scoring system based on donor intentions at the design stage. Projects/programmes marked as "significant" and "principal" (score 1 and 2) are considered to have a gender equality focus.

Over the 2010-15 period, total gender-focused[22] DDC increased from 36% in 2010-11 to 43% in 2014-15. In 2014-15, 38% of non-DDC ODA had a gender-focus compared to DDC ODA, which reached 43% or USD 163 million on average per year.

Spain provides the most gender equality-focused DDC aid, at USD 122 million on average per year in 2014-15 or 66% of the total volumes of its DDC. Twenty-eight percent of total Spanish DDC reported the gender-focus as a principal objective. Germany also demonstrated a strong gender-focus with 50% of total DDC volumes targeting this aim. Figure 2.15 shows the DDC gender-focused aid for 2014-15 by donor.

Figure 2.15. Trends in DDC gender-focused aid by donor

2-year average commitments in 2014-15, 2015 prices, sector allocable basis



Source: OECD DAC CRS Database.

Channels – multilateral organisations

With regard to DDC channelled through multilateral organisations, Belgium, Canada and Spain have channelled the highest proportions of DDC through multilateral institutions throughout the 2010-15 period (16%-18%, 3%-4% and 3%-2% respectively) (Table 2.5). Canada deployed exceptional volumes through projects carried out by the *Organisation International de la Francophonie* (OIF) in 2012-13. Belgium provided consistently high levels of funding to projects carried out by the IOF, WHO, FAO and ILO throughout the 2010-15 period. Spain channelled DDC through 22 multilateral organisations over 2010-15, with the largest volumes channelled through UN agencies such as UNOHCR and UN Habitat.

Table 2.5. Proportion of DDC channelled through multilateral institutions (%)

	2010-11	2012-13	2014-15
Austria	0.30	0.00	0.10
Belgium	15.50	17.60	18.10
Canada	3.40	28.40	3.90
Czech Republic	0.00	0.00	0.00
France	0.00	0.00	0.10
Germany	0.00	0.00	0.00
Italy	1.30	3.60	1.00
Japan	0.00	0.00	0.00
Portugal	0.00	0.00	0.00
Spain	2.80	2.30	2.00
Switzerland	0.00	0.00	0.00
United Kingdom	..	0.00	0.00

Notes: Disaggregated data using channel codes are only available from 2010 onwards.
..: Missing data. The United Kingdom did not provide disaggregated data before 2014.

Concluding observations and policy implications

DAC countries should carry out further efforts to harmonise DDC reporting, particularly to standardise the collection on DDC activities across levels of government and including reporting on subnational agency codes. Estimations of financing at the different levels of government are crucial to better track and analyse the emerging paradigms of DDC modalities. While several countries have already begun to improve reporting, better reporting across donors is required as a first step to ensuring transparency of activities and contributes to efforts to improve aid effectiveness.

Stronger institutional mechanisms are required to ensure that DDC actors are involved in defining development co-operation priorities at national level. United Cities and Local Government (UCLG) in co-ordination with the Capacity and Institution Building (CIB) Working Group work jointly to carry out the Global Partnership Initiative 14 (GPI14) "Shaping national development agendas: the role of local and regional governments in effective development". The initiative has carried out two surveys with local and regional actors in both developed and developing countries.[23] The GPI14 survey notably found that in 21% of countries surveyed, international donors do not consult local governments or their associations when drafting their national development strategies. Existing global platforms such as the Global Partnership for Development Co-operation (GPEDC)[24] and GPI14 can play an important role to link central governments to DDC actors to scale up co-ordination mechanisms to better assess and maximise DDC's contribution to development effectiveness.

Addressing the challenges of co-ordination and strategic planning across levels of government requires a clear division of responsibilities across actors. Despite recognition of the role of DDC actors to contribute to aid effectiveness, the aid modalities of local and regional actors within DAC members are not evaluated in the GPEDC monitoring review. OECD DAC Peer Reviews provide useful insights into the decentralisation strategies of DAC members as well as the contribution and challenges of DDC actors to achieving effective development co-operation. Future work on DDC effectiveness should aim to assess the development impact of DDC financing across sectors and developing country

contexts to strengthen co-ordination across levels of government, and to scale up DDC financing, including with the private sector.

Maximise the effectiveness and impact of DDC actors through stronger collaboration in project implementation to reduce transaction costs. The roles of DDC and central governments should be clearly defined accordingly to their respective strengths. DDC actors have demonstrated potential to deliver support that is timely and cost-effective. The relatively small transaction size of projects extended between entities at the local and regional level is to be expected given the corresponding scale of resources and capacity. Although many raise the high transaction cost of DDC activities, these are most commonly reflected in inter-agency co-ordination efforts and not in the cost transferred to recipients.

DDC Multi-level Governance

Methodology

This section focuses on the multi-level governance dimension of DDC projects within the donor country. It intends to understand how the LRGs interact with upper and lower levels of governments in their own country when designing and implementing DDC projects. The section seeks to identify the main gaps that could hinder the effectiveness of DDC projects, as well as existing co-ordination and governance mechanisms to bridge them. It is based on a literature review, desk research and on the results of the OECD Special Surveys 2017 to DAC countries and LRGs as well as on the OECD Multi-level Governance Framework.

Multi-level governance herein refers to the mutually dependent relationships – be they vertical, horizontal, or networked – between public actors situated at different levels of government (OECD, 2009). Assessing multi-level governance is not an easy exercise as there are multiple and convergent definitions within a national context, which makes it difficult to apply the concept to DDC. Diagnosing these challenges is a critical step towards bridging multi-level governance gaps in DDC. Multi-governance can offer a way to work towards coherent policy strategies and priority setting across levels. However, governance is not homogeneous across and within countries because there is not a single, unique governance system, nor institutions and structures that can apply across different contexts and settings but rather a myriad of formal and informal arrangements. Each case is specific and not necessarily transferable because each country has its own policies and rules. Therefore, a critical way forward explored in this section is to identify similar challenges among and within countries that can be addressed by common solutions within a menu of options.

The OECD Multi-level Governance Framework is organised around seven “gaps” and has been tested in other areas of public policy, such as regional development in the framework of territorial, metropolitan and rural reviews, as well as in other fields such as water governance (OECD, 2011). The analytical framework is therefore not specific to DDC, though it was largely adapted to embrace its intrinsic characteristics.

Table 2.6. Key multi-level governance gaps

	Description
Administrative gap	Lack of critical **scale** at local/regional level due to territorial fragmentation
Policy gap	**Silos across ministries** and public agencies leading to institutional fragmentation
Objective gap	Diverging **objectives**, strategies and priorities across levels of government
Capacity gap	Insufficient scientific, technical, and infrastructural **capacity** of local/regional actors
Funding gap	Unstable or insufficient **funding** of local/regional actors
Accountability gap	Poor transparency and **accountability** practices due to weak monitoring and evaluation
Information gap	Lack of or insufficiently robust **data and information** to guide decisions and priorities

Source: Charbit and Michalun, 2009.

Key Governance Challenges for DDC

High transaction costs due to the lack of critical scale

One of the main criticisms of DDC is the supposed high transaction costs involved at different stages of DDC projects implementation. At the policy level, transaction costs are incurred in terms of satisfying aid effectiveness principles, primarily in countries where a large number of DDC actors exist but which provide only a limited share of global aid (Verbeke and Waeterloos, 2010). The challenge of co-ordination between subnational authorities and the relevant central administration and among LRGs themselves in most countries is well known and acknowledged among DDC actors and represents an obstacle for greater harmonisation with the international donor community. It appears that partner organisations must invest substantially in co-ordination efforts, since DDC necessarily means a proliferation of unco-ordinated donors and the subsequent implementation of a large number of small-scale projects (Verbeke and Waeterloos 2010). This situation undermines the ongoing co-ordination efforts of such partner organisations, as they are often unable to deal with the large number of donors and procedures involved.

The lack of critical scale at subnational level due to territorial fragmentation is a key multi-level governance challenge confronting the design and implementation of DDC activities. This adds implementation costs that extend beyond the project budget but that are necessary to justify project performance and ensure impact. Small municipalities undertaking DDC activities may lack the human and financial resources to manage a partnership with another LRG in a developing country. The implementation of DDC activities through networks of small municipalities could help to overcome this challenge. In Tuscany, for example, the National Association of Municipalities (ANCI) is promoting an initiative to support local municipalities to engage in DDC through the territorial partnership model adopted by the region, while in Spain municipalities created joint funds to address the issue of scale.

Co-ordination and harmonisation efforts remain weak

There is a need to improve DDC co-ordination and harmonisation mechanisms. In countries like Spain, these mechanisms lack effectiveness and are hampered by a deterioration of political dialogue (CIDOB, 2013; Martínez, 2017). Co-ordination and harmonisation are challenged by the limited articulation of the actors and duplication of efforts, leading to high transaction costs and diseconomies of scale (Martínez and Sanauja, 2010). Subnational authorities still lack political commitment, clear institutional

commitment, skilled human resources, effective monitoring and evaluation frameworks, as well as systems to ensure transparent accountability of DDC.

There is a diversity of situations in terms of how local, regional and national governments co-ordinate regarding strategic and priority setting for DDC. Although some local and regional governments have more autonomy, strategic and geographic priorities are often top-down when they need to align with national strategy and plans or depend on national financial incentives. However, in some countries, local and regional governments define their own priorities relies based on specific institutional and co-ordination arrangements (e.g. CICID in France or Ministry of Foreign Affairs in Italy). In some cases, a broader range of stakeholders is engaged as for Latvia, where the yearly Development Co-operation Policy plan that defines priorities is developed in consultation with NGOs, social partners and responsible public administrations.

Diverging policy goals and policy discontinuity challenge DDC multi-level governance

DDC co-ordination and harmonisation can be complicated by diverging goals across levels of government for development co-operation. Some national governments are reluctant to DDC arguing that it decentralises responsibilities for development co-operation and can challenge development effectiveness. In other cases, local and regional governments are not prone to report exhaustively on their DDC activities so that they are not considered a substitute to national ODA objectives. Multi-level governance can be a challenge for countries with high DDC volume (e.g. Spain) when the effectiveness of co-ordination mechanisms is burdened by a high number of local and regional governments. Multi-level governance issues also come up within and across regions and municipalities where political change at the local level can complicate DDC co-ordination and harmonisation, jeopardise the continuation of DDC in partner countries.

Funding and capacity gaps persist as challenges

Unstable or insufficient financial resources can hinder the effectiveness of DDC at the subnational level in the donor and/or partners country. Financial and economic crises or changes have an impact on the stability or sufficiency of financial flows, reducing countries, regions or cities' capacity to support projects. In this context, the "predictability" of donor commitment becomes also an issue and reduces the possibility of long-term planning for DDC actors.

Weak capacity at the local level is also another key challenge. Some of the most common obstacles to DDC efficiency include the lack of staff, managerial and institutional capacities, and the lack of knowledge on DDC opportunities, objectives and practicalities at the local level. These obstacles often undermine the capacity of local institutions, including in terms of project management and implementation.

More robust DDC data and information could better guide decision-making

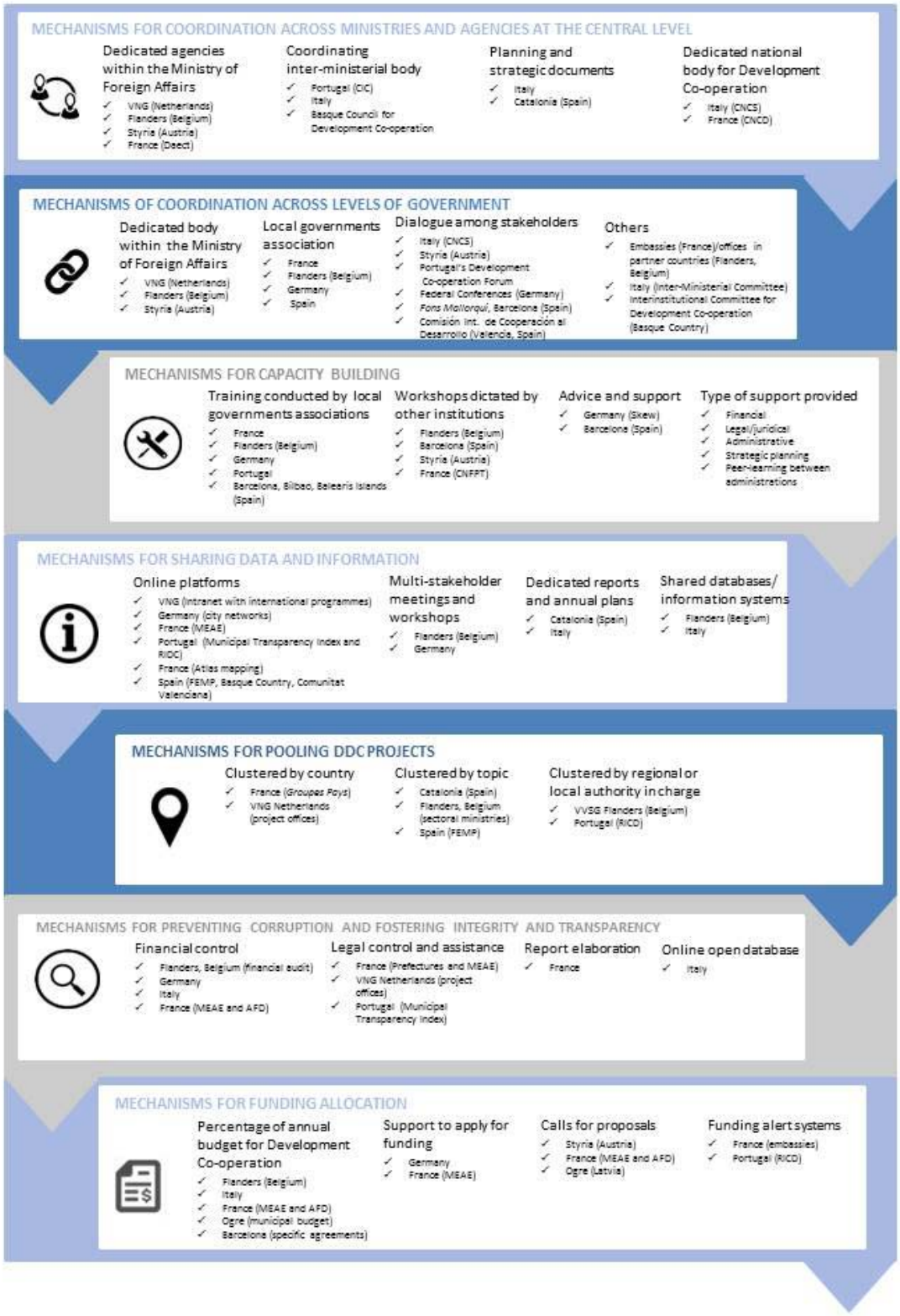
This challenge is generally related to scattered and fragmented data related to DDC across ministries and public agencies, levels of government and subnational actors, and a rather poor evaluation and monitoring culture about DDC outcomes. Governments need to report more comprehensively on their financial (Official Development Assistance) and non-financial DDC activities for a better understanding of DDC results and contribution to intended goals. Better reporting across donors is critical to foster transparency and to better capture the richness of DDC. The lack of solid data to quantify DDC activities and

the lack of systematic evaluation to measure their performance and impact hinder the understanding of the importance of DDC and the uptake of this mechanism globally.

Governance instruments for co-ordinating DDC activities

There is a menu of options for co-ordinating DDC across ministries and relevant agencies, between levels of government, and across public, private and non-profit sectors. Figure 2.16. Mechanisms in place to overcome multi-level governance challengesprovides an overview of existing mechanisms in respondent countries for addressing the main governance challenges. They range from hard (e.g. legal arrangements) to soft (e.g. advice) mechanisms, to informal to formal ones. Used alone or combined, these tools can help bridge different gaps and lead to good governance.

Figure 2.16. Mechanisms in place to overcome multi-level governance challenges



Note: The figure considers the DAC countries and LRGs responses to the question "Which mechanisms are in place in your city/local government/country to overcome the above-listed multi-level governance challenges?" Nine countries replied to this question (N/A for Greece, Hungary, Switzerland; for Austria, only Lower Austria and Styria responded; for Belgium, Flanders; for the Netherlands, VNG; for Spain, Catalonia). Five LRGs replied to this question (N/A for Burgenland, Sint Niklaas, UNGL, VVSG).
Source: Elaboration based on OECD 2017 Survey to DAC members and LRGs.

Governance tools for co-ordinating DDC across ministries and agencies at the central level

A number of mechanisms are involved in co-ordinating activities across ministries and agencies at the central level. This is the case of co-ordinating inter-ministerial bodies or dedicated co-ordinating agencies, often located within the Ministry of Foreign Affairs. In Italy, there are two main mechanisms: the Inter-ministerial Committee for Development Co-operation and the National Council for Development Co-operation (CNCS), which is composed of the main public and private, profit and non-profit stakeholders, including ministries, local public entities, CSOs, universities, philanthropic organisations, private companies. These institutions, created in 2014 as part of reforms to Italy's development co-operation (Law 125), foster dialogue across ministries and agencies as well as with the full range of involved stakeholders. Joint elaboration of year and multi-year planning and strategy is another example of a co-ordination mechanism. In Germany, agencies and ministries form teams by topic relevant to the respective ministries responsible for the specific issue at hand and seek to streamline their efforts.

In addition to multi-level dynamics within the DDC promoter country, complex interaction across levels of government and authorities within the partner country can complicate governance mechanisms and arrangements. This is why DDC promoters should strive to incentivise the application of common framework conditions (e.g. policies and rules) to secure the proper enabling environment for DDC projects to deliver intended benefits at the lower cost. Generating a governance spill over may help incline relations towards horizontal, in-country governance and collaborative exchanges across countries.

Governance tools for co-ordinating DDC across levels of government

Vertical co-ordination is crucial and can be promoted through local governments associations like VVSG in Belgium, Cités-Unies France or the German Association of Cities and Municipalities. Boosting such vertical co-operation is important to address potential competition or race to the bottom among territories. A good example and practice are seen in Latvia where the Latvian Association of Local and Regional Authorities submits an annual report on DDC activities to the Ministry of Foreign Affairs, which enables the two agencies to co-ordinate strategies and objectives in line with the principle of subsidiarity.

Favouring dialogue across layers of government is a means to empower the different levels to shape DDC. The National Council for Development Co-operation is the main participatory instrument used for this purpose in Italy. It also fosters the exchange of proposals and multi-level partnerships on development co-operation issues. In Portugal, the Development Co-operation Forum helps to build coalitions. In Germany, the *Service Agency Communities in One World* (SKEW) provides a platform, through the organisation of federal conferences, to enable exchange and coalitions between municipalities. Embassies in partner countries can also be valuable intermediaries for

improving co-ordination and mutualisation of DDC projects from different authorities working on the same sector or territory.

Countries active in DDC have co-ordination mechanisms across decentralised authorities. Highly decentralised systems tend to favour ad hoc co-ordination mechanisms for municipal DDC and for regional DDC, e.g. the Development Co-operation Councils and the Regional Development Funds in Spain. Unitary countries tend to have dedicated institutional frameworks, such as France, where the National Commission for Decentralised Co-operation is responsible for co-ordination.

At subnational level, co-ordination tools include the creation of platforms for dialogue and exchange of best practices on DDC activities, strategies, objectives across levels of government. In Barcelona, DDC actors come together regularly for strategic planning to discuss the interests of the local, national, regional levels and set priorities collectively. The *Comunitat Valenciana* has created the Interdepartmental Commission for the 2030 Agenda, a technical body of the Regional Government that aims to align actions with the High Level Advisory Council for the 2030 Agenda and to ensure coordination within the different areas of the DDC activities. In France, regions have a structure that plays a co-ordination role, both between LRGs and with other local stakeholders. Another example of an initiative for strengthening inclusive processes in planning development strategies is *Fons Mallorqui de Solidaritat i Cooperació*, which groups local (town councils, associations of municipalities and the Island Council of Majorca) and regional institutions (Government of the Balearic Islands) to co-ordinate DDC activities.

In northern countries, co-ordination is part of the framework of DDC programmes supported by national aid agencies. Governments set up specific development programmes aimed at supporting local authorities' development co-operation in line with national development priorities, sectors and geographic targets. Local authorities' associations manage these programmes, which also ensure co-ordination with the national aid development agencies and with embassies in partner countries.

In some countries, national associations or networks of LRGs help to co-ordinate municipal, provincial, or regional DDC activities. These mechanisms can contribute to improve practices and reduce costs of co-ordination induced by scattered projects and ensure horizontal (among DDC projects) as well as vertical (between DDC and national development policy) complementarity and harmonisation.

Governance tools for capacity building

Capacity building training modules, workshops and other mechanisms can help bridge gaps in terms of expertise and technical skills at the subnational level. Local NGOs, Centres of Excellence or Research Centres generally contribute to the delivery process of DDC in different ways to provide the needed knowledge and support (e.g. legal, financial or other). Direct assistance, advice and support are the most common forms of capacity building for governments (Provincial Council of Barcelona in Spain or SKEW in Germany). Peer-learning between administrations at a given level or across levels is also a powerful mechanism to learn from success and failures, e.g. city-to-city co-operation between Zoersel (Belgium) and Bohicon (Benin) to strengthen capacity for local governance, technology transfer, service delivery (for birth, death and marriage certificates), and waste management.

Governance tools for allocating funds

The use of "RFPs" (request for proposal) can lead to inequities in fund allocation. This system favours allocation of funds to actors with experience in grant and project proposal writing, hindering newcomers from joining the landscape. To level the playing field, funding agencies in Germany assist prospective fund recipients in drafting their applications. MEAE in France has guidelines on European funds they give to LRGs and other stakeholders. Embassies are important actors in raising awareness and alerting communities about funding opportunities.

Governance tools for sharing data and information

There are several mechanisms and good practices to bridge information gaps. Some examples include online platforms offering shared databases and information systems, dedicated reports or inventory DDC projects, and workshops by LRGs networks or associations to foster information exchange. Technology can offer an inexpensive way of making information accessible to very large numbers of people. Websites can help disseminate mappings, indicators and detailed analyses on DDC, either from a project point of view or on transversal issues. Web-based forms of communication such as newsletters are useful for communicating who does what, in which countries, for which sectors and with what impact. Evaluation reports and annual plans can also serve this "sharing" purpose. Different incentives can be set to foster information sharing on DDC and should be upscaled. In Italy, Art. 17 of Law no. 125 established in 2014 allows the Italian Development Agency to share data and information across DDC players. This type of data and information sharing helps to identify overlaps and improve co-ordination as well as improve communication between DDC stakeholders. An interesting example is the Basque Country, Spain where the three levels of government are developing a transparency portal to share information on DDC activities, which should also serve to connect citizens, and better disseminate DDC results on the ground. Another example is the digital tool deployed in France through the *Atlas of Decentralised Co-operation*, which maps the international action by all French local and regional authorities.

Governance tools for pooling DDC projects

Pooling DDC projects at the appropriate scale is key to reap the benefits of policy complementarities beyond ad hoc, siloed or project-bound approaches. The cluster scheme has been adopted by many countries to that effect, through for instance grouping DDC projects by country, by topic, or by authority in charge. This task is often undertaken by national associations of local governments to promote co-ordination and exchange of information among their members and to encourage them to work together. VVSG in Flanders is promoting pooling of DDC activities related to the Covenant programme for instance, and VNG in the Netherlands and *the Rede Intermunicipal de Cooperação para o Desenvolvimento* in Portugal play a similar role. In partner countries, the Flanders Development Agency also promotes the pooling of projects either at sectoral ministry level or at regional/district level.

Governance tools for integrity and transparency

Corruption and lack of transparency can challenge the social and political acceptance of DDC in promoter and partner countries and hinder effective implementation. A growing number of countries have established mechanisms that go hand in hand with financing procedures for DDC projects to safeguard against corruption. Flanders (Belgium) require

financial audits, and in France, AFD and MEAE made solid financial and technical tracking and reporting a condition for financing. Many countries rely on expenditure reports to ensure transparent institutional quality. Portugal uses a municipal transparency index including 76 indicators linked to the transparency of the 308 municipalities engaged in DDC. In Spain, the Transparency Law[25] provides framework conditions to improve accountability, credibility and legitimacy of the public sector at large, including for DDC initiatives. At sub-national level, the region of Valencia has created the transparency portal/website to ensure the transparency of public activities and foster the communication with citizens, while the Balearic Islands have approved an Ethical Code to promote integrity in the administration.

Mechanisms for evaluating DDC results

This section focuses on the existing, national and subnational evaluation mechanisms to assess the impact, costs and benefits of DDC projects. For the purposes of this report, evaluation is the systematic and objective assessment of an ongoing or completed project, programme or policy, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact and sustainability.

The limited use of evidence-based monitoring and evaluation (M&E) tools for measuring the results and impact of DDC is one of the main challenges for DDC. Even in those EU countries where M&E frameworks and tools exist, such activities are primarily focused on monitoring and assessing input results and some limited output results, while rarely considering the outcomes or impact of each DDC actions. The existing M&E mechanisms also fail to assess the influence of DDC on the implementation of overall national development policies in partner countries. This is especially relevant to those countries where: a) DDC is recognised as a development co-operation mechanism by the national development policy (e.g. in Portugal, Italy and France); and/or b) where DDC is part of national development co-operation actions in the form of specific programmes (e.g. in Belgium and Sweden).

There is a rather limited evidence-base to support the value-added and positive impact of DDC on both promoter and partner countries institutions and stakeholders. It is difficult to isolate the value-added or impact of DDC because the logic frameworks that govern interventions focus on monitoring and reporting at the project level. As a result, most of the value-added assigned to DDC is often speculative and based on aggregated project results. Systematic monitoring and evaluation frameworks at the aggregated level are limited to assess the overall impact of DDC. Although some countries have systems in place to track the number of projects, sectors, and geographic areas for DDC, most of these do not report on the results and impact of DDC ultimate benefits against the country, region or city's strategic goals beyond the standalone projects. More systematic performance measurement could facilitate greater access to funds and foster dialogues across levels of government on what works, what does not work, where improvements are needed and which adjustments can be made.

DDC evaluation is a shared responsibility across levels of government and stakeholders. The local level plays an increasing role, evidencing its expansion of responsibilities. The ability to demonstrate that the activities undertaken at local scale have had a demonstrable impact can be a strong source of empowerment, especially by helping them justify adequately budgetary requests. Regional governments and other non-governmental actors are also undertaking some evaluation activities, together with local governments

associations, international co-operation Agencies and independent evaluation sections or departments within Ministries of Foreign Affairs. Finally, strengthened local capacity can positively affect evaluation and monitoring strategies, and greater dissemination of information from the central level to subnational actors and vice-versa is key to that effect.

Some national governments have evaluation mechanisms to assess the impact, costs and benefits of DDC projects, which often consist in reports. In Italy, the national government assesses DDC initiatives financed by the central governments: a report to Parliament about Development Co-operation gives an overview also on DDC and a five-year time series is now available. In France, an evaluation report is systematically presented at the deliberative assembly of local authorities to report on the impacts of project spending and, when the project is funded by the Ministry of Foreign Affairs or the French Development Agency, related technical and financial reports are prepared. Log frame and theory of change are also often used as monitoring and evaluation systems in countries like the Netherlands. More quantitative methods, such as surveys and indicator systems, are less commonly used to assess the impact of DDC interventions. More or less regular communication channels across levels of government can also be important mechanisms for follow up, ex-post evaluation and direct feedback from partners.

Evaluation and monitoring can lead to very high costs when not co-ordinated and regulated. Too many indicators would confuse rather being the optimal option. In addition, too many reports can also have limited use and be overlapping and costly although always important to provide feedback to DDC partner countries and stakeholders.

When DDC evaluations are in place, their scope varies. At the national level, priorities often seek to assess the ownership of the DDC partner country, long-term sustainability of DDC outcomes and achievement of DDC project/programme objectives. A local level, a key point is stakeholder engagement and DDC efficiency.

Evaluation results are often publicly available and accessible to all for greater accountability and transparency. Generally, evaluation results are published on websites, annual reports and executive summaries although information is still scattered.

DDC Return on investment

"Return on investment" for DDC is understood as the profit that decentralised development co-operation promoters receive as a result of the implementation of projects in partner countries. In this sense, it includes social, cultural and political benefits in addition to economic benefits.

The measurement of return on investment for DDC actions and projects in quantitative terms is complicated but there is a range of evidence about qualitative assessment in this area. This is perhaps due to the small scale of DDC projects, the lack of monitoring and evaluation frameworks for monitoring the impact of DDC at an aggregate level, or because many DDC projects are development capacity-oriented, it is often difficult to point to a specific and quantifiable return on investment. Existing evaluations and methodologies to assess DDC project performance are qualitative and focus on DDC performance at the input and output level rather than at the outcome and impact level. The limited quantitative information included in evaluations typically concerns socio-economic outputs (e.g. the number of users or final beneficiaries, the number of trained personnel). Some evaluations and studies (e.g. Gely, 2017) combine multiple data

collection instruments to develop a comprehensive picture of the impact of DDC, including guidelines to evaluate DDC projects; however, no robust methodology exists for measuring the efficiency and impact of DDC as an aid modality or method of development co-operation.

There are important returns on investment from DDC at an institutional level in terms of international presence (para-diplomacy), access to other financial co-operation resources (Bossuyt and Steenbergen, 2013; Hoebink, 2010) and economic revenue. The involvement in DDC projects connects actors with sector-specific international networks and international organisations that provide local-level funding (e.g. from FAO, UNDP, World Bank). Economic returns on investment are seen for DDC projects that form part of economic partnerships such as investment and trade opportunities (Bossuyt and Steenbergen 2013).

The improvement of local government services is the most important and often cited return on investment observed from DDC. As result of shared experiences and access to practices and policies inspired by partner countries, local authorities have improved the quality and coverage of their service delivery, which often translates into increased levels of citizen satisfaction and public trust in local administration, as well as an increase in transparency and accountability (Bossuyt and Steenbergen 2013). Innovations in techniques, processes, design and institutions have also contributed to improving the basic process of identifying needs and delivering public services (Grupstra and van Eerdt, 2017; Bossuyt and Steenbergen 2013).

Policy recommendations for effective DDC

Recognise the diversity of DDC concepts, characteristics, modalities and actors, including and beyond Official Development Assistance

- In some countries, DDC is mainly considered as ODA flows from EU regions to partner countries; while in others it is restricted to the partnership relations between municipalities from developed countries and developing countries.
- In practice, most regions and local authorities in EU countries implement DDC activities in line with a broad approach, providing both ODA and non-ODA support to local and regional governments and sometimes national governments in partner countries as well as to NGOs, in donor and partner countries.
- A more flexible understanding of DDC terminology, practices and implications based on different DDC typologies rather than expectations for harmonised and standardised definitions would allow a conceptual coverage of various development co-operation activities carried out by small municipalities, cities, provincial and regional authorities, capturing the various DDC models and approaches.

Promote a territorial approach to DDC

- There is a need to go beyond a top-down approach to DDC, which creates asymmetric donor-recipient relations and results in limited reciprocity.
- Some key principles of DDC, such as territorial partnership, reciprocity, proximity and territorial governance, should be better acknowledged, including in situations where DDC is primarily seen and implemented through the lens of ODA.

- This would increase the return on non-tangible investments for the donors through knowledge and good practice exchanges and peer-to-peer learning. For non-ODA DDC models, aid effectiveness should also be a key principle and requires regular monitoring.

Use DDC to improve local and regional policies in partner and donor countries and ultimately contribute to SDGs.

- Cities and regions are not just mere implementers of national policies or global commitments. Local policy makers can promote sustainable development and policy coherence at scale given their wide range of competencies.
- The 2030 Agenda provides an ideal framework to mainstream sustainable development goals into local and regional policymaking, planning tools, investment strategies and decision-making.
- LRGs should be included and play an active role in all stages of the localisation of the SDGs (planning, implementation, awareness raising, including the SDGs in strategic local policies on sustainable development).
- The Associations of LRGs can play a critical role, both in donor and partner countries, by providing knowledge and information sharing opportunities, as well as supporting LRGs in DDC activities.

Recognise the distinctive role of regions, cities and small municipalities in DDC

- Regions, cities and small municipalities play different roles in development co-operation. Regions can function as donors involved in bilateral and multilateral co-operation activities and partnerships with other countries, as implementers of DDC activities, including non-ODA, and/or as facilitators of synergies among territorial DDC actors.
- Municipalities provide knowhow, expertise and technology transfer, local governance, peer-to-peer exchanges of best practices and mutual learning on issues of governance, direct partnerships arrangements, twinning. In addition to the non-ODA activities, medium size and big cities can also provide ODA support to their peer in partner countries.
- Sometimes, smaller towns and municipalities can act as donors supporting their peer in partner countries as well as locally based NGOs active within the municipal territory for their DDC projects. Moreover, LRGs are actors of public development policy and play a different role than CSOs in DDC.
- National and local/regional regulatory frameworks, incentives and guidelines should recognise this diversity of tasks and functions and support all forms of DDC to increase the impact of LRGs development co-operation actions.

Promote better co-ordination across levels of governments for greater DDC effectiveness and impact of development cooperation

- Co-ordinating actions of the various levels of government in terms of development co-operation, both in their territories and in the partner countries, is key.
- Municipalities, regions and national governments often have different priorities and strategies for their development co-operation actions. This is reflected in their DDC funding schemes for LRGs or NGOs, as well as in the implementation of DDC activities in partner countries, where DDC actors often operate without a

common vision and coherent framework for action, which leads to fragmentations of activities.

- There is also a need to clearly define the roles of DDC and central aid agencies according to their respective strengths. DDC actors have demonstrated a strong potential to deliver support that is timely and cost-effective.
- Existing global platforms, such as the GPEDC and GPI14, can play an important role to link central governments in headquarters to DDC actors on the ground and scale-up co-ordination mechanisms to better assessment and understanding of DDC's contribution to aid effectiveness.
- A well-functioning multi-level governance framework for DDC allows for the promotion of coherent DDC strategies and horizontal and vertical co-ordination of DDC actors and stakeholders.
- Central governments may consider the opportunity to encourage DDC as a tool to better integrate different levels of development co-operation activities into national and EU policies, strategies and frameworks. Dialogue and consultation across levels of government, and dedicated incentives (e.g. co-financing mechanisms or contracts) are valuable tools to promote this objective.

Set incentives to improve reporting on DDC financial flows, priorities, and practices and better communicate on outcomes and results.

- The lack of quality and accessibility of information is one of the most common explanations for the lack of awareness on the relevance of DDC, duplication of efforts, fragmentation of actions and lack of co-ordination.
- Ambitious efforts are needed across national and local governments in reporting DDC financial flows (ODA extended by local and regional governments) through the DAC Creditor Reporting System. Improvements on this front will provide a more comprehensive picture of the shared responsibility taken on by promoters and partner countries in development co-operation.
- Sharing information is vital to guide and improve DDC as well as to foster partnerships. Technology and innovation can be a major driver to encourage and facilitate information sharing, not only between data producers and users but also between DDC actors. It can also improve DDC accountability in a period of increasing populism and an economic crisis.

Establish results-oriented monitoring and evaluation frameworks from more transparency on the impact of DDC in partner and donor countries and an evidence based learning culture

- M&E frameworks at both local and national levels are key to assess DDC implementation and impact. While decentralised M&E frameworks could focus on monitoring and assessing DDC project results, M&E frameworks at the macro level (that is, regional or/and national) should focus on monitoring the impact of DDC projects at that level, as well as the influence of DDC on national policies for development co-operation.
- DDC M&E frameworks should be underpinned by the OECD-DAC principles of relevance, efficiency, effectiveness, impact and sustainability and linked to the Global Partnership for Effective Development Co-operation indicators and SDGs. They should at minimum assess:

  - The level of alignment between DDC actions and local and national policies in partner countries.
  - The level of ownership over the process by the decentralised authorities in partner countries.
  - The level of dialogue and participation by partner organisations in the definition, implementation and M&E of the DDC project.
  - The potential for reciprocity among partners.
- Monitoring and evaluation for DDC should support actors to gather evidence-based information to assess the impact and value-added of DDC, over alternative modalities and approaches implemented by central governments and other development actors.
- It should also contribute to a learning process so that the information gathered to inform decision-making and define DDC activities.
- This requires M&E frameworks that go beyond mere bureaucratic processes and reporting tools, and instead be oriented towards assessing results through the critical analysis of information, internalising the lessons learnt, producing useful and strategic knowledge, and communicating the results for better accountability to citizens.

Promote stakeholder engagement to increase the ownership and accountability of DDC activities and to address citizens' demands

- Involving multiple actors across the DDC chain, sectors and levels of government can help maximise the impact of DDC actions. Allowing the engagement of territorial actors can help empower communities and generate ownership and long-term sustainability of DDC activities. It is a key asset as it allows for place-based knowledge, expertise and good practices that can be adapted and implemented in partner countries.
- This engagement ranges from CSOs, NGOs, the private sector, research centres, universities to different ministries or agencies at the central level or levels of government, both in donor and partner countries.
- Critical actions in this direction include mapping who does what, regularly assessing stakeholder engagement, providing adequate legal and institutional frameworks to foster engagement processes, building capacity activities, offering the necessary platforms for dialogue.

Support capacity building for effective, efficient and inclusive DDC implementation

- The lack of capacity is often an obstacle, in particular, for local stakeholder engagement in partner countries. Offering capacity-building training modules and workshops for DDC initiatives can help address imbalances and create bridges among actors and territories with different levels of expertise and knowledge.
- In this way, a national and global association of local governments, NGOs, research centres can offer valuable contributions to consolidate and expand skills and competencies needed for DDC activities to deliver intended outcomes. Some LRG associations are developing initiatives for training and peer learning to their members involved in DDC.

Mobilise political commitment and territorial stakeholders where financial resources are insufficient

- In some countries, the financial crisis in 2008 had a deep impact on LRG development co-operation budgets. Mobilising the political commitment for DDC at national and subnational level is critical to support the continuation of DDC activities in affected LRGs.
- Co-ordinated knowledge sharing and exchange of best practices by various territorial stakeholders can also help to overcome financial constraints and support DDC activities.

Notes

[1] In 2017 DAC (30) members include Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, the European Union, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, the United Kingdom and the United States.

[2] ODA flows are defined as those flows to countries and territories on the DAC List of ODA Recipients and to multilateral development institutions which are: provided by official agencies, including state and local governments, or by their executive agencies; and ii. Each transaction of which: a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and b) is concessional in character.

[3] www.oecd.org/dac/stats/documentupload/DAC%20List%20of%20ODA%20Recipients%202014%20final.pdf.

[4] The Creditor Reporting System (CRS) is the central statistical reporting system of the DAC which covers reporting on ODA by bilateral and multilateral providers of development co-operation at item level on all flows of resources, both on a commitment and disbursement basis. It is governed by reporting rules and agreed classifications, the DAC CRS Directives and questionnaire, carried out annually. Flows can be presented on a gross or net basis and from either a provider perspective or a recipient perspective.

[5] www.oecd.org/dac/stats/35935258.pdf.

[6] Four DAC members have introduced agency codes for DDC in their CRS data reporting since 2005. These include: Canada in 2007, the Czech Republic in 2011, France in 2010, and the United Kingdom in 2012.

[7] Twinning programmes reported as ODA include for example the programmes to improve the administrative capacities of the public administration of a partner country through the training of its staff, support to the reorganisation of its structure and formulation of national laws, regulations and quality standards, as well as peer-to-peer initiatives which aim to provide opportunities to exchange knowledge and experience on public sector reform.

[8] https://ec.europa.eu/neighbourhood-enlargement/tenders/twinning_en.

[9] Spanish Agencies: these codes will be included in 2018 for 2017 flows.

[10] www.oecd.org/regional/regional-policy/Decentralisation-trends-in-OECD-countries.pdf.

[11] 2017 OECD Survey to DAC members.

[12] The special survey was sent to non-DAC EU members: Croatia and Estonia.

[13] All ODA figures referenced to approximate volumes of DDC include all administrative and in-donor costs following the same methodology used for calculating total volumes of ODA. Certain analysis (e.g. sectoral allocations) requires removal of these costs for accuracy. In such instances, the removal of administrative and in-donor costs is indicated in the footnotes.

[14] German bilateral ODA has increased in recent years mainly because of the refugee crisis. While German DDC remains stable, it shows a decrease in terms of total bilateral ODA.

[15] As a consequence of the 2008 international financial crisis, bilateral Spanish ODA decreased dramatically in the following years (from USD 3.7 billion in 2008, to USD 3.6 billion in 2009, USD 3.4 billion in 2010, USD 1.8 billion in 2011, USD 0.9 billion in 2012, USD 0.8 billion in 2013, USD 0.4 billion in 2014 as in 2015). However, although DDC decreased as a consequence of the crisis, it was at a slower pace than the decrease of total bilateral ODA (which is why Spanish DDC as a share of bilateral Spanish aid increased).

[16] European Commission COM(2013) 280 final.

[17] All DDC volumes estimated over the 2005-15 period include in-donor costs where reported as ODA (i.e. imputed student costs, administrative costs, and refugee costs) except in the specific instance where imputed student costs distort the distribution of recipients (e.g. regarding large volumes of imputed student costs from a single provider) and were thus removed to improve the clarity of financing across providers.

[18] As the type of aid imputed student costs is available from 2010 onwards only, top recipient will be shown for 2010 and 2015 (not 2005 detailed information).

[19] Switzerland recognises in the DDC/DAC survey its need to improve the data collection in terms of sectoral allocations; Spain reported on aggregates for a fraction of its DDC aid in 2015 and classified it under multisector or unspecified.

[20] Since 1998, the DAC has monitored aid targeting the objectives of the Rio Conventions through its Creditor Reporting System (CRS) using the "Rio markers". Every aid activity reported to the CRS should be screened and marked as either (i) targeting the Conventions as a 'principal objective' or a 'significant objective', or (ii) not targeting the objective. There are four Rio markers, covering: biodiversity, desertification, climate change mitigation and climate change adaptation. The adaptation marker was introduced in 2010.

[21] www.oecd.org/governance/regional-policy/44232263.pdf.

[22] Definition: An activity should be classified as gender equality focused (score principal or significant) if it is intended to advance gender equality and women's empowerment or reduce discrimination and inequalities based on sex. For a complete definition see: www.oecd.org/dac/stats/37461060.pdf.

[23] www.cib-uclg.org/sites/default/files/cib_uclg_2016_final_web_i.pdf.

[24] http://effectivecooperation.org/.

[25] Law 19/2013, 9 December, on transparency, access to public information and good governance.

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Part II. **Case Studies**

Overview, cross-cutting practices and way forward

The four subsequent case studies seek to document the diversity of DDC models and typologies across EU countries. The DDC models from Flanders (Belgium), the Basque Country (Spain), Tuscany (Italy) and France range in DDC approach from a model based on the interaction between a region and national governments in partner countries (Flanders), to a model that relies almost entirely on the actions of NGOs in the implementation of the activities (Basque), to territorial partnerships that allow the mobilisation of a diversity of territorial stakeholders both in donor and in partner countries (Tuscany), to a municipal city-to-city model based on peer-to-peer collaboration (France).

The case studies also highlight how DDC contributes to support partner countries in different sectors and geographical areas. DDC has emerged as a relevant tool in promoting healthcare and food security, gender equality, access to drinking water and sanitation, solid waste management, climate change, cultural tourism and the circular economy. The DDC experiences reflected by the case studies cover different geographical parts of the world, namely Sub-Saharan Africa (Flanders, Belgium and France), Latin America (Basque Country, Spain), the Mediterranean and the Balkans (Tuscany, Italy) and Far East Asia (France).

Cross-cutting findings

Three cross-cutting findings emerged from the four case studies.

- DDC goes beyond ODA flows and includes various activities that span from peer-to-peer learning, knowledge and best practice exchanges and capacity building. Even in the case of Flanders, which acts as a traditional donor in the implementation of DDC activities, the case study displayed a variety of other DDC actors within the region particularly active in DDC at lower scales (municipalities). Flemish municipalities are increasingly engaged in DDC activities, including addressing global priorities like the SDGs.
- DDC goes beyond city-to-city collaborations. The case studies show that the DDC spectrum is much broader than that traditional form of subnational co-operation and includes a broader range of DDC models that operate through different mechanisms and implementation modalities, such as the region to national government collaboration, implementation through NGOs, or territorial partnerships.
- DDC goes beyond the "traditional" technical assistance and encompasses a diversity of activities that can complement and increase the effectiveness of the development co-operation actions of national governments. These activities include initiatives to strengthen local governance and decentralisation, transfer of technology and know-how, mutual exchange of good practices that allow a return

on investment also for the promoters. In addition, DDC is based on the principle of partnership and reciprocity, which go beyond the top-down implementation approach to development co-operation.

Cross-cutting best practices for peer-to-peer learning

Peer-to-peer learning and knowledge exchange was a core objective of DDC activities related to the four case studies. Key, replicable best practices emerged from each case study as shown in Table 1. The examples include best practices for approaching DDC or the SDGs, engaging with of civil society and territorial stakeholders, co-ordinating DDC in donor and partner countries, developing incentives and regulatory frameworks, dealing with specific sectoral issues (e.g. gender, water, etc.).

Table 1. Best practices emerged from the case studies for peer-to-peer learning

	Key lessons to share	Potential replicability
Basque Country	Incorporation of gender as a cross-cutting criteria/issue in all DDC activities	The cross-cutting approach can be replicated for other sectors/topics, e.g. SDGs
	Key role/active engagement of the civil society to shape DDC actions	Other regions/cities can establish similar mechanisms to engage civil society
	Strong collaboration with NGOs which promotes proximity to beneficiaries	The key role of NGOs can inspire other DDC models, where NGOs are not particularly active
Tuscany	Territorial partnership approach with mobilisation of all local stakeholders	This model can be used to integrated more top-down DDC models
	Strong focus on policy coherence and horizontal co-ordination (including SDGs)	The focus on the SDGs, both in Tuscany and partner countries, could inspire other regions that are addressing the localisation of the SDGs
	Implementation and adaptation of "internal" territorial development models to DDC in partner countries	It can integrate and improve DDC models based on ad-hoc/top-down interventions
Flanders	Long-term focus on few specific sectors/countries	Could be inspiration to go beyond short-term and project-based approach to DDC
	Donors' co-ordination in partner countries	The role and mechanisms to co-ordinate donors in partner countries can be implemented by other DDC actors
	Support – with strong autonomy – to municipalities to implement the SDGs	It can inspire cases where there is a strong disconnection between the regional and municipal level in the implementation of the SDGs
France	Enabling regulatory framework and incentives	It can inspire countries where regulatory frameworks for DDC are weak or absent
	Stock-taking effort of DDC water-related activities	A similar approach can be applied to other DDC sectors and topics
	DDC funding acts as a leverage/multiplier effect	This can be implemented in cases where DDC resources are limited to generate multiplier effects

Table 2 combines DDC typologies identified through desk research and case studies, and clusters the diversity of situations according to their indirect or direct characteristics, scale (regional, provincial or municipal), implementation modality, intermediaries and beneficiaries, and ODA or non-ODA.

Table 2. A summary of DDC approaches

DDC Approach	Promoter	Partner	Modality	Type of support	Intermediaries	Beneficiaries
Indirect DDC						
Indirect **regional**	Region	LRGs, national government	Indirect	Mainly ODA	International organisations, national ministries, NGOs	LRGs, national government
Indirect **regional through NGOs**	Region	NGOs	Indirect	Mainly ODA	NGOs	Local community
Indirect **local**	Municipality	Municipality	Indirect	Mainly ODA	NGOs	LRGs
Direct DDC						
Direct through **National** Association of LRGs	Central government through association of LRGs	LRGs	Agency	ODA and non-ODA	Association of LRGs in partner countries, NGOs	LRGs
Territorial **partnership**	Region with territorial stakeholders	LRGs with territorial stakeholders	Partnership and Network	ODA and non-ODA	NGOs, private companies, universities	LRGs
Direct **regional or provincial**	Region or province	LRGs	Partnership	ODA and non-ODA	NGOs	LRGs
Direct municipal non-financial	Municipality	Municipality	Partnership	Non-ODA (twinning, peer to peer learning, knowledge exchange, etc.)	No intermediaries	Municipalities
Direct **municipal**	Municipality	LRGs (or basin agency)	Partnership	ODA and non-ODA	NGOs (or basin agency), schools, hospital, local communities	LRGs
Direct **municipal-central government**	Municipality	Central government	Partnership	ODA and non-ODA	No intermediaries	National government

The first block comprises DDC approaches based on the indirect modality: i) indirect regional, ii) indirect regional through NGOs, iii) indirect local. DDC projects implemented under the indirect modality are mainly based on ODA transfer and the intermediaries are international organisations (IOs), national ministers and institutions, NGOs. The partner can be also the national government, as for the case of Flanders, and the support can be provided through multi-donor trust funds.

The second block comprises DDC typologies based on the direct modality, with the following observations:

- The territorial partnership approach is implemented both through the partnerships and network modalities. It is an innovative DDC approach and includes both ODA and mainly non-ODA support. Regions, provinces and cities are also very active in implementing DDC activities through the partnership modality, which

allows them to have direct co-operation with LRGs in partner countries and receive implementation support from NGOs. The associations of LRGs and the national government can also be involved and the DDC part of the national co-operation policy.

- Municipalities play a key role in DDC through different modalities: i) direct municipal non-financial, ii) direct municipal, iii) direct municipal-central government. Although they may include some ODA transfer (e.g. water in France), these situations are mainly based on non-ODA activities, such as peer-to-peer learning, knowledge and best practices exchange, twinning. The network and national associations of LRGs are increasingly playing a relevant role to support their members in DDC actions. Municipalities can also develop partnerships with national governments.

Way Forward

Three key cross-cutting priority areas emerged from the four case studies and subsequent dialogue with stakeholders and promoters as possible ways forward to increase the effectiveness, impact and contribution of DDC to global agenda.

- The need to develop typologies to capture the diversity of DDC models and overcome the trap of so-called DDC dichotomies, such as local versus regional DDC, ODA versus non-ODA DDC, etc. The identification of DDC typologies and the mapping of the variety of DDC models at various levels of government will also foster collaboration and dialogue among DDC actors and raise awareness on the relevance of DDC as an important development co-operation tool.
- The need for better data and information both in terms of reporting of DDC ODA in the credit reporting system through national governments as well as to assess and monitor the impact of DDC activities. This first would increase the visibility of DDC as an important tool for development co-operation and help build a narrative about the relevance, contribution and impact of DDC to development co-operation.
- The need to support cities and regions in addressing the SDGs in a shared responsibility across levels of government. All four case studies attach great importance to the SDGs, both in partner countries and in their own territories, and consider DDC as an important vehicle to address the global and universal dimension of the 2030 agenda. The key priority actions identified to strengthen cities and regions' role in the localisation of the SDGs include: i) localise and contextualise the goals and produce better data and information at local level to monitor progress; ii) raise awareness on the importance of the SDGs, both at political level and with citizens, iii) promote dialogue and co-ordination across levels of government on the roles and responsibilities of various actors in addressing the SDGs.

3. Decentralised Development Co-operation to promote healthcare, agriculture and food security: The case of Flanders

This chapter presents the case of Flanders, Belgium on DDC to promote healthcare, agriculture and food security, mainly through the cooperation activities of the regional government in Malawi and Mozambique. It shows a singular approach to DDC that usually focuses on ODA support and involves local and regional governments in partner countries through their national governments. This DDC model shows the effectiveness and impact of a strategic focus on few sectors and countries as well as the peculiarity of a region acting as a traditional donor following the aid effectiveness principles.

Setting the scene for DDC in Flanders

Flanders is one of the most active regional governments globally in DDC. Since 1993,[1] the administrative organisation of Belgium has attributed a number of international competences to regions, including the right to conclude treaties in their areas of governmental competence. In addition, several ministerial departments have made important ODA-contributions in the period 2006-16.

Despite the financial crises, Flanders has maintained its commitment in terms of ODA. Its DDC activities are mainly ODA support and, over the past ten years, the region has become an important international donor and actor for development. The support to local development is a key priority of the Flemish development co-operation strategy and the region works both with national institutions and subnational governments. It follows the principles of aid effectiveness and key priorities are donors' co-ordination and the idea of multi-level governance.

Flanders engages with three partner countries to also support development efforts and service delivery at the local and regional level. Flanders' first partners were the Provinces of Limpopo, KwaZulu-Natal and the Free State in South Africa to support their regional authorities in the process of transformation after the "Apartheid".

A key feature of Flanders is its peculiar and articulated governance model. Following a reorganisation of the Flemish administration in 2004-05, the government established the Flanders International Co-operation Agency (FICA) as the executive arm of the Flemish administration for development co-operation, including for the implementation of its budget. Key principles guiding FICA's actions were effectiveness, relevance, coherence, risk management and accountability. After the financial crises, the Government of Flanders established a fully-fledged Ministry of Foreign Affairs, into which absorbed FICA.

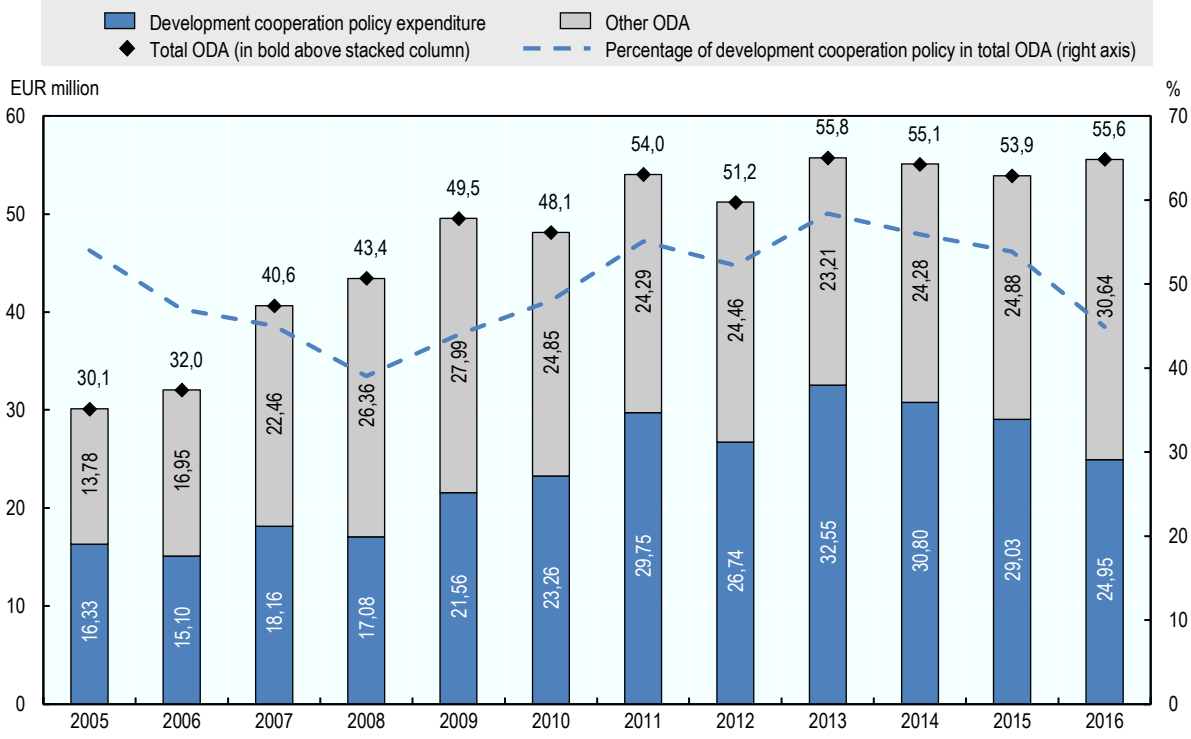
Flanders' development co-operation budget increases at a constant rate. The region's development co-operation budget in 2015 was about five times higher than the budget in 1995 (5.3 million) and almost double the 2005 budget (Figure 3.1). This budget covers development awareness and education, communication activities, the covenant programme with the cities and municipalities in Flanders, bilateral and multilateral projects and programmes in the South, microfinance and humanitarian assistance. Flanders also supports the Fourth Pillar Initiative, which groups various development initiatives undertaken by citizens who are usually outside the traditional NGOs networks. Digital communication and social networks play a relevant role in the promotion of such initiatives.

Flanders has been supporting municipal and city DDC activities since 2001. After an initial pilot-phase, collaboration between Flanders and the different municipalities and cities in the area of development co-operation took the form of covenants. In 2004, the "Covenant Programme" introduced by Decree specific guidelines for the development and implementation of DDC activities with cities and municipalities. The VVSG, the umbrella-organisation of Flemish municipalities and cities, received support to assist the different Flemish municipalities and cities with the implementation of their covenants. From 2006 to 2016, 209 applications for DDC activities were approved by the Flemish Government for a total of almost EUR 17 million.

In 2016, the Covenant Programme budget was integrated into the Municipal Fund (*Fonds des Communes/Gemeentefonds*), which is the general framework regulating Flemish municipal and city finances. As a result, funds for international co-operation are no longer earmarked but will take the form of general purpose funds. Municipalities and cities will autonomously decide on provisions for DDC, without taking part in a call for proposals and passing through a selection process. Flanders will continue to support the VVSG to assist the local government level with guidance and expertise.

Figure 3.1. Breakdown between Development Co-operation policy and other ODA

Evolution of total ODA



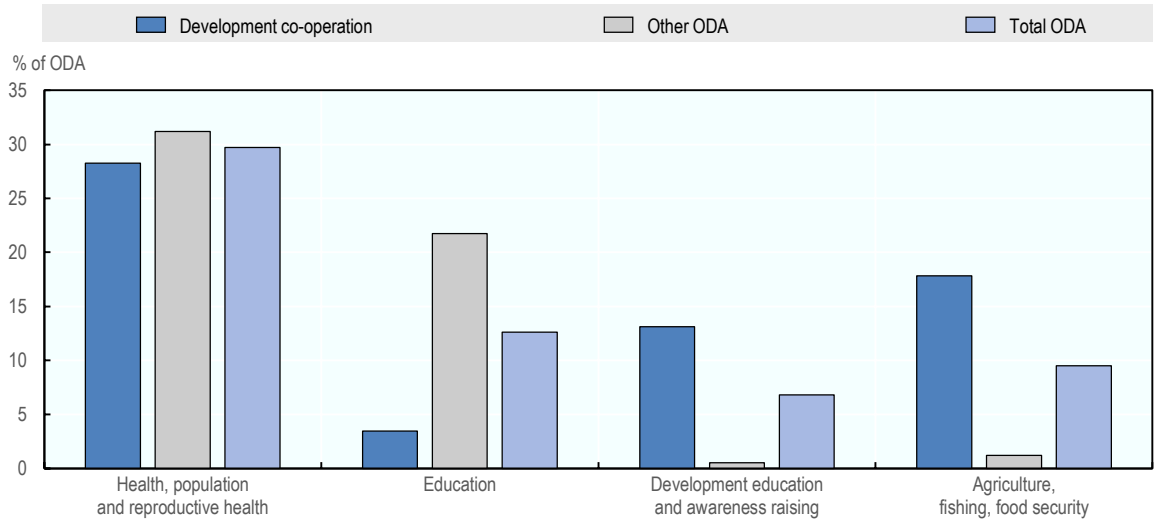
Source: Flanders International Monitoring and Evaluation Database, https://awesome-table.com/-KZexmXgsXnaSIXoSRIF/view (accessed on 18 September 2017)

From 2006-16, Flanders targeted support to four sectorial priority areas: health (including sexual and reproductive health and rights), education, agriculture, and development education (including the Covenant Programme). Health receives the most ODA (29.7%) and development co-operation (28.2%), followed by education with ODA (12.6%) and development co-operation ODA (3.5%). Agriculture receives high levels of development co-operation ODA (17.8%) with lower volume to development education (13.1%). Since 2012, the importance of the environment, energy and forestry sector has increased. This sector saw an increase in development co-operation ODA from 3% in 2006 to 10.4% in 2016, and a sharper increase in ODA from 1.7% in 2006 to 28.2 % in 2016. Flanders has also increasingly contributed to the Green Climate/Adaptation fund.

Geographical prioritisation is a key principle for Flanders DDC activities. Southern Africa received 36% of Flemish ODA (Total ODA) through earmarked contribution. Malawi, Mozambique and South Africa received about 30% of the bilateral ODA

(Total ODA) from 2006-16. In this period, almost EUR 56 million was disbursed in Malawi, EUR 58.6 million (mainly bilateral aid) to Mozambique, and EUR 47.5 million to South Africa. Flanders' geographical areas of intervention cannot be identified for about 41% of the ODA (EUR 220.8 million) from 2006 to 2016 as they were core contribution or grants to international partners, protocols and conventions and therefore the sectors do not appear in the reporting.

Figure 3.2. Flanders sectoral priorities, 2006-16



Source: Flanders International Monitoring and Evaluation Database, https://awesome-table.com/-KZexmXgsXnaSIXoSRIF/view (accessed on 18 September 2017)

The key DDC actors in Flanders are situated at various levels of government.

- At the **regional level**, in addition to Flanders also Wallonia and the Brussels-Capital Region are active in DDC.
- Five **provinces** in Flanders are involved in DDC activities, namely West Flanders, East-Flanders, Antwerp (Box 3.4), Flemish Brabant, Limburg.
- **308 cities and municipalities** play a key role in DDC activities: From 2006-16, Flanders provided EUR 17 million, through the Covenant Programme, to support about 100 participating subnational actors. Flanders also supports the Association of Flemish Cities and Municipalities (VVSG), which provides information, counselling and training for municipalities.

The Association of Flemish Cities and Municipalities (VVSG) instituted a "planning week", which serves as a mechanism to match donor and partner priorities and for define partnerships with the 30 priority countries that receive support from the federal government. The event is organised once a year and involves most representative of LRGs from Flanders as well as from partner countries.

The key contribution of Flemish municipalities to DDC

Municipal DDC is a key pillar of Flemish DDC and it integrates the actions and initiatives of the regional level. A key element of DDC for local governments in Flanders is that DDC is local public policy. Support for municipal DDC actions is one of the Flemish regional policy priorities. It has resulted in the increased engagement of a

multitude of local actors in DDC. Today, more than 75% of Flemish municipalities have a councillor responsible for DDC and a specific budget for DDC, which allows them to both implement activities in partner countries as well as support other local actors. In addition, most of Flemish municipalities have an advisory board composed by citizens and CSOs for their DDC activities.

The DDC actions of municipalities focus in particular on city-to-city co-operation (Table 3.1), but they also include development education and awareness raising activities. DDC actions at this level are based on the principle of reciprocity, where peer municipalities can learn and exchange good practices from each other and the partnership involves not only the political and technical dimension but also various stakeholders from the civil society. City-to-city co-operation also presents an ODA component. For example, the municipality of Zoersel is supporting the city of Bohicon (Benin) both with regional funds and with own municipal funds. The total budget is EUR 130 000, with EUR 100 000 in support from the municipality. Flemish municipalities are active in both developing countries and other European cities.

Table 3.1. City-to-city co-operation of Flemish municipalities

	Flemish Municipality	Partner Municipality	Country
Asia	Turnhout	Hanzhong	China
	Kortrijk	Cebu	Philippines
Central Africa	Brussels	Kinshasa	Democratic Republic of Congo
	Waregem	Gatsibo	Rwanda
North Africa	Antwerpen	Ouled Daoud Zekhanine	Morocco
West Africa	Roeselare	Dogbo	Benin
	Zoersel	Bohicon	Benin
	Hoogstraten	Za-kpota	Benin
	Merelbeke	Toucountouna	Benin
	Oostende	Banjul	Gambia
	Ieper	Wa	Ghana
	Mol	Kara Kara	Niger
	Sint-Niklaas	Tambacounda	Senegal
	Zemst	Sokone	Senegal
	LoWaZoNe	KeMoPoDi	Senegal
Southern Africa	Genk	Francistown	Botswana
	Harelbeke	Eenhana	Namibia
	Lommel	Ongwediva	Namibia
	Ghent	Mangaung	South Africa
	Bornem	Nquthu	South Africa
	Dilbeek	Franschoek/Stellenbosch	South Africa
	Essen	Witzenberg	South Africa
	Heist-op-den-Berg	Bergrivier	South Africa
	Aalst	Worcester/ Breede Vallei	South Africa
Central America	Herent	Nimlaha'kok - Nimlasa'chal	Guatemala
	Lommel	Ciudad Dario	Nicaragua
	Mol	Santo Tomas	Nicaragua
	Sint-Truiden	Nueva Guinea	Nicaragua
South America	Brasschaat	Tarija	Bolivia
	Bierbeek	San Felipe de Oña	Ecuador
	Evergem	Guaranda	Ecuador
	Edegem	San Jeronimo	Peru
	Koksijde	Marowijne	Suriname

Source: Association of Flemish cities and municipalities (VVSG), 2018.

The interlinkages across regional, provincial and municipal levels in DDC are an important feature of the Flemish international co-operation, including localisation of the SDGs, where the regional, the provincial and the local level are particularly active. In

addition, VVSG supports local level DDC actions (Box 3.1) and the process towards the localisation of the SDGs.

Flemish municipal DDC includes both large municipalities, such as Ghent (Box 3.2) and small municipalities like Mol and Zoersel. The municipality of Zoersel is particularly active in Benin (Box 3.3), both with the national level and in a city-to-city co-operation with Bohicon, while Mol implements city-to-city programs in Santo-Tomas in Nicaragua and Kara Kara in Niger.

Box 3.1. The "Glocal" perspective of VVSG in Flanders.

The Association of Flemish Cities and Municipalities provides training and support to municipalities and cities in Flanders. The organisation is served by a professional body of about 150 staff dealing with all policy areas relevant for local governments on a Flemish, Belgian, European and global level. Since 2000, the association is a partner of the Flemish government and supported by the Flemish administration (Flanders Department of Foreign Affairs). Together, the groups are focusing on a new perspective of North-South municipal co-operation relationships, which has served the purpose of the globalisation of municipalities, as well as bolstered citizens' participation and broke the traditional aid paradigm of unilateral resources transfer. VVSG is recognised and authorised by the Belgian Law on Development Co-operation (11/9/2016) to act as a non-governmental actor for development co-operation.

Interestingly, Flemish LRGs have the competency to perform an international action based on sound legal frameworks. More than two-thirds of the municipalities have a politically elected councillor in charge of DDC and have an own budget for municipal decentralised co-operation. Local municipal authorities sometimes engage in activities of expertise exchanges and capacity building in their city-to-city co-operation, and can even act as facilitating donors, providing funding for local NGOs.

Apart from raising awareness activities to the citizens, VVSG participates in the implementation of city-to-city co-operation (34 projects to date) and co-ordinates and channels the funds for 21 partnerships through federal subsidies.

Sustainability is a central cornerstone and legal obligation for Flemish municipalities (Article 2 of the Flemish Municipal Decree).[2] Aware of the importance of LRGs in order to achieve the 2030 Agenda, VVSG developed a platform using an interactive game methodology to raise awareness and foster dialogue among local actors at the municipal level. The rationale is to insert the SDGs as a guiding tool for international action and local policy planning. Commitment is already materialising, and Flemish local municipalities are signing an SDG Engagement Charter.[3]

In order to localise the SDGs, VVSG launched a call for pilot municipalities to experiment this to all of its 308 members. More than 50 municipalities responded to the call (1 out of 6 Flemish municipalities). The 2-year pilot project will try to include the SDGs along every step of the strategic planning 6-year cycle of the local governments and will come up with conclusions and recommendations for all 308 local governments to take the SDGs on board in their strategic planning exercise from 2019 onwards. The pilot project of localising the SDGs focuses on three paths: i) experiment with every step of the strategic planning cycle; ii) raise awareness with municipal staff and citizens and iii) include the political dimension in supporting the SDGs.

"Localising the SDGs" means that the SDGs reference framework needs to be adapted to municipal context and reality. This means that no blueprint is available and that experimenting with it is necessary. Whereas DDC and municipal international co-operation can take a rather marginal position in the organisational structure of a municipality, the SDGs are treated at a more strategic and crosscutting level. This also gives the spreading of the international message a new push within the municipality.

Box 3.2. DDC experiences from Ghent and Mol

Ghent Fair Trade, an opportunity for international co-operation

In the framework of North-South activities, Ghent has decided to address the deplorable situations experienced in the textile industry involving people from the south by developing a project on fair trade. This has also worked as a useful strategy to inform the community of Ghent about the existing town partnerships (e.g. with Manguang in South Africa). Businesses can harbour huge potential when addressing sustainability, as it offers an opportunity to work in an integrated way while addressing Agenda 2030.

Ghent Fair Trade is an initiative of the City of Ghent, in partnership with Oxfam Wereldwinkel Gent-Centrum. Through public actions and support programs, they increase the visibility and offer of fair trade in the city with the idea of promoting fair clothing and textiles. Fairtrade Towns can establish a direct link with sustainable purchasing and ethical investment policies whilst working on their international co-operation through their city-to-city partnership. "Fairtrade towns" is an example of Ghent's existing and inspiring initiatives contributing to the Agenda 2030, in particular SDG 2 and 11. As a result, the community's consumption and production behaviours are being oriented towards responsible and informed attitudes.

Due to its visible efforts in terms of sustainability and the consolidation of their network, the city was chosen in 2016 as one of the 8 Belgian SDG Voices (the only local government amongst other private actors and civil society organisations such as 11.11.11). This role of ambassador translated in various actions taken by Ghent during 2017 to raise awareness on the goals amongst the public and also encouraged the city to connect with these global changes and to drive the implementation by integrating SDGs in their strategic planning. For instance, the city has already invested in the organisation of SDGs workshops for Ghent schools revealing that this agenda is starting to frame local action and communication.

Mol's Municipal Global Policy

A few decades ago, the municipality of Mol decided to pursue a "global policy". Since Mol has its own budget for development or international co-operation (support for they own funding for LRGs, city twinning and emergency assistance) and participate in federal and Flemish programmes, they were able to activate this type of action.

The preferred modality over the years was city twinning outside EU countries, relying on the principle of horizontal and reciprocal city-to-city exchanges. Mol's aim is to empower local governments and civil society from both sides, through capacity building and/or peer-to-peer initiatives. Municipal co-operation goes back to 1985, when Mol engaged in city-to-city co-operation with Santo Tomás, Nicaragua, revealing a successful story of a long-term and fruitful partnership. This co-operation operated in many areas of mutual interest (health, environment, water). In addition, this experience was a source of inspiration for the municipal international co-operation between Sint-Truiden and Nueva Guinea. North-South co-operation with Santo-Tomás also led to co-operation between municipalities of the south. Nicaraguan municipalities are already co-operating although there is still much work to do to push Lommel, Mol and Sint-Truiden to co-ordinate their international co-operation at a North-North level.

Mol has also established strong ties with Kara Kara, Niger, since 2007 on programmes in the field of health, education, gender, water, among others. These experiences have proved to be relevant in crucial matters such as municipal stakeholder's engagement. These activities have not only been supported by the community of Mol, but also by the partner cities in Nicaragua and Niger. The distinctive character of the Mol's experience is its impetus to achieve reciprocity, a key ingredient to promote peer-to-peer learning exchanges from DDC partners.

Box 3.3. A city-to-country co-operation: The example of Zoersel with Benin

Even though city-to-city or region-to-region co-operation represents the bulk of DDC activities, Zoersel's particular experience shows that subnational actors can interact with central governments in partner countries. Less than a decade ago Zoersel started working on DDC in Benin. The co-operation gradually grew in scale, diversified and persisted over time. The modality employed consisted of building a long-term partnership between communities in different territories.

In 2011, with the incentive of the Flemish subventions, the small city of Zoersel began implementing city-to-city co-operation with Bohicon (Benin) aiming at supporting the local government and peer-to-peer exchanges between local authorities and to connect this level of government with citizens. As a consequence, local administrations were able to improve their capacities and accountability gaps. Apart from local governance, they covered a broad range of fields: technology transfer, service delivery (for birth, death and marriage certificates), waste management, education, youth development, social service delivery, etc. From Bohicon, Zoersel can learn a lot about civil participation in local decision-making.

Besides twinning, DDC also contributed to weave a network with all partners of Bohicon. Zoersel has played a lead role, not only in promoting the activities but in co-ordinating a variety of organisations (4th Pillar organisations, GTZ in Germany, municipalities in France).

Regardless of the challenge imposed by global circumstances, Zoersel, together with the municipality of Bohicon, found ways to contribute to global agendas, as it signed the declaration of engagement to implement the SDGs and the covenant of Mayors (EU and SSA). The Agenda 2030 became a framework for their local action plans. Localising the SDGs has pushed Zoersel to adapt its goals and targets as well as it has successfully defied its historic means of implementation, evaluating and participative mechanisms.

Box 3.4. DDC activities of the Province of Antwerp, Belgium

A total of 1% of Antwerp´s provincial budget is allocated to development, meaning EUR 2 000 000 from the annual budget. Antwerp provides financial support to NGO projects and local development organisations/solidarity groups, for the 11.11.11[4] emergency aid. They have therefore developed provincial development programmes in Guatemala and Philippines and built a peace and support network for a local peace community in Colombia.

In Guatemala, they started with a small financial contribution to work on a regional project, which ended up leaving relevant economic and non-economic benefits. The distinctive feature is that they rely on long-term financing and strategies, ensuring security and flexibility with the executive partner. This funding modality is rarely provided by NGOs or by bilateral co-operation. The other key element is investing in regional programs, which allows a multi-level and multi-actor interaction.

In the Philippines, the HOP-SA programme challenged the conventional practices of agriculture, planning the design of public space, offering an attractive and innovative design including (technical) advice to improve the well-being of local communities in harmony with their natural environment.

The comparative advantage of the province as regards to bilateral co-operation concerns mainly the fact that the province can respond more easily and flexibly to opportunities to support national and regional policies, to be operationalised through smaller projects. The subnational government also acknowledges that there is room for improvement with regard to the dialogue between governments since the lack of communication usually complicates policy co-ordination.

Main Flemish DDC regional activities

Two key DDC activities that have been implemented by Flanders and selected for the case study are: i) sexual and reproductive health and rights (SRHR) in Mozambique and ii) Food Security and Agriculture in Malawi.

Sexual and reproductive health and right in Mozambique

The Government of Flanders started its support to the Tete Province in Mozambique in 2002. The first Country Strategy Paper (2006-10) with Mozambique focused on health and education. The support to the health sector included human resource development, the strengthening of the network of integrated basic health care and support to persons living with HIV AIDS or sex workers. In addition to the regional government, the key actors involved in those activities were the International Centre for Reproductive Health, embedded in the University of Ghent, Doctors without Borders, and the Institute for Tropical Medicine. The main share of ODA to Mozambique was conveyed through governmental services and multilateral actors.

Based on the Mid-Term Review 2011-15, the Government of Flanders and Mozambique agreed to focus the next bilateral programme for 2016-20 on Health System Strengthening, Human Resources for Health, Promotion of Evidence-based Medicine and, most importantly, the promotion of SRHR. Specific commitments included the strengthening of the support to the health sector fund, *Prosaude*, and to better align the ODA to the policies, projects and programmes already agreed with the partner

government. Throughout the entire period of bilateral support, Flanders has decided to continue the two-tiered approach of supporting the provincial next to the national level. In such a fragile, diverse and complex context as Mozambique, Flanders promotes subsidiarity for health to increase effectiveness. As a regional authority with a considerable array of own competences, Flanders leans naturally to decentralisation as a measure for aid-effectiveness and beneficiary involvement. Flanders' approach to DDC entails the collaboration both with the central government and the subnational governments in partner countries. For instance, in Mozambique, this resulted in a focused and sustained collaboration with Tete Province by providing more comprehensive technical and financial support to the provincial health plans, including through the partnership with the *Instituto Nacional de Saúde.*

Flanders confirmed its support to Mozambique and to the Province of Tete in the latest Country Strategy Papers (CSP), which focuses on particular populations that have been left behind, in particular by contributing to the universal access to SRHR of female adolescents. The collaboration with the provincial level remains key for Flanders and informs the support to the strategic health initiatives at national level. The multi-sectoral approach and the multi-level governance system are two relevant pillars of the strategy to provide universal access to SRHR, including comprehensive sexuality education. In a much more general way, Flanders is also supporting two international partners in this activity: UNAIDS and the UN-Special Programme of Research, Development and Research Training in Human Reproduction, hosted by WHO. In addition, for a contribution of EUR 750 000 per year, Flanders also provides the Chairperson for the autonomous executive board, the PCC. This illustrates the level of trust placed by other, important bilateral donors in the capacities of Flanders in this particular domain.

In terms of volumes, the average financial support to Mozambique has been approximately EUR 5 million per year. A decrease in ODA provided to the country was recorded in 2006, 2012 and 2016. About 80% of the ODA support was provided to the sector of health care and reproductive health for several years, namely 2006, 2008, 2010, 2012, 2014 and 2016. Flanders channelled about half of ODA to Mozambique through the central government and about 13% (2014 and 2015) and 22% (2016) of ODA through research institutions (for instance INS, a local research institution).

Food security and agriculture in Malawi

The second example of DDC activity selected for the case study of Flanders is agriculture and food security activity in Malawi. Flanders' support to agriculture and food security started in 2007 with the signature of the Memorandum of Understanding with FAO, the Bunda College of Agriculture and the Natural Resources College. Over the past ten years, many projects have been financed in two districts, Kasungu and Mzimba.

In terms of DDC modalities, Flanders is supporting the Government of Malawi by contributing to the Multi-donor Trust Fund, managed by the World Bank and to the health-SWAp. The rationale for the participation in the Multi-donor Trust Fund is to strengthen co-ordination and collaboration across various donors' activities in the country, both horizontally among donors and vertically, across levels of governments. In terms of donors' co-ordination, Flanders recently chaired the Donor Committee on Agriculture, Irrigation and Water Development.

The DDC activities are not directly implemented by Flanders but through other technical partners, such as FAO, which has channelled the funding to the district level and has provided technical assistance in the field of agriculture to Kasungu and Mzimba since

2008. As for the case of Mozambique, specialisation and a focus on service-delivery are the two guiding principles underlying Flemish support in Malawi. The objective is to contribute to the SDGs on poverty (SDG1) and food security (SDG2), as well as to SDG17 on partnerships.

Malawi has received EUR 55.9 million from Flanders, targeting two sectors: agriculture and health. About 70% of the ODA focused on agriculture and food security. An important part was also attributed to the health sector, until 2013-14. 41% of the ODA for the period 2006-16 was channelled through governmental partners and about 9% yearly ODA targeted a considerable number of local NGOs.

Key actors in DDC activities in Mozambique and Malawi

Sexual and reproductive health and right in Mozambique

Flanders has been collaborating with a range of different institutions in the implementation of his DDC activities in Mozambique, which span from local and regional actors, to the national government and to international organisations and local and international NGOs.

The financial agreement is with the Ministry of Health, which supports the implementation of the project and is the main in-country co-ordination partner. The engagement with the local level, although through the national ministry, is a key priority for Flanders.

Multilateral and international actors are usually key partners of Flanders in DDC activities. In Mozambique, WHO received support from Flanders for the implementation of the Health System strengthening Programme while UNAIDS was previously engaged to help tackle the spread of HIV-AIDS among women and girls. Currently, UNAIDS receives EUR 750 000 a year from Flanders, earmarked for global policy development, to support the country programmes of Mozambique and 7 other highly HIV-struck countries in sub-Saharan Africa. Through delegated and other forms of trilateral co-operation, Flanders works intensively with other European bilateral donors in the country, such as Denmark and the UK (DFID). Local, Flemish and international NGOs are deeply involved in the implementation of DDC activities in Mozambique. The International Centre for Reproductive Health, the Institute of Tropical Medicine Antwerp (ITG) and the Instituto Nacional de Saúde (INS) are other important partners.

Food Security and Agriculture in Malawi

Flanders partners with a variety of DDC actors at various levels of government in Malwai. The engagement of the local level appears a bit weaker than in Mozambique, as it is involved mainly through the regional and district offices of the Ministry of Health and Ministry of Agriculture. Indeed, the main partners of Flanders in Malawi are national and international actors. The Department of Agricultural Extension Services (DAES) of the Ministry of Agriculture is the main implementing actor for the extension activities under the ASWAp-SP and the Department of Animal Health and Livestock Development and the Ministry of Health also play an important role. Financial support to the Ministry of Agriculture, Irrigation and Water Development is channelled through the Multi-Donor Trust Fund that is managed by the World Bank. The activities financed by the Multi-Donor Trust Fund are implemented by the Ministry of Agriculture, Irrigation and Water Development. The choice of contributing to the Trust Fund is to improve the co-ordination of donors' actions at country level and avoid fragmentation of activities and duplication of efforts.

Table 3.2. Key actors in DDC activities in Mozambique

	Role
Local and regional actors	
Direcção Provincial de Saúde (DPS), Province of Tete	Management of the programme "integrated network on the fight against HIV-AIDS in the province of Tete". The province is in charge of the local hospitals and health centres and receives support through Prosaude, the Health Systems Strengthening programme from the WHO, and the collaboration between Flanders, ITG and INS.
Flanders: FDFA, Agency for Higher Education, (Adult Education and Study Grants) and the Department of Economy, Science and Innovation	Agency for Higher Education (Adult Education and Study Grants): provides an annual grant (ODA 2006-16: EUR 50 million) to the Prince Leopold Institute of Tropical Medicine Antwerp. Department of Economy, Science and Innovation: provides support for scientific research (ODA 2006-16: EUR 16 million).
National actors	
Ministry of Health	Major strategic partner for Flanders in relation to the implementation of the health sector plans. Direct partner in terms of donor-co-ordination and the management of the sector fund "PROSAUDE".
Multilateral or supranational actors	
WHO	Major partner for the Health Systems Strengthening Programme (training of medical professions) Flanders is co-financing the HSS cluster of the biannual WHO-GoM health support plans. Flanders also provides core support to the UN Special Programme on Research, Development and Research Training in Human Reproduction HRP, hosted by WHO and gave earmarked support for a large-scale research project on optimising the antenatal care-model in Mozambique (approximately EUR 3.5 million for the period).
UNAIDS	Flanders supported the UNAIDS programme to tackle the spread of HIV-AIDS among women and girls in Mozambique in the period 2005-10.
Embassy of Denmark	Actively supporting the Provincial Health Directorate in Tete Province and collaborates with the Flemish Government, including through a comprehensive nutrition programme.
NGOs	
Viva Africa	Flemish NGO, whose programme DREAM supports the national plans of Mozambique in the area of HIV-AIDS. Supported by Flanders in 2012 and 2014.
Doctors Without Borders	Implementing partner in the integrated network on the fight against HIV-AIDS and in the distribution of antiretroviral therapy in the province of Tete.
Forum Mulher	Local NGO active in the field of gender and the rights of women on promoting access to safe abortion.
Pathfinder International	International NGO locally embedded, active in the health sector.
Population Services International (PSI)	Local NGO supported for the implementation of a programme to fight HIV-infection rates in 2011.
Clinton Health Access Initiative	Supported for the implementation of a programme called "Innovations for Maternal, Newborn Health: Improving Outcomes along the Maternal, Newborn and Child Health continuum".
APOPO	Flemish NGO active in Mozambique, which trains a specific type of rodent for the detection of landmines in the country. A similar approach and methodology are currently successfully used for the detection of tuberculosis.
Red Cross Flanders International	It operates under the umbrella of the Belgian Red Cross and has been involved in the health programme in the province of Tete since the beginning.
Other	
International Centre for Reproductive Health (ICRH/University of Gent and the ICRH-Mozambique	They are involved in the integrated network on the fight against HIV-AIDS in the province of Tete.
Institute of Tropical Medicine Antwerp (ITG)	One of the first partners active in the integrated network on the fight against HIV-AIDS in the province of Tete, and currently an important stakeholder in the programme with the "Instituto Nacional de Saúde" (INS).

Source: OECD elaboration based on the case study survey, 2017.

Table 3.3. Key actors in DDC activities in Malawi

	Role
Local and regional actors	
Regional and district offices of the Ministry of Health and of the Ministry of Agriculture and Food Security in Kasungu and Mzimba	Decentralised government offices implementing the activities financed through sector budget support to the Ministry of Health, to the Ministry of Agriculture, Irrigation and Water Development through the Multi-Donor Trust Fund (indirect sector budget support) and through projects of the FAO and ICRAF .
National actors	
Ministry of Health	Partner of Flanders in the support to the SWAp-Health until 2013.
Ministry of Agriculture and Food Security – Department of Agricultural Extension Services (DAES)	The Government of Flanders is strengthening the DAES as a main implementing partner for implementation of extension activities under the ASWAp-SP.
Ministry of Agriculture and Food Security – Department of Animal Health and Livestock Development	It works mainly in the districts providing extension activities to support animal health (vaccination and other medical treatment).
Multilateral or supranational actors	
UNICEF and UNAIDS	They provide respectively vaccination and immunisation programmes for children and capacity building activities.
IBRD (WB) + MDTF	Providing financial management of the Multi-Donor Trust Fund and project implementation oversight of the ASWAp-SP. It is managed by the Ministry of Agriculture, Irrigation and Water Development, while the World Bank is controlling the financial management. It also involves the EU, Flanders, Ireland, Irish Aid, Norway and USAID. The main purpose of the fund is to scale up on-going activities of the ASWAp-SP.
FAO	It is implementing a marketing capacity building project for smallholder farmers in Mzimba and Kasungu District (budget EUR 4 500 000, duration from 15 December 2015 to 14 December 2020). It is supported by Flanders.
ICRAF – World Agroforestry Centre	It is supported by Flanders to assist in the implementation of the Agro-forestry Food Security Programme II: the integration of mineral fertilisers with agro-forestry fertiliser trees.
IFPRI	It is implementing a programme for Flanders to assess and enhance the agricultural extension system in Malawi.
DFID	It provides support to the procurement services of the Ministry of Health.
NGOs	
Farm Radio Trust	It is a local NGO scaling up radio and Information Communication Technology (ICT) in enhanced extension service delivery (EUR 1 045 000 duration 2014-19).
Agribusiness Systems International	International active non-profit consulting firm supporting Malawi to improve the quality and reach of agricultural extension through the use of SMS-based texting on mobile devices.
Banja la Mtsogolo	It is a Malawian NGO active in the sector of health, reproductive health, and family planning.
Viva Africa	It is a Flemish Non-Profit specialised organisation in health-care and HIV-AIDS.
Malawi Milk Producers Association	Local professional umbrella organisation for dairy farmers.
Small Scale Livestock Promotion Programme (SSLPP)	Local NGO supporting poor families.
Red Cross Flanders International	Provides support under the umbrella of the Belgian Red Cross.
Farmers Union of Malawi (FUM)	Umbrella body of farmers organisations established in 2003.
Other	
Bunda College of Agriculture	Local university in the field of agriculture.
The Natural Resources College	Local institution for higher education, now integrated into the Lilongwe University of Agriculture and Natural Resources in Malawi.
Mzuzu Coffee Planters Co-operative Union Limited	Local umbrella organisation for 6 co-operatives.
Mikolongwe College of Veterinary Science	Local university with an important role in veterinary extension.
ACE-Malawi	Agricultural Commodity Exchange (ACE) platform links farmers to markets by providing market information, trade facilitation and warehouse receipt system.

Source: OECD elaborations based on the case study surveys, 2017.

The second largest recipient of financial support to implement activities is FAO. Other international actors, such as UNICEF, UNAIDS, WFP, ICRAF, IFPRI and UNDP are also working with Flanders. Several NGOs contribute to the implementation of the programmes supported by Flanders in Malawi, including international (e.g. Red Cross Flanders International, Agribusiness Systems International), Flemish (e.g. Viva Africa) and local NGOs (e.g. Farm Radio Trust, Banja la Mtsogolo, Small-Scale Livestock Promotion Programme).

Operational implementation of DDC activities

In relation to the organisation of DDC activities, the situation of Flanders is unique. After the modifications made to the Belgian Constitution in 2003, communities and regions received the competence to regulate international co-operation for all matters that fall within their competences in pursuance of or by virtue of that same Constitution. Co-ordination takes place at the level of the Inter-ministerial Conference for Foreign Policy (ICFP) including the ministers of foreign affairs at regional and federal level. COORMULTI was created under the presidency of the federal level to determine and co-ordinate the policies towards those multilateral organisations (mostly UN) whose mandates falls within the area of competences that partially or (almost) exclusively belong to the competences of the regional level. Finally, for determining the general Belgian position on European policy for development co-operation within the relevant European Council formations, DGE-co-ordination meetings are organised under the presidency of the federal Ministry of Foreign Affairs.

The identification of DDC projects and activities is usually based on a dialogue and negotiation process between the Flemish Government and the partner country, in this case, the Government of Mozambique (GoMO) and the Government of Malawi (GoMA). The relevant ministries within the partner country propose the areas and sectors to be supported. The general implementation strategy, as well as the methodology, the selection of the areas for the implementation, the M&E, etc. are defined within a mutually agreed country strategy paper (CSP). A CSP usually covers a period of 5 years of co-operation and entails an average yearly investment of EUR 5 million. These are then discussed in a negotiation process that involves also the local authorities, both at district and provincial level.

Following the definition of the areas of intervention, the priority sectors and the target groups, Flanders and local authorities identify and formulate the support programmes and projects for the regions, including the capacity needs assessment. The process is finalised by the signature of the programme or project agreement and the commitment of the funds. A Memorandum of Understanding is often used to regulate the support and collaboration with the international actors, while CSPs are formulated to frame the collaboration in each country.

While Flanders has an approach similar to traditional donors, ODA consists of bilateral support delivered through international organisations, local, international and Flemish NGOs, and to a lesser extent, national institutions. The role of local and regional governments in partner countries has developed from direct project implementation to overall management and co-ordination of the DDC activities financed by Flanders. It is not necessarily contradictory, that bilateral donors support decentralisation to increase effectivity and subsidiarity, while they are also active at the central level. This is particularly the case for Flanders, the experience in the field at subnational level is

essential to increase the effectiveness and sustainability of aid-delivery and development planning.

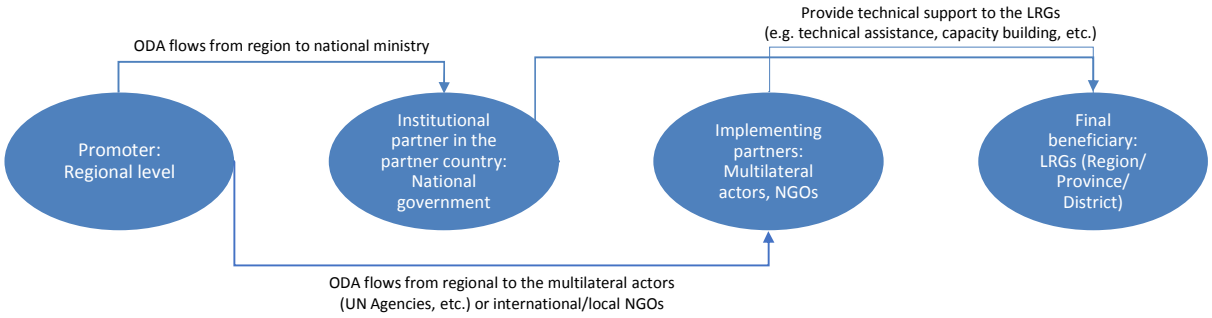
The division of labour-arrangements has also contributed to the strong involvement of Flanders at the regional, provincial and district level. Local and regional governments in partner countries are mainly responsible for the planning and co-ordination of the programmes, but sometimes also for the service delivery. In Mozambique, the provincial directorate for health of Tete receives support to improve its management responsibilities, while in Malawi the district of Kasungu and Mzimba are key partners of the implementing agencies.

Flanders attaches high importance to the impact evaluation of its DDC activities. The region developed guidelines for the implementation of its DDC projects and programmes, which also include impact evaluation. They can be thematic or policy evaluations and apply both to partner countries and to Flanders. Evaluations are usually developed by external evaluators while the monitoring is undertaken by Flanders and its local partners. Mid-Term Reviews (MTR) are one of the main evaluation modalities in partner countries, as in the case of Mozambique and Malawi. Monitoring and evaluation guidelines must be followed, which are partially based on risk assessment. Financial audits are usually attributed to certified auditors at the level of the individual projects and programmes. Information (indicators, results, finance, etc.) is stored in the Flanders International Monitoring and Evaluation Database, which also forms the basis for ODA-reporting by Flanders.

Regional - National Government DDC

The Regional to National Government DDC approach emerged from the case study of Flanders. The institutional counterpart of the region in the partner country is the national government, which receives financial support to implement the DDC activities in the priority sectors identified with the region (e.g. health, agriculture and food security). The nature of the support is entirely ODA. The region does not directly implement the DDC activities. Implementation is done through multilateral actors (e.g. UN Agencies) as well as international and local NGOs. The implementing partner receives financial support from the region and provides technical support to the local and regional government in the partner country. The financial support is sometimes provided through multi-donor trust funds, which helps to improve the coherence of interventions in the country as financial resources are allocated to the country priorities agreed between the donors and national government. The region follows the aid effectiveness principles and acts like a traditional donor with the advantage of bringing the regional perspective into the development co-operation model. One of the main cons is the lack of or weak direct connection with the final LRGs, beneficiaries of the support. This lack of non-ODA DDC activities does not allow for direct knowledge exchange and peer-to-peer learning activities and therefore also the returns on investment for the region are quite limited.

Figure 3.3. Region to National Government DDC



DDC best practices and innovations

One of the key elements of success of Flanders' DDC model is the long-term focus on few specific sectors and countries. Flanders decided to focus most of the geographical support in Mozambique, Malawi and South Africa with concentrated ODA support to one or maximum two sectors. In Malawi, for example, following the MTR, support has gone entirely to agriculture and food security.

Flanders also attaches increasing importance to the co-ordination of donors' actions in partner countries and to the coherence of the interventions. For this reason, the region decided to contribute to the Multi-Donor Trust Fund in Malawi and to take a leading role in the donors' co-ordination in the extension sector. For instance, Flanders chaired the Donor Committee on Agriculture, Irrigation and Water Development from July 2015 to June 2016. Increased co-ordination prevents partner country government structures from being overburdened with new and ad-hoc project or programme institutions and structures.

As a regional government donor, Flanders shares many similarities and implementation mechanisms with traditional central government donors. While Flemish DDC activities often involve national governments as primary counterparts in the partner countries, but also contribute to benefit LRGs in those countries. In addition, it can provide its distinctive experience through peer-to-peer activities with other regional authorities. Flanders is also valued for being a more flexible donor than national donors that leaves more room for innovation and experimentation. Once the success of the supported pilots has been demonstrated, Flanders supports the scaling-up of its innovative practices through country-led initiatives and/or wider engagement of larger bilateral and /or multilateral donors.

The MDGs and currently the SDGs have an important effect on Flanders as a regional authority, but also on provinces, cities and municipalities in Flanders. First, they have, also at those levels, led to a concentration on specific MDGs (and SDGs) with partners in the South. Secondly, they have led to an important increase in attention in Flanders for the SDGs and especially on sustainable development and climate change. It is already clear that the trends in the future will be to increasingly support the SDGs and climate-ODA. For this reason, the Flanders Department of Foreign Affairs has conducted an important stakeholder-consultation, which resulted in a vision paper titled "Flanders development co-operation 2030: Towards a new identity for Flanders as a partner in development".

Three key innovations distinguish Flanders' DDC activities in Malawi and Mozambique:

- Self-forming patients' groups in Mozambique developed by Doctors without Borders with Flemish support. UNAIDS recognised the importance of these groups in the fight against HIV and AIDS. This approach demonstrated an important value for the health-services delivery system at the provincial and district-level. It is being scaled-up by the national government.
- Strengthening the implementation of the DDC activities at the local level through long-term interventions. This is illustrated by Flemish support to Malawi through FAO (implementing agency) to provide technical support to the staff working on agriculture and food security in the districts of Kasungu and Mzimba. The responsibilities of project co-ordination and implementation gradually shifted from FAO to the local staff, strengthening local capacities to improve the co-ordination across levels of government and to establish 55 co-operatives to better link farmers to markets.
- Promotion of women's rights to health in Mozambique through a local centre of excellence (Forum Mulher) strengthened the linkages between supply-driven health services and their clients, both at national and local level.

The main implementation challenges of DDC are related to the low capacity of partners, mainly in relation to project/programme and financial management, which can cause the premature closure of the initiatives. This also brings delays in the implementation of projects or programmes. Low capacity is also an issue for the multi-level governance of, and participation in, the SWAp's in Mozambique and other multi-stakeholder platforms, which require input and active participation from all the actors.

Flanders follows the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action for its DDC interventions in Malawi, Mozambique and South Africa. Moreover, the region is increasingly supporting initiatives for enhancing disaster risk reduction and disaster preparedness for effective responses as a component of its climate change actions, in particular in Mozambique and Malawi.

The perspective of partner countries

A special survey extended to the main partner in the key priority countries. Eight responses from Malawi, six from Mozambique and one were received from the regional initiative involving Botswana, Lesotho, Malawi, Swaziland, Zambia and Zimbabwe. The respondents are mainly representatives of NGOs, multilateral organisations, research centres supported by Flanders in those countries.

The DDC activities are of various sizes and the financial amount spans from about EUR 16 million of the project implemented by FAO in Kasungu and Mzimba districts in Malawi to EUR 200 000 of the project developed by the Farmers Union of Malawi. The beneficiaries are mainly smallholder farmers or farmer organisations in Malawi (in one case the Ministry of Agriculture) and women in reproductive age, individuals affected by various diseases and children in Mozambique. In terms of geographical scale, the focus is both at the national and at the local (mainly provincial and district, but also city) level.

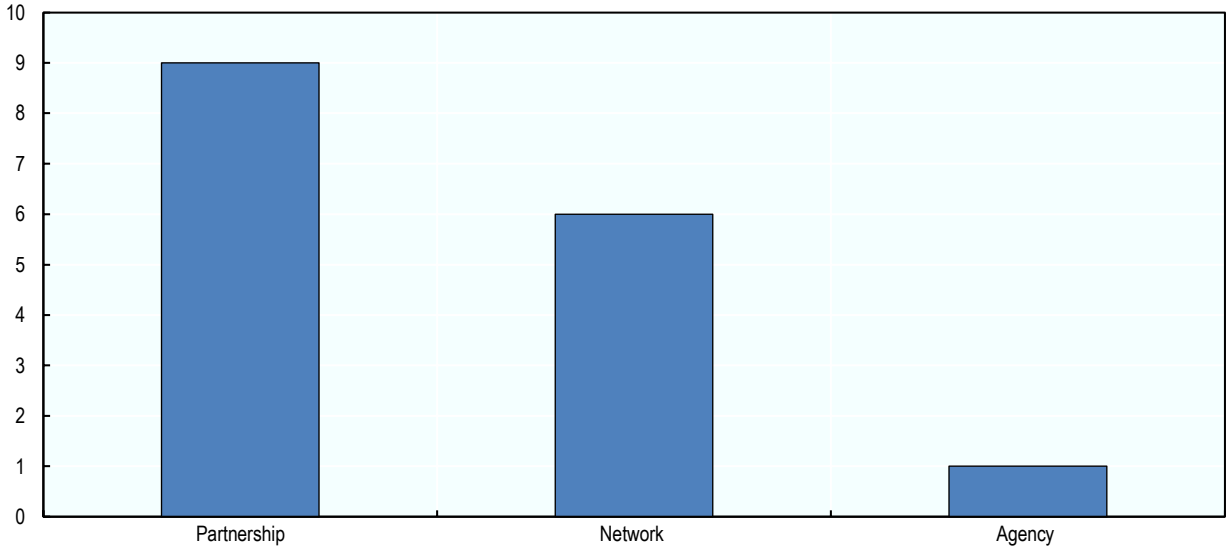
The most common implementation modality (Figure 3.4) is the partnership modality, which was reported by nine respondents. The network modality is also frequently used in the implementation of DDC activities, while only the Natural Resources College in Malawi indicated the agency modality.

In terms of the impact of DDC activities, all the respondents reported that the objectives of the projects/programmes were achieved. In Malawi, the achievements include the

enhanced capacity through training, implemented farmers' support programmes, a shift from short-term emergency responses to more long-term development programmes which contributed to transforming smallholder farmers to more market-oriented business groups, improved food security conditions of the beneficiaries of DDC projects. In Mozambique, the main achievements are the improved maternal, neonatal and U5 survival through health system strengthening, improved of tuberculosis detection in Maputo, the implementation of various programmes against HIV, strengthened the multi-sectoral mechanisms of integrated care for victims of violence.

Flanders is trying to strengthen the sustainability of its DDC activities. Many initiatives initiated with the DDC projects are still on-going. In Malawi, the emerging lessons and impacts are mainstreamed into the public extension service system through the engagement of the government, which often also adsorbs the project staff. Sustainability is also reached by strengthening the institutional capacity and by working with volunteers that are embedded in the selected intervention zones. One of the objectives of DDC activities is that the new technologies and innovations generated by the projects are adopted as national policy and scaled up to ensure both sustainability and impact. On the other hand, some respondents reported that the sustainability of the projects is hampered by lack of funds from the government to support the farmers as well as the extension services. In Maputo, an obstacle for the sustainability at the community level is the limited number of actions supported by the state with regard to health promotion, which makes this component dependant on external support.

Figure 3.4. Implementation modalities of Flemish DDC activities in partner countries



Note: Results based on 15 responses that indicate the most commonly used DDC modalities of Flemish activities in partner countries. Respondents were allowed to select multiple options.
Source: OECD Special Survey to partner countries, 2017.

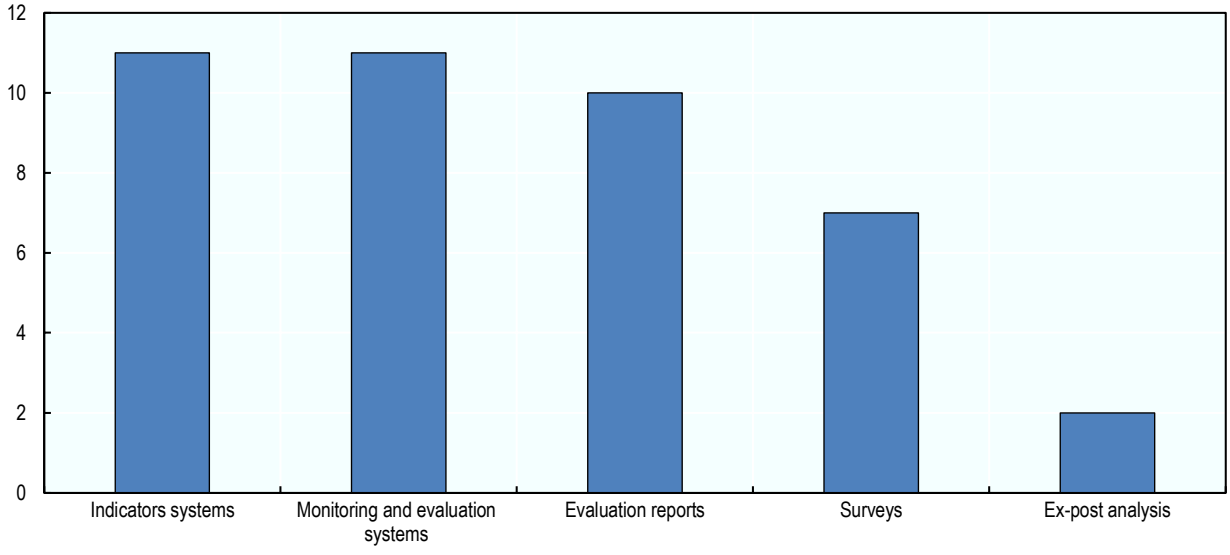
Stakeholder engagement and ownership are other two key ingredients for DDC. The engagement of the stakeholders is promoted by building on existing institutional structures, through the close collaboration with the ministries and local institutions, or through the project steering or advisory committee regular meetings. Some improvements are needed in terms of co-ordination among these different stakeholders. Stakeholder

engagement is also promoting ownership, a key principle of DDC activities. The level of ownership of the activities from the ministries, partner NGOs, universities and research centres is rather good.

Most of Flanders' partner countries have evaluation mechanisms in place to assess the impact of DDC activities (Figure 3.5). The main mechanisms are monitoring and evaluation systems and indicator systems, followed by evaluation reports. Surveys, such as recipients' satisfaction surveys, are also often used.

Partners in Malawi, Mozambique and in the regional initiative reported several best practices. In Malawi, the main best practice was the farmer field school approach as a platform for community outreach in the District Agricultural Extension Services System in Kasungu and Mzimba. The approach fostered a number of positive outcomes, including the creation of cohesive groups that were able to articulate and demand advisory services. It also led to the co-financing of district co-ordination meetings by various stakeholders to reduce the financial burden on public resources and the presence of structured trading platforms, which provide opportunities for smallholder farmers to access a range of services such as market information and credit, capacity strengthening and knowledge exchanges activities. In Mozambique, interesting practices related to DDC projects span from a programme to support government priorities and commitments – in particular the SDGs - to community-based initiatives, regular communication with beneficiaries on DDC project, advocacy activities involving different networks and movements of civil society organisations, engagement across levels of government at all stages of the project.

Figure 3.5. Evaluation of the impact of Flemish DDC activities



Note: Results based on 15 responses from partner countries of Flemish DDC on the evaluation of the impact of DDC activities. Respondents were allowed to select multiple options.
Source: OECD Special Survey to partner countries, 2017.

There are many ingredients and conditions for effective DDC activities (Table 3.4).

Most of them refer to capacity building activities, collaboration, participation and co-ordination of different stakeholders, evidence-based programmes, the involvement of all levels of government, donor co-ordination and the importance of data. Reduce the bureaucracy of financial mechanisms, the involvement of the private sector, the holistic approach to health services, long-term interventions and the linkages with the government priorities are other key ingredients for successful DDC projects.

The main challenges confronting DDC in partner countries include the co-ordination with the other players in the countries and budget limitations and financial management obstacles. They also include the turnover of staff in the implementing partners, heavy reliance on donor funding for programs leading to fragmented agendas and lack of co-ordination, ensuring co-ordination and monitoring of the implementation between district, province and central government, the engagement of the beneficiaries in the project and the lack of capacity at central and particular local level. Institutional weaknesses and lack of farmers' organisations, low technology uptake and the difficulties in engaging provincial government's stakeholders are other important challenges.

Table 3.4. Key ingredients and conditions for a successful DDC project

LUANAR, Bunda College	Collaboration of different stakeholders	Less bureaucratic financial mechanisms	Human capacity building of human resources
FAO Malawi	Anchorage of the project in the District Agri Ext Serv System enhances harmonisation and streamlining of practices among all stakeholders	The FFS methodology is well adapted and flexible to meet varying needs of different farming communities	Group savings schemes coupled with income generating activities
ICRAF	Buy-in of programme by local and national government which ensures full participation and support by LRGs agencies	Address Primary Challenges: such as food, nutrition and income security	Long-term projects versus short-term
FUM	Building capacity of farmers to demand services	Integrate commodity specific extension services	Stakeholder co-ordination and financing
WFP	Community participation in the planning, implementation and evaluation of the project activities	Participation of the private sector as market off-takers and for provision of services such as credit and inputs	Linkages to the government priorities and linkages to other donor-funded projects
NRC	Developing the needs assessment together, especially the ability of the partner to fully implement the project	Build in a component of training for the project management unit	Not applicable
MZCPCU	Selection of projects that increases capacities of organisations to ensure continuity	Sensitisation and capacity building at the initiation of the project	Interaction between partners pursuing projects of similar focus areas
IFPRI	Reputable research institute as the leading organisation	Strong focus on capacity strengthening	Strong focus on communication and engagement with key stakeholders
Red Cross - Flanders	Evidence-based services as FA techniques are proven to be more effective towards injury treatment/illness recovery	Education of core staff in principles of policies and strategies	Focus on the core business of a National Red Cross Society
CHAI	Donor co-ordination as the Government is highly dependent on external sources of funding for the Health Sector	Evidence-based programs that align with National Strategic Priorities/Global Commitments (SDGs)	Supporting medium-long term the programs to ensure they are well planned and evidence-based
APOPO	More involvement of the National Tuberculosis Program	Guarantee of integration into University structures	Stronger liaison with other health co-operation partners to improve co-ordination and synergies
Royal Danish Embassy	To have trained and motivated staff really engaged to train the best way new health professionals.	Good facilities and staff better trained to manage administrative and logistic issues.	Have a way to improve the flow of funds to avoid constraints in terms of development of interventions.
PSI	Align practical incentives. Decentralised partners often focus more on results rather than process	Communicate success. Sharing their collaboration, results and success builds local motivation and central support.	Not applicable
ActionAid Moçambique	Effective data collection system of violence cases	Not applicable	Not applicable
ICRH-Mozambique	Involvement of government at all levels from the conception phase – local, provincial, national	Holistic approach that aims to improve quality and demand of public health services	Flexibility by donor and implementing partner to adapt project in accordance with changing context

Source: Special Survey to partner countries, 2017.

Flanders' DDC activities have brought a value added to partner countries by enabling the engagement of the district level in supporting farmers, enhancing the capacity of the human resources of local institutions, strengthening farmers organisations, producing evidence-based research, strengthening the capacity of the NHS, improving legal and financial procedures.

Table 3.5. Value added of DDC activities and key focus areas for partners

	Value added of the DDC activity	Key areas partners should focus on
FAO Malawi	Built a critical mass of community-based facilitators working closely with the few extension workers available	Not applicable
ICRAF	DDC has enabled ICRAF to engage government and support farmers at district level rather than at national level	Assist farmers to adopt effective bylaws to curb wildfires and livestock damage and mainstream agroforestry into the extension programmes
FUM	The project enhance capacity in district level planning, budgeting and co-ordination based on farmer needs	Strengthening agriculture commodity chains and ensure that extension services are targeted at each level of the chain
WFP	DDC activities strengthened national institutions-farmer organisations, Co-operatives to improve production and productivity	Institutional capacity strengthening of farmer organisations/Co-operatives, Strengthen rural storage through construction of community-based warehouses
NRC	Not applicable	Project management skills
MZCPCU	Coffee quality improved and access to wider premium markets across the globe	Value addition and strengthening capacities of individual co-operatives
IFPRI	Evidence-based research	Implementation of study recommendations
Red Cross - Flanders	The 6 national societies are strengthened in quality FA education for different target groups	Sustaining the master trainers and FA instructors, and expand the quantity of their CoFA service delivery
CHAI	DDC provides Flanders with efficient investment (i.e. no setup costs), with majority of funding channelled towards programs	Areas identified by the MoH in Strategic Plans and ensure all areas are supported (i.e. reduce duplication of supported programs/geographical areas)
APOPO	Improve tuberculosis detection in a high prevalence area, strengthening the capacity of the National Health System	NHS staff training; improvement of laboratory and clinical patient records; developing efficient tuberculosis screening algorithms
Royal Danish Embassy	Learning legal and financial procedure, improvement of human resources, research that can feed decisions at central level	Strengthening capacity institution, development of facilities, research, retention of staff (lecturers), improving the level of lecturers
ICRH-Mozambique	Producing evidence regarding effective strategies for improving uptake of contraception	Not applicable

Source: Special Survey to partner countries, 2017.

In terms of priorities for future DDC activities, the key areas identified by partner countries are the support to farmers, strengthening agriculture commodity chains, strengthening institutional capacity of farmer organisations and individual co-operatives as well as project management skills. They should also support the areas identified by the Ministry of Health in Mozambique in the strategic plan, reducing the duplication of supported programmes and provide training to National Health System staff.

The findings and lessons learned from the DDC activities have been replicated in other projects or contexts. In some cases, the activities and lessons learned have been implemented in other provinces or districts of Malawi that were not initially targeted by the project or at the national level by the MoH in Mozambique. In other cases, they

informed initiatives implemented by other institutions (e.g. EC, Belgian Red Cross, etc.) in other contexts.

Policy recommendations

The Flemish approach to DDC is essentially based on transfer of financial resources (official development assistance – ODA) but could benefit from greater integration of the non-ODA component of DDC.

- Most ongoing DDC activities rely on financial support from the region of Flanders to national governments or multilateral organisations in partner countries, and sometimes NGOs. This approach to development co-operation of the region has been functioning well and its strategic geographical and sectoral focus and prioritisation have also contributed to better impact and effectiveness of DDC intervention.
- At the same time, considering further opportunities for peer-to-peer learning and knowledge sharing could help the Flemish authorities engage more directly with local and regional governments in partner countries. This could contribute, for example, to strengthening the capacity of LRGs in partner countries for project/programme and financial management, which is currently a major obstacle for the implementation of a project funded by the region.

A more active and co-ordinated involvement of the DDC actors of the region, such as municipalities, provinces, the association of municipalities, in the key projects and countries of intervention (e.g. Malawi and Mozambique), in particular in the sectors where LRGs have a comparative advantage, would increase the impact of DDC activities and allow to build on synergies and complementarities of the various levels of government in Flanders, in terms of DDC.

Notes

[1] Art. 167§3 Belgian Constitution, www.const-court.be/en/basic_text/belgian_constitution.pdf.

[2] The municipalities aim to contribute at a local level to the well-being of the citizens and to the sustainable development of the municipal territory. In accordance to Article 41 of the Constitution they have jurisdiction over the matters of municipal interest for the achievement of which they can take all initiatives.

[3] http://www.vvsg.be/Internationaal/Noord-Zuid/Documents/A4TI_PublicatieDoelstellingen_0205_EN.pdf.

[4] Coalition of NGOs, unions, movements and various solidarity groups in Flanders (Dutch-speaking Northern part of Belgium). 11.11.11 combines the efforts of 70 organisations and 340 committees of volunteers (about 20 000) who work together to achieve one common goal: a fair world without poverty.

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4. A territorial partnership approach to Decentralised Development Co-operation: The case of Tuscany

This chapter illustrates the case of the region of Tuscany, Italy on a territorial partnership approach to DDC in Lebanon, South Africa, Tunisia, Mostar and Herzegovina territories. This approach entails a direct partnership and collaboration between the region and the LRGs in the partner countries. It is mainly characterised by non-ODA activities, such as peer-to-peer learning, exchange of best practices. This case shows an innovative DDC approach based on the mobilisation of all local stakeholders, including public, private, academia, associations of municipalities, and a strong focus on policy coherence using the SDGs as a reference framework.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Importance of DDC for Tuscany: Main facts and activities

General framework

According to the Regional Plan for Co-operation, Tuscany supports the development of international activities based on the two key principles of responsible internationalisation and policy coherence. The region aims to play an important role in promoting human rights, including through training and awareness raising activities, the culture of peace, as well as policies for integration and internationalisation. The engagement of all the key regional actors, such as local authorities and civil society, universities, research centres and migrants communities, is a key pillar of the Tuscan approach to development co-operation.

The Tuscan approach to regional development is participatory, inclusive and bottom-up, fostering dialogue, stakeholder engagement and knowledge sharing. The region follows the same approach to its DDC activities and efforts to support the localisation of the SDGs. It applies and adapts consolidated knowledge, mechanisms and good practices from the region to support partner countries in strengthening their local governance and development systems.

The Tuscan DDC model relies on territorial partnerships and co-operation. The region has developed partnerships with municipalities, NGOs, the private sector and CSOs to implement DDC activities. This mobilisation of Tuscan actors has generated mutual trust among stakeholders and raised awareness on the importance of DDC among citizens. Tuscany also works with the Italian national government and various international organisations, including UNDP, FAO, UNICEF, WHO, the EU, on its DDC projects. The approach places importance on the process and targets long-term interventions rather than a just project-based approach.

The localisation of the SDGs is a key priority for Tuscany. Over the last two years, Tuscany has focused on the process of capitalisation of experiences for the localisation of the SDGs. Emphasis on partnerships and multi-stakeholder approaches are key for Tuscany given that DDC involves strategic alliances not only from the government but also with universities and civil society at large. Tuscany introduced an innovative element for DDC through applying the principles used for its internal territorial development to activities related to international co-operation which also contributes to strengthening linkages with the SDGs.

DDC interventions from Tuscany focus on the geographical priorities defined by the Italian Co-operation (MAECI), based on historical and political factors as well as relationships created over time by regional actors. The sectoral priorities for DDC activities are defined based of the region's comparative advantages, i.e. development of territorial economic and innovation systems, participatory processes, local public services management and global health.

DDC activities from Tuscany are co-ordinated by geographic area. This approach allows for more efficient use of resources, targeted strategies, and cohesive objectives among DDC actors such as local authorities, universities, associations, NGOs, amongst others. Recently, the region launched the Mediterranean Table (*Cabina di Regia del Mediterraneo*) to oversee and co-ordinate the DDC activities in the Mediterranean countries, promoting dialogue, participation and collaboration among public, private sectors and citizens; enhancing the skills of the regional stakeholders; and multiplying financial resources. Tunisia, Palestine and Lebanon are the priority Mediterranean

countries for Tuscan DDC activities. Tuscany focuses its support to partner countries on the following main sectors: governance, local sustainable development, human rights, global health, local public services, promotion of peace and dialogue, waste management, participatory processes and valorisation of local resources and traditions.

The region has seen a sharp decrease in ODA from 2007-16 (Figure 4.1), from EUR 3 066 000 in 2007 to EUR 2 000 000 in 2014. In 2015, there was no budget for DDC activities and in 2016 funding was re-established with EUR 1 200 000 allocated to DDC projects.

Figure 4.1. DDC volumes, 2007-16

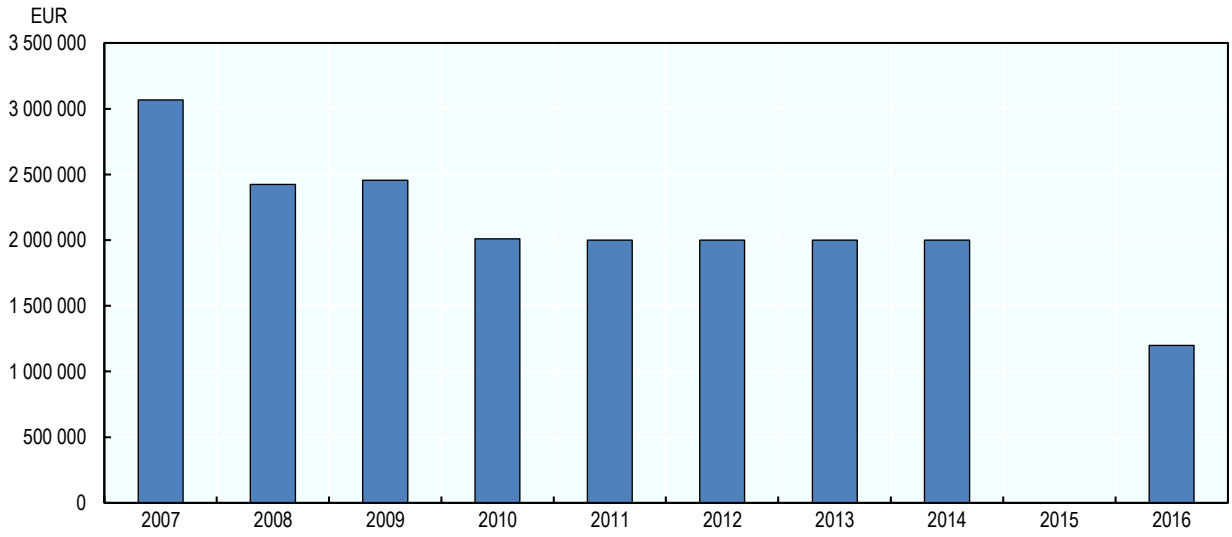


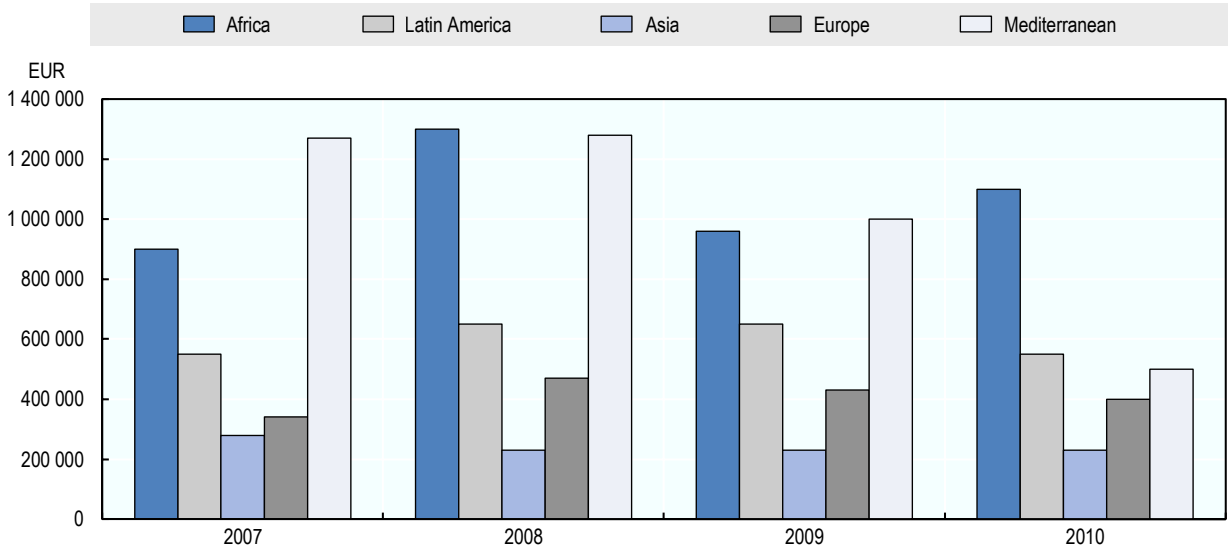
Figure 4.2 shows the DDC volumes per geographical area from 2007-10. Africa and the Mediterranean were the main geographical DDC priorities for Tuscany during this timeframe. The Mediterranean area was the main recipient in 2007 and 2009, and Africa was the main recipient in 2008 and 2010. Tuscany also has DDC activities in Asia, Europe (the Balkans) and Latin America.

This case study highlights four DDC activities: first, the promotion of more equitable access to quality health care in Lebanon; second, support for waste management services at Ekurhuleni municipality in South Africa; third, the SEENET (South Eastern Europe network) project, a cultural initiative in the Balkan area; and fourth, the circular economy in Tunisia.

The DDC activity on the promotion of the right to health in Lebanon was implemented in the in Southern Beirut municipalities following the request of the mayors and it aimed at improving access to health care for all citizens. The main activities were training courses, experience-sharing among professionals and experts from Tuscany and the municipalities in Lebanon, institutional strengthening of municipalities, promotion of local governance. The project started in three municipalities in Southern Beirut, namely Haret Hreik, Burj al-Barajneh, and Ghobeiry, and now involves 21 municipalities spread in the 7 regions of the country and covers 72 public schools, 29 municipalities, 15 social development centres and 12 primary health care centres.

The project on waste management services at Ekurhuleni municipality in South Africa was funded by Tuscany and implemented from 2015 to 2017 by Oxfam Italia, Confservizi CISPEL Toscana, the city of Florence, Ekurhuleni Metropolitan Municipality and the South African Department of Co-operative Governance. The objective of the DDC activity was to improve the waste management system in the area of Tembisa through capacity building activities targeted to the Ekurhuleni municipality.

Figure 4.2. DDC volumes per geographical area, 2007-10



The SEENET project was developed from 2009 to 2012 and funded by the Italian development co-operation (EUR 8 280 000) and other Italian regions/provinces (EUR 2 760 000), where the region of Tuscany was the main donor (EUR 600 000). One of the key activities focused on the development of the cultural touristic offer in the city of Mostar through the creation of a museum on the history of Herzegovina.

Finally, DDC activity on the circular economy in Tunisia was implemented by the municipality of Capannori, with the support of the region of Tuscany. The partner of the DDC activity was the city of Tunis. Capannori, that boasts a very strong and qualified experience in successfully managing the waste disposal with innovative methods, provided capacity building activities and knowledge-exchange on the basis of its experience on the circular economy, a key best practice in the region. The goal was to strengthen the local capacity to develop sustainable urban development activities through a holistic and territorial approach in the city of Tunis.

Key actors in DDC activities

The variety of the actors involved in Tuscan DDC activities reflects the territorial partnership model the region has been promoting for some years. Decentralised Development Co-operation interventions are usually led by the region and implemented in partnership with key regional stakeholders based on the specific needs of the DDC action. This "system approach" allows to build on synergies and complementarities among actors and to overcome financial constraints, making the best use of limited

resources. The direct exchange of knowledge and good practices between the regional DDC actors and the LRGs in partner countries is a key ingredient. The region often plays a lead role as co-ordinator, provider of skills, donor, as well as promoter of institutional relations, with a view to supporting and monitoring the local system of international co-operation. Non-governmental organisations often co-ordinate DDC actions in partner countries and oversee the project's technical management, working with local actors to implement the DDC activity. This contributes to the effectiveness and the sustainability of the outcomes of the projects.

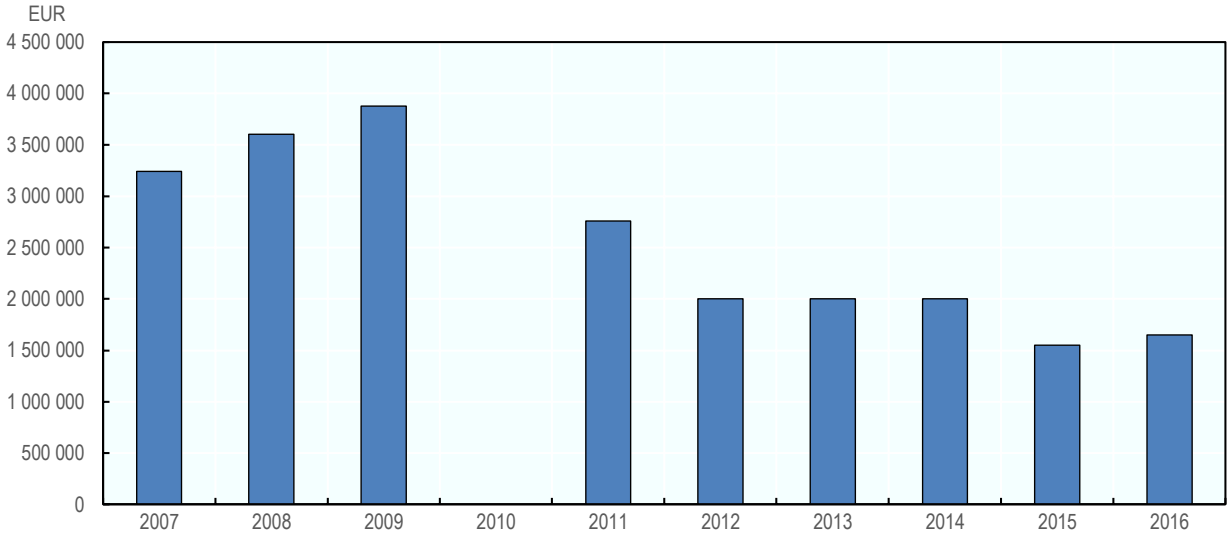
The key DDC actors include municipalities, provinces, the association of municipalities (ANCI), universities (Florence, S. Anna Pisa, Siena), the regional association of public service companies (CISPEL), Water Right Foundation, the Euro African Partnership, AVSI foundation, hospital and healthcare companies as well as various regional and local NGOs (ARCI, Cospe, Oxfam, etc.).

The association of municipalities, ANCI Toscana, is particularly active in promoting DDC activities in Tuscany. ANCI Toscana is working to reactivate and encourage the municipalities to engage in international co-operation activities, with a focus on the localisation of the SDGs. ANCI Toscana offers training, produces awareness raising reports and organises events to deepen horizontal co-ordination and stimulate municipalities to project themselves internationally.

A key player of the Tuscan DDC model is the Global Health Centre (GHC). GHC is a multidisciplinary facility of the Tuscany Region and its objective is to highlight the connections between globalisation and health in terms of equality, human rights, sustainability and international collaborations. The fundamental objective is to enhance, disseminate, and apply knowledge to the two thematic priorities on which the Centre is founded: international health co-operation and migrants' health. The Tuscany Region's strategy for International Health Co-operation (IHC) is tailored to global health challenges and prioritises the achievement of the health targets of SDG 3 (ensure healthy lives and promote wellbeing for all at all ages) and those related to maternal and child health. It also aims to strengthen the fight against emerging and re-emerging infectious diseases and takes into account the growing pressure on health system from non-communicable diseases (NCDs). It emphasises the need for multi-sectoral prevention policies to address common risk factors and social and environmental determinants. The IHC strategy supports the enhancement of fragile health systems, particularly in the Mediterranean Area, through support for sustainable health financing based on solidarity, training of competent and motivated personnel, and the development of reliable health information systems. The strategy also underlines the importance of human capital accumulation and giving a central place to individual welfare and health rights. In terms of implementation modalities, it is supported by public funds. Although the expenses on IHC decreased from EUR 3 240 000 in 2007 to EUR 1 652 000 in 2016, the sector still represents a key pillar of the international co-operation activities of the region.

The partnership mix and the levels of government involved in the project depend on the specific DDC activity. In Lebanon (Table 4.1), the partnership includes the region, the municipality of Arezzo, Health Local Authority No. 8 and Oxfam Italia. In the partner country, the main counterparts are the municipalities together with the Social Development Centres and Primary Health Care Centres. The relevant national ministries are also involved and UNDP is playing an important role in the co-ordination of the activities.

Figure 4.3. Expenses on International Health Co-operation, 2007-16



Source: OECD elaboration on data provided by the Global Health Centre, *Regione Toscana, 2017.*

Table 4.1. DDC actors in the health project in Lebanon

	Role
Local and regional actors	
29 Lebanese municipalities	Main partners in the DDC activities. They had the role of facilitators highlighting the needs of the territories and promoting change. They also ensured that each service targeted the most vulnerable groups of the Lebanese population.
Region of Tuscany, the Municipality of Arezzo, the local health authority ASL 8 (now ASL Toscana Sud Est)	Promoters of the DDC activity in Tuscany.
National actors	
Ministries of Interior and Municipalities (MoIM), of Public Health (MoPH), of Social Affairs (MoSA), and of Education and Higher Education (MEHE)	Endorsed the initiative and provided political support to promote the universal right to health for all and remove the bureaucratic obstacles to make the system more efficient.
Multilateral or supranational actors	
UNDP Lebanon	Facilitated the process and the relationship with the national government.
NGOs	
Oxfam Italia	Provided support for the implementation of the DDC project in the country.
Other	
15 Social Development Centres, 12 Primary Health Care Centres, 72 public schools	Providers of health and social care services and health promoters. Beneficiaries of the project.

Source: Ciacci, S. and L. Paoli (2017), *Health is a Right for All. An Experience of Territorial Cooperation between Tuscany, Lebanon and UNDP Lebanon to Promote the Right to Health and More Equitable Access to Quality Care*.

The DDC project in South Africa (Table 4.2) provides an example of a peculiar partnership modality involving the regional association of public service companies (CISPEL) to provide knowledge and good practice on waste management to the partner municipality. The companies directly interacted with the local partner exposing them to different waste management practices as well as an international experience. Oxfam Italia supported CISPEL with the co-ordination of the activities across partners and relationships with local stakeholders. The project's main in-country partners were the Ekurhuleni Metropolitan Municipality and the South African Department of Co-operative Governance.

Table 4.2. DDC actors in the waste management project in South Africa

	Role
Local and regional actors	
Ekurhuleni Metropolitan Municipality	Partner in the DDC activity in South Africa
Region of Tuscany	Promoter of the DDC activity, provided financial support
CISPEL Toscana	Implementing institution, provided capacity-building and knowledge exchange to the partner LRG
Municipality of Florence	Knowledge-exchange with the partner municipality through the organisation of a study tour of the South African delegation in Italy
National actors	
South African Department of Co-operative Governance	Facilitated the relationship and collaboration with other relevant national institutions
NGOs	
Oxfam Italia	Implementing institution, supported CISPEL Toscana and the region in the co-ordination of the activity in the partner country

Source: Tuscany Region (2017), Localisation of the SDGs Experience and Lessons learned Tuscany.

The DDC activity in Mostar, Sarajevo and Skopje (Table 4.3) is part of a broader development project. The Tuscany is the promoter with implement support from Oxfam Italia and the Florence study centre on tourism. The activity is mainly supported by the Italian Development Co-operation and the region of Piemonte is also a partner of the project. The main partners are the city of Mostar, Sarajevo and Skopje and the municipality of Stari Grad Sarajevo. Various local associations are also technical partners in the project.

Table 4.3. DDC actors in the project of Mostar and Herzegovina territories

	Role
Local and regional actors	
Canton of Sarajevo, City of Mostar, City of Sarajevo, City of Skopje, Municipality of Stari Grad Sarajevo	Partners of the DDC activity
Tuscany region	Promoter of the DDC activity, provided financial support
Piemonte region	Partner region, provided financial support
National actors	
Italian Development Co-operation	Provided financial support to the activity
NGOs	
Oxfam Italia	Implementing partner of the promoter institutions
Other	
Centro Studi Turistici di Firenze	Implementing partner of the promoter institutions
Museum of Herzegovina, Museum of Sarajevo	Technical partners in the partner country
Association of Craftsmen in Sarajevo and Skopje	Technical partners in the partner country
Sarajevo International Centre for Peace, Art Gallery of Bosnia and Herzegovina, National Museum "*Zemaljski muzej*" in Sarajevo, Association Assapora Hezegovina	Technical partners in the partner country

Source: SeeNet (2013), Una Rete Trans Locale per la Cooperazione tra Italia e Sud Est Europa.

The Municipality of Capannori is implementing a DDC activity on the circular economy in Tunisia with the support of the Region of Tuscany. The municipality of Rosignano, CISPEL, Anci Toscana and the Chamber of Commerce of Maremma and Tirreno are also involved in the partnership. The main partners in Tunisia are LRGs, *Fédération Nationale des Villes Tunisiennes* and the *Association Pontes Tunisie*.

Table 4.4. DDC actors in the project on the Circular Economy in Tunisia

	Role
Local and regional actors	
Local and regional governments in Tunisia	Partners/beneficiaries of the DDC activity
Municipality of Capannori	**Promoter and implementing institution**
Municipality of Rosignano	**Technical support to the municipality of Capannori**
Cispel Toscana	**Provide capacity building activities to the partner LRGs in the waste management**
Tuscany region	**Provided Financial support to the DDC activity**
Anci Toscana	**Contribution to the co-ordination of the activities. Monitoring and dissemination of the results**
Chamber of Commerce of Maremma and Tirreno	**Management of the relationship with the small enterprises and support to entrepreneurship development**
National actors	
Fédération Nationale des Villes Tunisiennes	**Partners of the DDC activity**
NGOs	
Association Pontes Tunisie	**Partners of the DDC activity, responsible for the management of the stakeholders and engagement of civil society**

Source: Tuscany Region (2017), Localisation of the SDGs Experience and Lessons learned Tuscany

Operational implementation of DDC activities

The identification of DDC projects usually stems from a request from an LRG in the partner country and are formalised with an agreement signed with the peer institutions. In many cases, Tuscan DDC projects include co-ordination mechanisms and

complementarities with other broader co-operation projects (EU projects or projects funded by the Italian Ministry of Foreign Affairs) and institutional collaborations with local and national governments. Those synergies have been an important factor to increase the impact of the interventions.

In terms of partnerships, the participation of the region in networks has increased consistently since the middle of the 1990s due to the national reforms. The Italian Constitution (Tit. V) authorises regions to define international agreements and interact directly with partner countries. In addition, the emergence of LRGs as relevant actors for the implementation of global agendas has increased the participation of the region in international networks. Tuscany is now part of several international networks and is the promoter of some of them.

Increasingly, Tuscany is participating in "translocal" network programmes promoted by the region itself. Some examples are URBAL 1, 2 and 3 and SEENET 1 and 2. Tuscany is also providing "advanced services" to the European Commission on the support to networking and partnerships promoted by cross-boarders co-operation programmes funded by the new EC programme ENPI in the Mediterranean area, in Eastern Europe and by URBAL 3 in Latin America.

Box 4.1. Other key players active in DDC in Tuscany

FAIT

Main features: It has one year and a half of experience. It encompasses 47 associations at different levels (e.g. ANCI Toscana, Tuscan NGOs, migrant associations, 3 Tuscan universities) and it acts as a spokesman. It is characterised by an integrated way of working. It focused on territorial co-operation and promotes territorial specificities.

Role: It promotes co-ordination, strategy co-operation, dialogue among various DDC stakeholders. Sometimes, it also helps in the project implementation.

Actors/partners: FAIT works closely with three Tuscan universities. It also works with the private sector. They consider SMEs and handcraft key engines for the territory. They have a dialogue with national level.

ANCI TOSCANA

Function: Role of technical and political support to and co-ordination of municipalities, which often have weak or no competences for DDC.

Main areas of focus: Circular economy, food, PPPs.

Key pillars of their work: i) importance of citizenship; ii) municipalities role and competences for innovative territorial policies; iii) LRGs are institutionally and politically representative of the issues that are present in the territory; iv) the private sector can also contribute to a great extent due to the fact that Italy is highly rooted in the SMEs culture; v) the presence of migrants in the territory is influencing the work and approach to DDC of municipalities.

Main partners: UNDP ART, Global Local Forum, Euro African partnership, among others.

Main Projects: ANCI-UNDP in Tunisia; project with UNDESA on decentralisation and partnerships with Africa 2005-09.

Box 4.2. Examples of Tuscan municipalities active in DDC

Florence

Main actors and partners: MAECI, University of Florence, ANCI Toscana, main European cities' networks such as Smart Cities, Green Cities, etc., Sisters Cities network.

Geographical priorities:

***Mediterranean* -** Albania, (Tirana); Israel (Tel Aviv. Nazareth), Palestine (Bethlehem), Tunisia (Grand Tunis), Iraq (Erbil, Baghdad), Morocco (Fes), Jordan (Petra).

***South America* -** Brazil (Salvador Bahia).

Sub-Saharan Africa **-** Niger (Tabalak); South Africa (District of Gauteng – Johannesburg, Cape Town); Kenya (Nairobi), Nigeria (Lagos).

Main areas of work: They have created a platform called Unity in Diversity, a permanent Global Mayors Conference with the purpose to develop a programme type of approach instead of single action projects. The platform lays its basis on Cultural Heritage valorisation, both material and immaterial, as a way to social and economic development. Subfields of action involve: resilience and environment; local communities' participative governance development; research and education.

Approach: Focused on access to information; knowhow and best practices exchange.

Type of activities: Capacity building, twinning, fundraising through an integrated and participatory approach between private and institutional actors.

Carrara

Geographical focus: Project with Tunisia (in partnership with UNDP and with the support of ANCI Toscana).

The DDC resources are quite limited; therefore, the support of ANCI has been essential for the DDC actions.

Areas of intervention/focus: In the case of Tunisia, the city of Carrara was involved for its know-how in the marble sector. In the project in Senegal, the focus was on small enterprises.

In sum, the city of Carrara has been very active in boosting entrepreneurship activities in DDC activities.

Poggibonsi

Projects scale: They engaged both in big projects (e.g. in Senegal) and in small ones.

Type of activities: Their experience is focused on craft, wood, food. They have helped to stimulate growth and skills by sharing their know-how.

They realised that specific competences of the municipalities can make the difference. Their interventions always target the local level. They have a strong political will, but they face hard financial issues.

San Casciano

Main areas of work: They are currently oriented towards the valorisation local economic development initiatives.

Modality: Twinning.

Partners: Israel, Palestine.

Difficulties: The main obstacles to DDC are the financial capacity, limited territorial commitment, the lack of communication that can lead to a lack of resources.

An example of implementation of a DDC activity through the network approach is the *Reseau* of the Social and Solidarity Economy in Kasserine. The *Reseau* groups and connects local associations working on social and solidarity economy, it represents a space for dialogue and co-ordination. The network was created based on a bottom-up approach, where the objectives and the activities were adapted to the needs of the local stakeholders through a dialogue between the associations and the institutions. Territorial stakeholders have been also involved implementing some of the training and capacity building activities of the project. Three key factors contributed to the success of the project: i) Italian leadership of the project with a multi-annual experience in the areas of intervention, which facilitated the strategic relationship with the local institutions; ii) the presence in the field of a counterpart for local actors who provided continuity to the relationship with the territory; iii) the ARPEK association helped to build trust between local actors and Tuscan representatives.

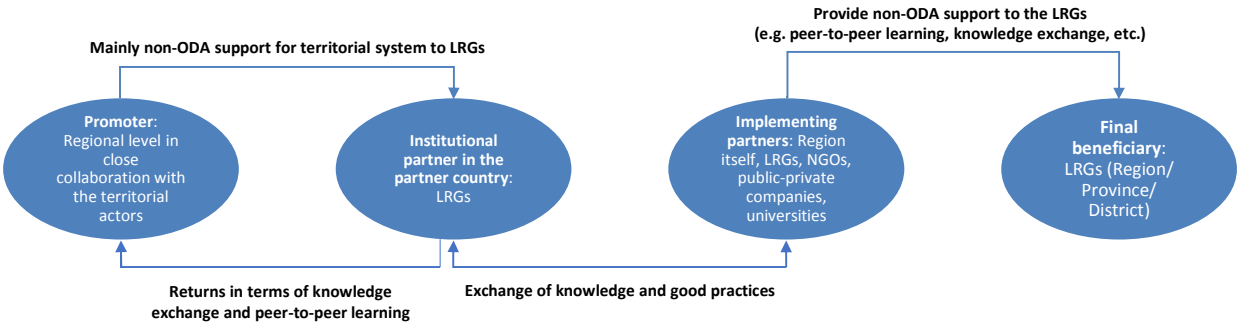
In order to capitalise on the regional good practices, Tuscany is promoting the "cluster" idea to integrate and put together the various skills of DDC actors. The cluster is based on the idea of a learning community where the actors exchange knowledge and good practice to definition guidelines and provide recommendation for the implementation of DDC activities.

The evaluation of the impact of DDC activities is usually undertaken through evaluation reports and surveys. An example is the questionnaire and related report developed by CESPI in 2010 to assess the impact of the DDC activities of Tuscany, as well as the one of Piedmont and the province of Bolzano, Burkina Faso. The report concluded that the DDC activities had a positive impact in terms of local governance. In particular, it noted that they promoted collaboration between local authorities and civil society, horizontal subsidiarity and participation of local stakeholders.

Territorial Partnership DDC

Tuscany follows a model of DDC based on the concept of Territorial Partnership. The promoter of the DDC activity is the region, usually in close collaboration with the territorial DDC actors. This approach entails a direct partnership and collaboration between the region and the LRGs in the partner countries. It is mainly characterised by non-ODA activities, such as peer-to-peer learning, exchange of best practices in the sectors where the region has a strong knowledge and expertise, twinning, etc. The implementing actor is the region itself together with the territorial actors - municipalities, association of LRGs, NGOs, private companies, universities - selected on the basis of their comparative advantages in the sectors of intervention. One of the key advantages of this DDC approach is the mutual exchange of knowledge and best practices among the regions and its territorial actors and the LRGs in the partner country. This also provides a return on investment to the promoters of the DDC activities. Limited financial resources are a current obstacle to this DDC approach.

Figure 4.4. Territorial Partnership DDC



DDC best practices and innovations

The Tuscan DDC model offers three key innovations. First, it involves a variety of actors of Tuscan territory on the basis of their specific competences and expertise. Second, networks of public and private actors are present in both the region of Tuscany and in the partner countries. Lastly, it promotes a participatory approach to local development.

The involvement of a variety of actors reflects the system approach to DDC promoted by the region. Its main advantage is that it builds on synergies among the actors multiplying regional resources – financial and particularly non-financial – for DDC activities. Co-ordination of activities is more demanding than other DDC models, but the advantages in terms of impact and effectiveness are clear.

The network of public and private actors both in Tuscany and in partner countries is unique to the territorial partnership model promoted by Tuscany. The direct collaboration and exchanges among DDC actors – public at various levels of government, private sector, NGOs, universities – and the multi-annual presence of DDC actors given the focus on specific priority countries, has allowed the establishment of solid networks and partnerships in partner countries.

Another best practice of Tuscany is the integrated and participatory approach (territorial approach) to local development promoted by the region both in its territory and in partner countries. This is based on a bottom-up approach to territorial development where all the sectors and actors are involved in the policy-making process. The concept of multi-level governance is key as it allows promoting co-ordination and coherence among policies at various levels of government.

In addition to these three main best practices, the region of Tuscany has started in 2015 to take stock of its territorial co-operation experiences to improve the effectiveness and impact of its DDC activities. In particular, this exercise aims to assess how those DDC activities can contribute to the localisation of the SDGs, both in Tuscany and in partner countries.

The main DDC activities targeting the SDGs are reported in Table 4.5. Decentralised Development Co-operation activities place a strong focus on the environmental sustainability through waste management and circular economy projects, targeting sustainable cities and communities (SDG11), responsible consumption and production (SDG 12), climate action (SDG 13), affordable and clean energy (SDG 7), and social

sustainability, such as reducing poverty (SDG 1), reducing inequalities (SDG 10), good health and well-being (SDG 3) and quality of education (SDG 4).

Tuscany is also linking some internal activities to the achievement of the SDGs. The main ones are the creation of the Regional Authority for the Guarantee and Promotion of Participation (APP), the project *Giovanisi* on the support to young people (up to 40 years old) on opportunities of education and training, on work placement of young people and to start-up initiative as well as the Regional Policies on local public services.

Table 4.5. DDC activities and localisation of the SDGs in Tuscany

	SDGs Targeted
DDC Project	
Right to Health in Lebanon	1, 3, 4, 10, 17
Integrated management of urban solid waste in South Africa	1, 7, 8, 9, 10, 11, 12, 13, 15
SeeNet project in Mostar	1, 8, 10, 17
Circular economy in Tunisia	1, 7, 8, 9, 10, 11, 12, 13, 15
Participatory urban planning in Medina	9, 10, 11, 12, 16
Participatory mapping in Sub-Saharan Africa, Niger	10, 11, 12, 15, 16
Decentralisation and participation in the Dominican Republic and Haiti	1, 8, 10, 11, 12, 16
MedNet - youth networks in the Mediterranean Basin	4, 5, 9, 10
Promoting human rights among young people (Mediterranean Area)	4, 5, 10
Exchange networks between schools Italy-China	4, 10, 17
Integrated management of urban solid waste in South America	1, 7, 8, 9, 10, 11, 12, 13, 15
Activity in Tuscany	
Regional Authority for the Guarantee and Promotion of Participation (APP)	5, 10, 11, 16
Giovanisi'	1, 2, 4, 6, 8, 9, 10, 11, 12, 16
Regional policies on local public services	6, 7, 8, 9, 10, 11, 12, 13, 15, 16

Source: Tuscany Region (2017), Localisation of the SDGs Experience and Lessons learned Tuscany

Promoting coherence across SDGs and between internal territorial development approaches and the DDC activities is one of the key objectives of this stock taking exercise. Adapting the internal territorial development initiatives and involving the regional actors having the knowledge on them is therefore the successful approach to DDC promoted by Tuscany. In this way, DDC becomes a tool to address the universal nature of the SDGs and the territorial partnership model allows for exchange of best practices and peer-to-peer learning among LRGs in developed and developing countries on the implementation of the SDGs at local level. The territorial approach provides the appropriate framework to address the interconnectedness of the goals, it place-based dimension as well as to identify the priorities for each territory.

Policy recommendations

The Tuscan DDC approach is based on the territorial partnership model. This model presents several benefits, including the direct relationship between LRGs in developed and partner countries – allowing for an exchange of good practices and knowledge with partners. It also produces a multiplier effect generated by creating a system of DDC actors that intervene together and build on respective synergies in partner countries. In addition, there is high impact and ownership of DDC activities generated by the long-term partnerships with local stakeholders.

There is room to improve the model, in particular regarding the engagement of local stakeholders in the dialogue process.

- Improve the vertical co-ordination with the national level. Better co-ordination with the development co-operation strategy and action of Italian co-operation emerged as a key area for improvement. This is relevant both for the DDC activities to increase the impact and coherence of interventions in partner countries and for the localising the SDGs strategy, where the level of engagement of the regional level in the definition of the Italian SDGs strategy can be strengthened. In addition, there is the need to raise awareness at the central level on the importance of DDC to integrate national development co-operation actions.
- At the same time, the national level should strengthen the involvement of regional and local governments in the development co-operation actions, including in addressing global agendas, in particular the SDGs, which can provide the appropriate framework to promote co-ordinate and coherent actions across levels of government.
- Strengthen collaboration with other Italian regions. Several Italian regions are active in DDC. Although some initiatives are implemented in collaboration with other regions (e.g. SeeNet project with the Region of Piemonte), better synergies and collaboration should be established with other regions. This applies also the work on SDGs, where other Italian regions (Emilia Romagna, Basilicata, etc.) are working on the localisation of the SDGs. A more co-ordinated regional action would also contribute to increasing the relevance of DDC at the national level.
- Mobilise political support for DDC. Insufficient political support for DDC at regional level has been identified as a relevant challenge by several stakeholders. Better communication strategies targeting regional politicians and citizens should be developed to raise awareness on the importance of, and the return on investments on, DDC activities for Tuscan DDC actors. An example could be the awareness raising and communication activities on the importance of the 2030 Agenda undertaken by the region of Valencia, both at political level and with the civil society. In particular, the idea of connecting each SDG with a monument or a specific place of the city of Valencia will increase the ownership of the local community and citizens on the SDGs. The region of Tuscany could imagine a similar awareness raising path in Florence – and eventually other cities – with the involvement of the schools and universities.
- Continue efforts to promote a programme approach to DDC. The territorial partnership model and the system approach to DDC promoted by Tuscany seek to overcome the limitations of the project approach (fragmentation of interventions, lack of a long-term vision and policy coherence, co-ordination of actors, etc.). This is also an important pillar of the 2005-10 regional plan for co-operation and the 2012-15 plan for international activities. The region should continue to promote these efforts towards a programme approach and the SDGs provide the holistic framework to continue and improve these efforts and the link and coherence with the SDGs could become key cross-cutting criteria to select DDC activities to support in the calls for proposal.

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5. Decentralised Development Co-operation to promote access to drinking water and sanitation: The case of France

This chapter presents the case of France on DDC to promote access to drinking water and sanitation. The city-to-city DDC is particularly prominent in the field of water in France. The approach includes both ODA and non-ODA support and is based on a peer-to-peer partnership between municipalities or basin agencies in promoter country and their peers in the partner country. The case of France highlights the importance of an enabling regulatory framework and incentives and how a dedicated DDC funding mechanism - allowing mobilising 1% of LRGs revenues for water-related activities - can act as a leverage and multiplier effect to mobilise other sources of funding and support in partner countries.

Legal Framework

France possesses legal frameworks clearly defining the parameters of DDC. The two laws that set the legal framework for Water DDC are the Decentralised Co-operation Law (1992) and the "Oudin-Santini" Law (2005). These legal frameworks operate on a national level and recognise the competencies by decentralised bodies to carry out development co-operation. The Thiollière Law of 2007 and the Development and International Solidarity Act of 2014 reinforced the competences of local and regional governments (LRGs) in this respect.[1]

In 1992, the French government passed the Decentralised Co-operation Law, a key landmark that enabled international co-operation activities of local and regional governments (LRGs). The law recognises LRGs entitlement to engage in development co-operation activities in any sector (gender, water, local development, trade, etc.). The law enabled LRGs to allocate resources to these activities from their general budget (Government of France, 1992) but did not allow LRGs to mobilise resources from their water and sanitation budgets. The law prohibits *syndicats mixtes* and water agencies from intervening in or financing international development.

In 2005, the "Oudin-Santini" Law was adopted by the National Assembly to address the caveats of the Decentralised Co-operation Law with regard to the water sector. The law allows municipalities, public institutions of inter-municipal co-operation (EPCI, is the French acronym) of all sizes and *syndicats mixtes* in charge of drinking water and sanitation service delivery to mobilise up to 1% of the resources allocated to the budgets of these services to carry out co-operation actions with foreign territorial authorities. Moreover, the law stated that water agencies may undertake international co-operation in the fields of water and sanitation (also up to 1% of its resources), in compliance with France's international commitments and with the approval of the Basin Committee (Government of France, 2005).

The Thiollière Law of 2007 and the Development and International Solidarity Act of 2014 consolidated international co-operation as a competence for local authorities. The Thiollière Law fills the gap left in the 1992 law in terms of which type of DDC activities can be implemented by LRGs. The 1992 law allowed communities in France to sign co-operation agreements with foreign local authorities, but it failed to specify which type of action could be implemented. The Development and International Solidarity Act of 2014 brings more flexibility to the external action of local authorities. The law allows LRGs to support any development co-operation activity. By "support" the law refers to extending subsidies to NGOs or local authorities in partner countries and providing technical support. The text explicitly mentions the possibility of implementing projects through a unilateral agreement or within a network of LRGs as well conducting annual and multiannual projects or activities (Government of France, 2014).

The implementation of the 1% mechanism for water is a political choice with a defined scope for its application. LRGs authorities can decide whether to apply it or not within the terms of the Oudin-Santini Law. The law foresees that resources mobilised through this mechanism can be used to finance actions that promote access to water and sanitation services. Thus, the definition is broad and can include investments in hard infrastructure, capacity building, technical assistance or water ecosystem services protection. However, drainage systems cannot be funded through the 1% mechanism, nor can activities of other sectors closely linked to water, such as agriculture or livestock (Government of France, 2005). Finally, private operators can also implement the 1% mechanism if this is included

in the legal agreement (i.e. contract) that delegated water services from the LRGs to the private operator.

The Oudin-Santini Law applies to both drinking water and sanitation budgets, acknowledging these tend to relate to separate budget lines. Therefore, it is not possible, for instance, to mobilise 2% of the drinking water budget and 0% on the sanitation budget, even if the total would mean an average of 1%. However, additional finance can be tapped into the drinking water supply and sanitation services budget lines to fund DDC water and/or sanitation activities in partner countries. If an LRG or basin agency wishes to dedicate more funds than those permitted by the 1% mechanism, it can mobilise additional funding from the general budget (following the terms stated in the 1992 decentralised co-operation law). LRGs must also take into account related implementation costs and in-kind contributions when calculating the 1%. This includes working time from public workers (salaries, travel expenses, etc.) and donations (material, tools, etc.) (PS-Eau, 2017a).

Main Actors

The following mapping intends to capture the main actors involved in DDC, all the way from policy design at national level to the implementation of projects on the ground (Table 5.1).

Table 5.1. Mapping of actors for water DDC activities

Type /Name of organisation	Short Description
Inter-ministerial Committee for International Co-operation and Development (CICID)	It meets once a year, allowing a regular and operational interdepartmental follow-up of French development aid policy. The secretariat is provided jointly by the ministries of Europe and Foreign Affairs, the Economy and the Ministry of the Interior, and key other ministries involved Economy, Budget, Interior, National Education, Armies, Ecological and Solidarity Transition, Overseas. The French Development Agency (AFD) can be invited to the meetings.
National Commission for Decentralised Co-operation (CNCD) and its Secretariat, the Delegation for Decentralised Development Co-operation of Local and Regional governments (DAECT)	The CNCD is a broad forum that brings together associations of local governments and the national ministries and agencies with competences related to development co-operation. The forum has the objective to serve as an experience-sharing platform and guide decentralised co-operation policies at national level. The Secretariat of the CNCD and the implementation of its policy are ensured within the Ministry of Europe and Foreign Affairs by the Delegation for Decentralised Development Co-operation of Local and Regional governments (DAECT). DAECT promotes and supports the external action of local authorities. DAECT collects and analyses information of DDC activities implemented by LRGs. It also advises LRGs on how to comply with legal frameworks and related budgetary regulations for these activities. DAECT is also responsible for the implementation of the State's strategy with regard to DDC and ensuring alignment between the State's activities and that of LRGs. DAECT finances DDC projects through calls for proposal.
French Development Agency (AFD)	AFD has developed a strategy to support LRGs in their DDC activities through three modalities: i) converging LRGs and AFD's development co-operation activities. Involving French LRGs, through a financial or technical co-operation, in projects financed by AFD; ii) financing the promotion of technical expertise in developing countries; iii) financing LRGs' projects in partner countries – Supporting projects that municipalities identify and carry out in the framework of their international partnerships.
National Council for Development and International Solidarity (CNDSI)	Platform created to foster dialogue between representatives of French government (MEAE), NGOs, the private sector, high education and research institutions, local authorities and parliamentarians, syndicates, representatives from partner counties. It mainly discusses DDC policy objectives and major issues related to the public policy coherence in development co-operation.

PS-Eau (Programme Solidarité-Eau)	PS-Eau was created in 1984 by the French government to promote access to water and sanitation to all in Developing countries and to promote the principle of the cent/m^3 at European level. PS-Eau is a network of organisations working in the water, sanitation and co-operation sectors. It promotes the exchange of experiences and the dissemination of information. It is recognised by DDC water actors as a neutral platform for consultation with public authorities and operators. PS-Eau holds a key role in the implementation of the 1% mechanism is key as it helps LRGs, service operators, and basin agencies to connect with partner countries, it reports on financial flows and projects, conducts capacity building on co-operation development to LRGs, among others.
Local and regional governments (LRGs)	There are three formal subnational levels of government: i) regions (of which there are now 13 and five overseas); ii) *départements* (of which there are 101); and iii) *communes* (of which there are 35855). There are also various forms of inter-communal co-operation.
Municipalities (*Communes*)	French municipalities (communes) are responsible for water and sanitation services. Municipalities finance the infrastructure and are responsible for delivering water services. Local authorities can be in charge of water and sanitation services budgets which income comes from the tariffs.
Departments	Departments undertake planning schemes on such topics as transportation and mobility, housing, and waste management, which influence local land uses.
Public Institutions of Inter-municipal Co-operation (EPCI - *établissements publics de coopération intercommunale*)	The EPCIs are run by joint committees representing members of each municipality, which can deliver water services and levy a compulsory contribution for it. The recent territorial reform in France aims to give to these inter-municipal entities the water services competences. After the territorial reform (2014), EPCI can include *syndicats de communes, communautés de communes, communautés urbaines, communautés d'agglomération, syndicats d'agglomération nouvelle,* and the *métropoles*.
Regions	The regional level in France plays a major role in planning large infrastructure investments and in constructing strategies for economic development, education and environmental protection. However, it has no direct legislative authority and their administrative capacities are assigned by the State. Their boundaries are determined by those of the *départements* they contain.
Syndicat mixtes in charge of water services	Include local authorities of different levels, namely municipalities, departments and regions, and other legal entities of public law, such as chambers of commerce (chambers of commerce and industry, agriculture or trades).
Operators	French municipalities can decide to deliver water services through either public management (the administrative and management structure of the service is within the local administration), public local enterprise (the municipality creates an entity to manage the water service), private enterprise (the municipality signs an agreement with a private operator that will deliver the service).
Water Agencies	The 1964 Water Act introduced the concept of river basin management and established six Water Agencies (Adour-Garonne; Artois-Picardie; Loire-Bretagne; Rhin-Meuse; Rhône-Méditerranée-Corse; Seine-Normandie). They are crucial players in the implementation of water policy in France, and collect fees based on the user and polluter-pay principles.
Organisations of LRGs	LRGs organisations work as networks to connect LRGs in France with peers in partner countries. Some examples of this type of organisations working in this field include: Official federation of LRGs: • Association des Régions de France (ARF) • Association des Départements de France (ADF) • Association des Maires de France (AMF) • France Urbaine • Assemblée des communautés de France • Etc. LRGs association focused on international co-operation: • Cités Unies France (CUF) • Association internationale des maires francophones (AIMF) • Association française du Conseil des communes et régions d'Europe

	(AFCCRE) • Etc.
NGOs	NGOs are key players in implementing DDC activities in partner countries. Typically, they receive funds from LRGs or basin agencies to conduct projects or technical assistance programmes. Some examples of NGO in this field include: • F3E (network of French NGOs working on development co-operation) • Eau Vive • GRET • Solidarités International • Action Contre la Faim (ACF) • Etc.

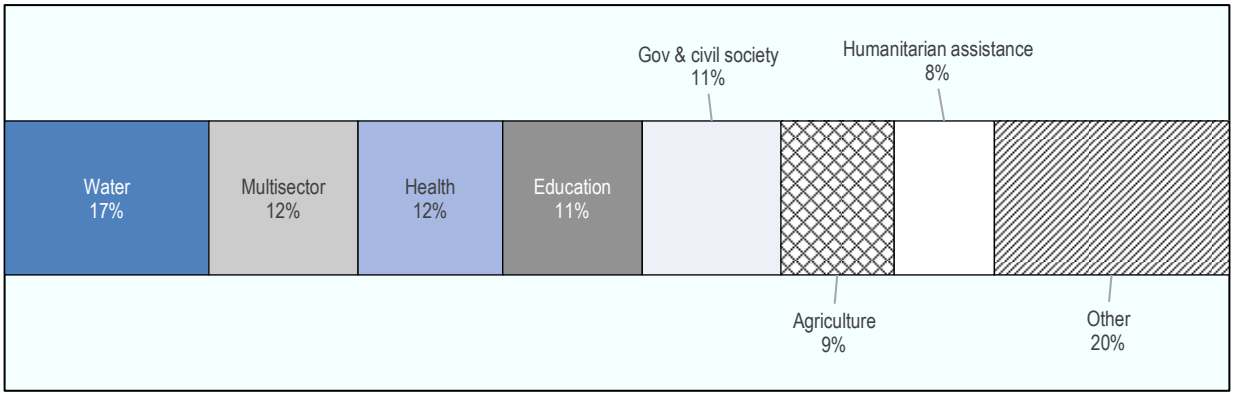
Financial Flows

French DDC shows a stable pattern in volume terms over the 2010-15 period, reaching USD 62 million on average per year in 2014-15 (USD 67 million in 2010-11). In relative terms, DDC represented around 1% of total French bilateral ODA (OECD, 2017). Decentralised Development Co-operation targeting water and sanitation sectors reached a total of USD 12.25 million in 2015. This represented 1.5% of French ODA targeting the water sector, and 21% of total DDC reported by France in 2015 (Figure 5.2).

However, it is important to note that the ODA proxy only presents a partial view of French water-related DDC. As reported by the Treasury of the Ministry of Economy and Finance, the Creditor Reporting System only tracks aid extended by LRGs, and does not include financial flows by French basin agencies. PS-Eau conducted an important stocktaking exercise in the past decade to bridge that gap and map financial flows related to water DDC more comprehensively, including those flows coming from the six basin agencies. It is worth noting that the French Ministry of Foreign Affairs uses the same figures as PS-Eau when reporting water DDC flows. Over the period 2006-16, PS-Eau reported that LRGs of all sizes and basin agencies in France spent close to EUR 250 million on drinking water supply and sanitation services in developing countries, of which 80% (EUR 200 million) were mobilised thanks to the Oudin-Santini Law. The share of funds raised through the Oudin-Santini Law increased from 76% in 2007 to 85% in 2016. According to PS-Eau, these figures are in the order of magnitude of the French government ODA grants for the water sector (i.e. not considering loans).

Figure 5.1. DDC sector allocations, 2010

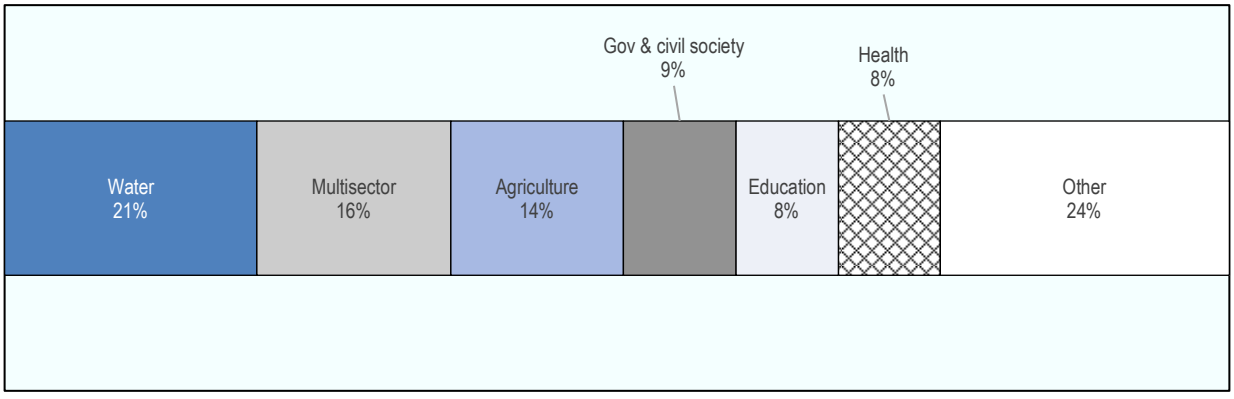
Sector allocable basis



Source: OECD (2017), OECD CRS Database, https://stats.oecd.org/Index.aspx?DataSetCode=CRS1 (accessed on 16 November 2017).

Figure 5.2. DDC sector allocations, 2015

Sector allocable basis



Source: OECD (2017), OECD CRS Database, https://stats.oecd.org/Index.aspx?DataSetCode=CRS1 (accessed on 16 November 2017).

The six water agencies and an estimate of 300 to 400 LRGs (all sizes) have engaged in water-related DDC since the adoption of the Oudin-Santini Law in 2006, with the strongest contributions from the water agencies. The commitment of these institutions has increased significantly from EUR 5.6 million to EUR 15 million in 2016 (Table 5.2). In 2014, despite a significant drop, they still represented 54% of the total funds raised (Figure 5.3). In 2014, the operators (public and private) represented 20% of the contributions, followed by cities and agglomerations, which represented 17% in total commitments. Regional and departmental councils contribute respectively with 8% and 4% (Figure 5.3). When looking at individual entities, seven actors capitalised more than EUR 1 million in 2014. Moreover, PS-Eau claims that DDC in the water sector has a strong leveraging effect: EUR 1 of DDC funds is able to mobilise up to EUR 5-EUR 10.

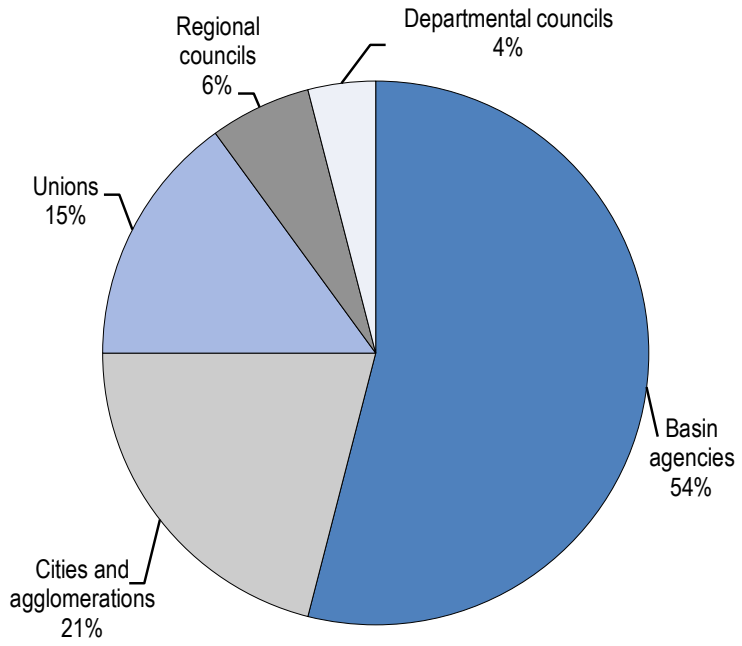
Table 5.2. Water DDC financial flows by LRGs and basin agencies, 2007-16

In EUR million

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Basin Agencies	5.6	5.6	6.6	12	13.8	15.7	15.4	12.6	14	15
LRGs	8.6	10	11.4	12	12.6	12.6	12.9	12.3	13,1	13
Total	**14.2**	**15.6**	**18**	**24**	**26.4**	**28.3**	**28.3**	**24.9**	**27,1**	**28**
Mobilised through the 1% mechanism	10.8	11.3	13.2	19	21.2	22.8	23.5	20.6	23,1	23,8
Mobilised through the 1% mechanism (%)	76.1	72.4	73.3	79.1	80.3	80.6	83.0	82.7	85,2	85

Source: AFD (2016), "L'action extérieure des collectivités territoriales", Brochure, www.afd.fr/sites/afd/files/2017-10/Action-exterieure-collectivites-territoriales-plaquette.pdf.

Figure 5.3. Percentage of water DDC flows by type of actor, 2014

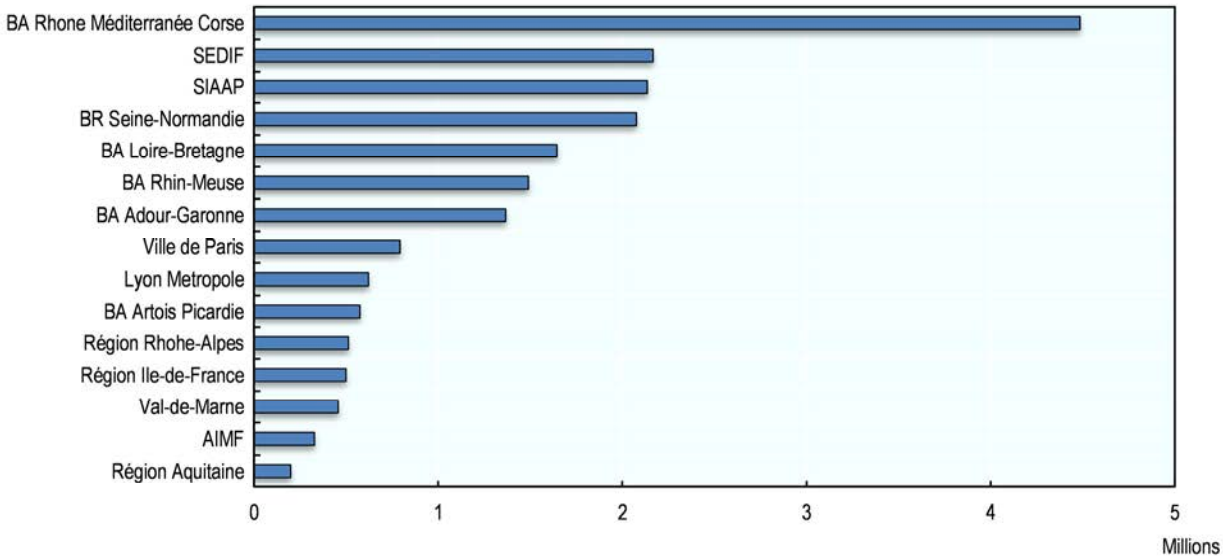


Source: PS-Eau (2015), "10 ans de la loi Oudin-Santini Bilan du dispositif et analyse des actions financées via le 1% et la coopération décentralisée", www.pseau.org/sites/default/files/0_repertoire_fichiers/0_general_site/3_fichiers/rapport_etude_qual_2015.pdf.

PS-Eau estimates that the capacity of LRGs and basin agencies to mobilise funds for DDC through the 1% mechanism could reach EUR 65 million per year, including EUR 45 million for the former and EUR 20 million for the latter. If all service providers also applied the 1%, the total capitalisation potential would raise to EUR 20 million (PS-Eau, 2015). At present, France is still far from reaching these figures. The Oudin-Santini Law has had a major impact in terms of DDC financial flows for the water sector by increasing total mobilised funds by 197% (from a total of EUR 14.2 million to EUR 28 million). However, in 2016, only 43% of the potential financial mobilisation of

the Oudin-Santini Law had been realised, a signal that there is room to engage more LRGs and basin agencies, as well as to increase their commitment (the average mobilised by entity is 0.3% of each budget) (PS-Eau, 2015). Actors in the development sector claim that the potential of the 1% mechanism is not fully realised due to insufficient personnel to manage the funds. Bridging this capacity gap could be an opportunity to raise more funds through the 1% mechanism.

Figure 5.4. Top 15 contributors among LRGs and basin agencies, 2014



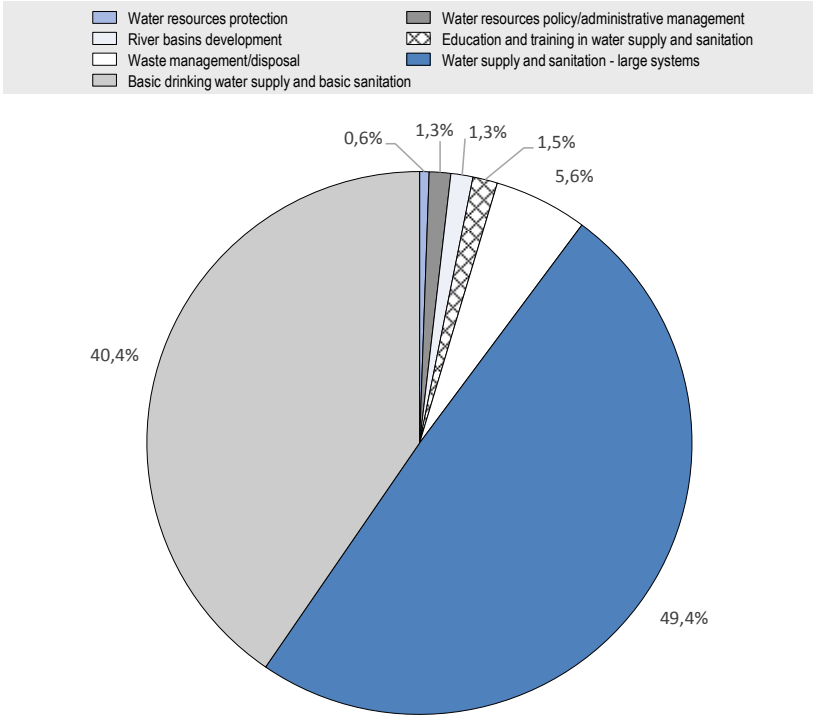
Note: SEDIF (Syndicat des Eaux d'Ile de France) and SIAAP (Syndicat Interdépartemental pour l'Assainissement de l'Agglomération Parisienne).
Source: PS-Eau (2015), "10 ans de la loi Oudin-Santini Bilan du dispositif et analyse des actions financées via le 1% et la coopération décentralisée", www.pseau.org/sites/default/files/0_repertoire_fichiers/0_general_site/3_fichiers/rapport_etude_qual_2015.pdf.

CRS 2015 Data show that LRGs have supported different types of water projects and activities. Close to 50% of DDC flows in 2015 were dedicated to investments in large infrastructure systems for water supply and/or sanitation (Figure 5.5). The latter includes potable water treatment plants, water supply pumping stations; large-scale sewerage, domestic and industrial wastewater treatment plants, amongst others. Around 40% of flows were invested in basic drinking water supply and sanitation provision, which includes urban and rural water supply schemes using hand-pumps, spring catchments, or gravity-fed systems, and also latrines, on-site disposal and alternative sanitation systems, etc. Non-infrastructure measures such as water sector policy and administrative management, water resources conservation (including data collection), and education and training in water supply and sanitation concentrated altogether 3.4% of DDC flows (Figure 5.5). River basin development that includes both infrastructure measures and institutional capacity building activities concentrated 1.3% of flows.

LRGs and water agencies have supported more than 300 projects per year since 2006. These are small and medium projects (EUR 20 000 to EUR 300 000) supported by LRGs or *syndicates* of all sizes. PS-Eau publication in 2015[2] investigated some of the key features of these investments. From 2006-14, it is estimated that 46% of the projects were related to only drinking water supply, 41% of the projects to drinking water supply and sanitation, and 13% were related exclusively to sanitation. The study reported that 65% of

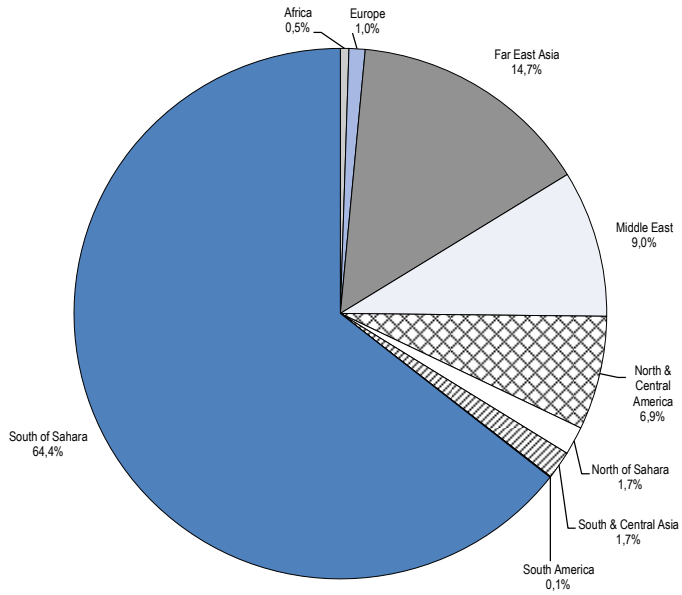
drinking water supply projects involved the construction or maintenance of large distribution networks, and 35% of smaller local solution (e.g. individual water points in rural areas). For sanitation, there is no breakdown of percentages, but it is reported that most projects involved sewage collection equipment in schools or family latrines (PS-Eau, 2015).

Figure 5.5. Type of activities in water DDC financed by French LRGs, 2015



Source: OECD (2017), OECD CRS database, accessed on 16 November 2017, https://stats.oecd.org/Index.aspx?DataSetCode=CRS1.

Figure 5.6. Main recipient regions of French water DDC, 2015



Source: OECD (2017), OECD CRS database, accessed on 16 November 2017, https://stats.oecd.org/Index.aspx?DataSetCode=CRS1.

The geographical priorities for DDC activities in France are mainly rooted in historical parameters, targeting French-speaking countries and countries with high-levels of origin of immigrants to France. Figure 5.6 shows that 64% of the DDC flows tracked for LRGs (which do not include water agencies) go to countries located in the Southern Sahara region, 14.7% in Far East Asia, and 9% to the Middle East. The top 15 recipient countries (see Table 5.3) received altogether 83% of total DDC flows extended by LRGs. Lao People's Democratic Republic, Madagascar and Senegal received over EUR 1 million in 2015 (Table 5.3).

Table 5.3. Top 15 recipient countries of French water DDC, 2015

	USD million
Senegal	1.64
Madagascar	1.25
Lao People's Democratic Republic	1.08
Niger	0.87
Burkina Faso	0.74
West Bank and Gaza Strip	0.74
Benin	0.63
Mali	0.55
Togo	0.53
Viet Nam	0.47
Cameroon	0.42
Haiti	0.36
Chad	0.32
Lebanon	0.30
Cuba	0.25
Total	**10.15**

Source: OECD (2017), OECD CRS database, accessed on 16 November 2017, https://stats.oecd.org/Index.aspx?DataSetCode=CRS1.

Operational features of projects

The implementation of the 1% mechanism has benefited from the role played by PS-Eau (Ministry of Foreign Affairs, 2014). The Water Solidarity programme has helped connect Northern and Southern subnational governments. It has also leveraged its ability to bring together all type of stakeholders, including LRGs, basin agencies and public water operators, private operators, international solidarity associations, ministries, to realise partnerships that helped implement projects in partner countries. The platform has organised national level fora to facilitate the exchange of experiences and match actors with complementary skills (Ministry of Foreign Affairs, 2014).

The nature of the relationship between water DDC counterparts in partner countries and French promoters can be classified in three broad categories:

- Partnership modality refers to the creation of solid and structured bilateral and multilateral relationships between individual LRGs or basin agencies. Individual LRGs and basin agencies with financial resources and human capital can decide to engage in a DDC partnership with a local/regional government or utility in the partner country. This configuration implies that the LRG or basin agency has the capacity to manage effectively the project's budget and its officials have the required technical expertise to implement the project (feasibility studies, project management, operations, etc.). French civil servants can also share their technical expertise to enhance the capacity of local stakeholders. This type of operational

scheme is often characteristic of large French cities or basin agencies (Paris, BA Rhone Mediterranée Corse).

- Network modality has emerged recently as an innovative way to channel decentralised development co-operation, bringing together LRGs, their associations, other territorial stakeholders (CSO, universities, research centre, private companies) and multilateral actors. LRGs and basin agencies can decide to partner with other French actors to carry out a specific project or capacity building activity in the context of DDC. There are many specialised LRGs, basin agencies, and NGOs that have been operating for a long time in partner countries. LRGs with a lack of experience and/or the technical, managerial, or financial capacity to undertake a DDC activity can decide to partner with some of their peers to design joint projects and reach a critical scale, but also to resort to intermediaries (e.g. NGOs) to implement DDC programmes on the ground in partner countries. Pooling expertise or resources from several actors has proven a useful mechanism for co-operation at the appropriate scale.
- **Direct financial support modality:** The 1% mechanism has boosted the capacity of LRGs and basin agencies to mobilise resources from the drinking water supply and sanitation budget to DDC activities. Direct grants can be provided to local or regional counterparts in the partner country, and/or to an NGO working in the field. The latter can take the form of a one-time grant to an actor for the financing of a particular project or more systematically and expansively, the establishment of a support fund that processes applications and allocates an annual envelope. LRGs or water agencies can also make an ad hoc contribution to projects carried by other types of actors, such as the French Development Agency, by providing specific expertise.

Box 5.1 describes briefly examples of projects and activities implemented by French local actors that showcase the characteristics of each of the three categories. Regardless of the modality used, French water DDC activities are seen as partnerships between territories. As highlighted in several examples in Box 5.1, the projects mobilise different categories of stakeholders in both territories, including elected officials, users, citizens, technical services, NGOs, schools (teachers and pupils), health personnel, academia, etc.

Box 5.1. Examples of Water DDC activities by French actors

1. Partnership Modality

The city of Paris (France) and Phnom Penh (Cambodia)

Since 2007, the City of Paris works with Phnom Penh's water board to support the implementation of the city's social tariff policy. Phnom Penh created the programme Clean Drinking Water for Poor Households to face the challenge of rapid urbanisation and drinking water supply peripheral neighbourhoods. These neighbourhoods are characterised by an uneven access to the water supply network. This social programme offers subsidies to connect to the water network that range between 30% and 100% of the cost of installing the connection. The level of the subsidy is determined by a socio-economic survey. The connection is estimated to cost USD 100 per household and the average monthly household income is USD 160. From 2007-13, the City of Paris invested EUR 300 000 to secure connection to the network for more than 6 800 households.

A second programme was launched to improve sanitation services in Phnom Penh. The sanitation network is badly maintained and workers responsible for its maintenance were working with poor hygiene and security conditions. Between 2013-15, the City of Paris worked together with Phnom Penh to improve the working conditions of its workers and strengthen the maintenance activities of the network. The City of Paris conducted an assessment and financed personal protective equipment and tools for maintenance activities. A training programme on health and safety was also taught to Phnom Penh officers. The total budget of this second project was EUR 98 000.

Chambery (France) and Ouahigouya (Burkina Faso)

The partnership between the cities of Chambéry (France) and Ouahigouya (Burkina Faso) exists since 1991. The two cities have set up a three-year drinking water supply programme, and this partnership they have involved the Chambéry Ouahigouya Association, Chambéry Métropole, and ACDIL (*Agence de Coopération pour le Développement des Initiatives Locales*, based in Burkina Faso).

The programme aims to support the delivery of drinking water services, in particular with the construction and installation of water services equipment for which a hydraulic technician was recruited and trained. For this purpose, a mapping of ongoing works in the drinking water supply network of the 37 villages of Ouahigouya was carried out, and management committees for each service were set up and trained. Moreover, a municipal decree was approved to set the water tariff and to approve the agreements that delegated the works to each committee. A municipal committee for water and sanitation services was established as an advisory body that participates in the design of municipal policies, planning and implementation and that serves as a platform for stakeholder consultation. Finally, there have been knowledge exchange workshops between staff in charge water and sanitation services of the two municipalities on topics such as asset management, administrative and financial management, network monitoring and reduction of water losses.

Another striking characteristic of this co-operation is its territorial anchorage. The

development co-operation activities implemented through this partnership have mobilised not only elected officials and technicians but also citizens (expanded steering committee members to have representatives of the civil society, contribution of hospitals and schools to some of the activities, etc.). Moreover, each year the city of Chambéry hosts the Lafi Bala Festival that allows the people of Chambery to engage with the Burkinabe culture and learn more about the actions carried out by through this co-operation.

Lyon Metropole (France) and the Région Haute Matsiatra (Madagascar)

Since 2006, the Lyon Métropole and the Haute-Matsiatra Region (Madagascar) have been engaged in a partnership to support local policies on access to drinking water and sustainable sanitation. The AGIRE (2006-11) and Cap'eau (2012-15) projects have aimed to build capacity of key local stakeholders in the delivery of water services, namely through the following activities: i) support planning of water resources exploitation through the elaboration of the Municipal Plans for Water Supply and Sanitation Services Development; ii) support management and renewal of existing infrastructure; iii) develop capacities for the construction water supply and sanitation infrastructure; and iv) training local authorities and students from the University of Fianarantsoa.

2. Network modality

Lyon Metropole (France), AFD and Ouagadougou (Burkina Faso)

In 2006, AFD awarded a grant of EUR 15 million to Ouagadougou, Burkina Faso, for a programme to secure access to clean drinking water to the peripheral districts of the city. This was the first grant on water given to a municipality in Burkina Faso. The Lyon Metropole provided technical assistance to Ouagadougou (including secondment of an engineer for three years) as the owner-commissioner of the works programme, responsible financially and technically for its implementation.

Municipalities of Normandie (France) and the Canton of Kornaka (Niger), and Eau Vive

The Association of Municipalities of the Canton of Kornaka (including Kornaka, Adjékoria, Dan Goulbi, Mayara, Sabon Machi) in Niger co-operate with six Norman municipalities (Ifs, Colombelles, Mézidon-Canon and Castillon-en-Auge, Louvigny and Mondeville) since 2005.

This co-operation has two distinct features:

- Mutualisation: By joining forces, the municipalities were able to pool resources and mobilise technical and financial actors to implement a project in the Canton of Kornaka. This co-operation has set up an inter-municipal water supply and sanitation technical service supported by the Nigerien municipalities as well as a framework of inter-municipal consultation to guide and monitor the implementation of water supply and sanitation policies and projects in the Canton.
- Reciprocity: Before starting the co-operation agreement, the NGO Eau Vive carried out an initial diagnosis to map expectations and possible exchanges among both regions. Elected representatives from Kornaka and Normandy exchanged experiences on identified common issues such as raising awareness among citizens, inter-municipal co-operation, among other. In Normandy, events such as

the Inter-municipal Co-operation Day raise awareness among the local population and is an opportunity to engage other actors in Normandy (such as teachers, farmers) in development co-operation projects.

Municipalities of Ardèche and Drôme, the Region of Matam (Senegal), and ADOS

ADOS (Ardèche Drôme Ourosogui Senegal) has intervened for 30 years in development projects in Senegal. Created in 1985, this association has now strong experience as a decentralised co-operation implementer and facilitator of partnerships between the municipalities of the Rhône-Alpes (France) and Matam (Senegal) regions. Since the 2000s, ADOS has been supporting municipalities in the development of their municipal plans, which highlight the challenge of access to drinking water supply. In 2010, ADOS and partner municipalities in Matam launched a major regional water programme to: i) strengthen planning and monitoring of regional water policies that are aligned to national priorities; ii) build capacity of services management bodies, including technical skills; and iii) support economic activities around management of water services. This integrated approach mobilises human capital in France and in the field and has fostered the exchanges of best practices and know-how, both in France and Senegal.

3. Direct Financial support

Mécanisme de solidarité du SEDIF

SEDIF is co-financing the Support Program for Local Authority Initiatives for Water and Sanitation (Aisha) in the region of Trarza (Mauritania), together with the Seine Normandy Water Agency and UNICEF. This programme, implemented by the Research and Technological Exchange Group (GRET), aims to ensure sustainable access to drinking water and sanitation services around the Senegal River. The project began in 2009, Phase 1 is now complete and it has helped to supply drinking water to 15 000 people living in the municipalities of Rosso and Keur Macène. The second phase will target 38 000 additional people in five municipalities (Rosso, Keur Macene, Tekane, Dar El Barka and N'Diago).

Water funds created by French Métropoles: Lyon, Marseille, Bordeaux, Toulouse, Nancy

Water funds have emerged as a tool to provide direct financial support to actors working on the field. Examples of the implementation of this mechanism include:

- The Greater Lyon / Veolia Water Fund is financing projects supported by NGOs (French and local NGOs) to provide access to drinking water supply and sanitation.
- The Urban Community of Greater Nancy supports projects of access to drinking water supply promoted by municipalities or institutions in the Greater Nancy area, and associations or NGOs that have their headquarters in the partner country.
- Bordeaux Métropole and its operator, Lyonnaise des Eaux, have created an international solidarity fund (EUR 100 000 per year) to finance access to drinking water projects in developing countries. Calls for projects are open to international solidarity associations and all French local authorities.
- Toulouse Métropole mobilises 0.5% of the revenues for drinking water supply under the umbrella of the contract with Véolia. In partnership with the Ardour-

Garonne Water Agency, this fund supports Toulouse municipalities and organisations willing to engage in DDC activities.

The Six French Water Agencies

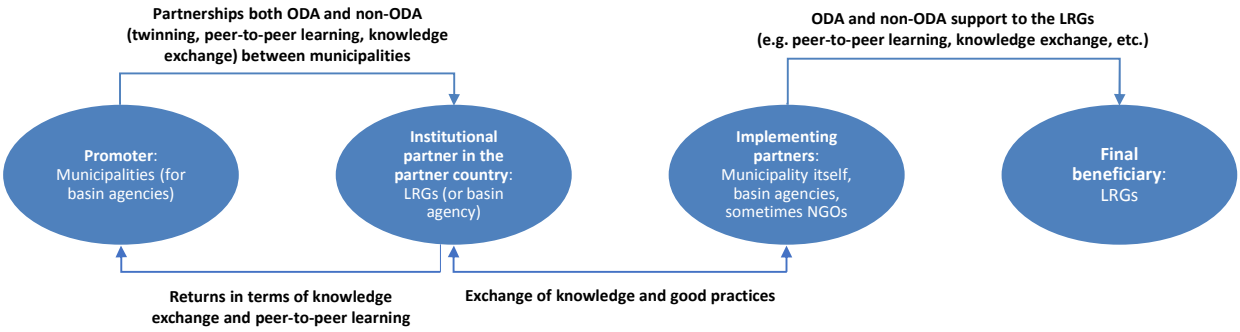
The Oudin-Santini law authorises the six French water agencies (Adour-Garonne; Artois-Picardie; Loire-Bretagne; Rhin-Meuse; Rhône-Méditerranée-Corse; Seine- Normandie) to finance development co-operation projects in the sector of access to water supply and sanitation services carried by actors within their basin, including local authorities, operators, NGOs, among others. Water agencies can contribute with up to 1% of their revenue and also provide advice to project leaders when needed.

Source: City of Paris (2015a), "Coopération Paris – Phnom Penh, 2007-2014 - Eau et Assainissement", https://api-site-cdn.paris.fr/images/71756; City of Paris (2015b), "Solidarité eau et assainissement : L'action internationale de la Ville de Paris", Brochure , https://api-site-cdn.paris.fr/images/74925; Association Chambéry-Ouahigouya (2017), Association Website, www.chambery-ouahigouya.com (accessed on 27 November 2017); Greater Lyon (2017b), *Lyon–Haute-Matsiatra*, www.economie.grandlyon.com/fileadmin/user_upload/fichiers/site_eco/20130522_gl_ri_cooperation_lyon_haute_matsiatra_mdg_actions_fiche.pdf; Eau Vive Basse-Normandie (2013), "Retour d'expérience de quatre communes Bas-Normandes en coopération avec les communes du Canton de Kornaka au Niger", www.pseau.org/outils/ouvrages/eau_vive_retour_d_experience_de_quatre_communes_bas_normandes_en_cooperation_avec_les_communes_du_canton_de_kornaka_au_niger_2013.pdf; PLATFORMA (2010), "Decentralised development cooperation – European perspectives", www.ccre.org/docs/Platforma_European_perspectives_EN.pdf; ADOS (2017), "Hydraulique et assainissement sont au cœur du développement local", www.ados-senegal.org/projets-activites/developpement-local-senegal/hydraulique-assainissement.html; SEDIF (2014), "Le Syndicat des Eaux d'Ile-de-France au service des pays les plus démunis", www.sedif.com/imageProvider.aspx?private_resource=25871&fn=Plaquette%20Solidarit%C3%A9%20Eau%202014.pdf; PS-Eau (2017b), "Les Villes et Syndicats", www.pseau.org/fr/methodologie/financements/locaux/villes-syndicats; PS-Eau (2017c), "Le financement des agences de l'eau", www.pseau.org/fr/methodologie/financements/agences.

City-to-City DDC

The city-to-city DDC is particularly prominent in the field of water in France. The approach is based on a peer-to-peer partnership between municipalities or basin agencies in donor country and the one in the partner country. It is not only based on ODA flows among the two partners, but it is based also on non-ODA DDC activities. These activities are peer-to-peer learning, knowledge exchanges, twinning arrangements, etc. The peer-to-peer exchange allows for a high return on investment in terms of knowledge and good practices for the municipalities in donor countries. This modality can include direct financial support (through the 1%) to both LRGs and NGOs in partner countries. It is sometimes implemented through a network of territorial stakeholders.

Figure 5.7. City-to-City DDC



Quantitative and qualitative impacts

Impacts of DDC for water by French LRGs and basin agencies are difficult to assess since there is no integrated monitoring and evaluation system. PS-Eau (2015) estimated that projects financed over the period 2006-14 have given or improved access to drinking water and for respectively about 4.6 million people and 400 000 people. Although these numbers are hard to substantiate, and DDC impact evaluation is an issue that goes much beyond the water sector (see Chapter 3), individual experiences and project-based feedback and assessment can show very concrete results in partner countries. For instance, a decentralised co-operation project between the municipality of Zorgho (Burkina Faso) (22 000 inhabitants) and Reims (France) helped increase access to drinking water supply from 35% in 2007 to 83% in 2013. At the same time, the increase of access to water supply created a capacity to raise revenues of approximately EUR 30 000 annually, which can be used to maintain and expand the network (DAI, 2014). Actors also claim an important impact in terms of transferring skills for effective water management.

Beyond quantitative aspects related to the amount of financial resources mobilised by the Oudin-Santini Law, equally important is the value-added that can be appraised from a qualitative standpoint. A primary achievement of the law is probably to have raised the awareness of LRGs about the importance of water and sanitation effective management for inclusive growth and helped prioritise or target NGO activities towards this area in partner countries (PS-Eau, 2015).

The 1% mechanism has provided a stronger financial stability to implement projects with a multiannual budget. LRGs and basin agencies can - based on the forecasts of future revenues in their drinking water supply and sanitation budgets - design medium and long-term initiatives in partner countries. They can also commit to longer financial agreements with actors working in partner countries. As a result, a number of dedicated water funds have been created in France, for instance Greater Lyon (Box 5.2), the City of Paris, or the Franche-Comté region. These are a window of opportunity to design tailored strategies for partner countries that include several projects and capacity building activities (Ministry of Foreign Affairs, 2014). For instance, Paris (France) and Phnom Penh (Cambodia) co-operation agreement started back in 2007 and still ongoing (see Box 5.2).

Box 5.2. Lyon's Water Fund

Lyon's water fund was set in 2005 by the Lyon Métropole, its drinking water and sanitation service providers[3] and the Agence de l'Eau Rhône Méditerranée Corse (AERMC), was created to finance projects proposed by LRGs and NGOs. In the framework of the Oudin-Santini Law, these projects aim to improve access to drinking water and sanitation in developing countries. Since its creation in 2005, EUR 10 million has been invested in Africa, Asia and the Mediterranean countries, helping to improve access to water and sanitation for over 1.5 million people. Today, funding comes 50% from the Métropole de Lyon (EUR 350 000) and 50% from Eau du Grand Lyon (EUR 350 000).

The fund has set the following eligibility criteria for projects:

- Construct infrastructure to improve access to drinking water and/or sanitation. The Water Fund will priorities projects that have a sanitation component.
- Represent a local development factor: access to water should be a key factor for local development in the targeted area for the project.
- Enhance project management capacities of partner local authorities. The project should have a component whereby local stakeholders develop ownership of the infrastructures put in place. This could be done by ensuring the participation of local authorities at stages of the project.
- Alignment with national priorities: the project should have synergies with the development programmes being implemented at the moment in the country and should comply with any national regulations that may exist.
- Ensure local partners will manage the infrastructure in the long-term: the project should provide operation and maintenance training, raise awareness among local stakeholders, and put in place an effective financial and technical management system for the infrastructure.

The percentage of the project's budget covered by the fund varies depending on the total budget of the project: i) projects under EUR 80 000 can be subsidised up to 80% of the total budget; ii) projects between EUR 80 000 and EUR 200 000 can be subsidised up to 50% of the total budget; and iii) projects above EUR 200 000, can be subsidised up to 20% of the total budget (with a ceiling of EUR 150 000). The Fund can cover feasibility studies, construction of infrastructure, support activities (such as awareness raising, training, etc.) and administrative costs.

Source: Greater Lyon (2017c), "The Solidarity and Sustainable Development Fund for Water, known as the "Water Fund": Lyon showing solidarity", www.business.greaterlyon.com/water-fund-86.html#c1107h.

Actors engaged in DDC activities claim that the Oudin-Santini Law has also contributed to increasing the number of projects that do not exclusively focus on hard infrastructure (PS-Eau 2015). In practice, DDC related finance is not large in terms of volumes and will likely not make a huge difference in bridging the infrastructure gap in the water sector of partner countries. Thus, it is essential to prioritise DDC projects that do not strengthen the enabling environment and framework conditions to get water management right. In practice, this means boosting governance through better data and information, stronger

consultative bodies at the basin scale, solid capacity at subnational level, more transparency and co-ordination on who does what, at which level and how, and other elements that can contribute to a more robust "soft" infrastructure to guide public action and take informed decisions in partner countries.

Proactive incentives should incentivise NGOs seeking finance from entities using the 1% mechanism, to adapt their activities and focus more on strengthening the delivery of water services in through improving governance frameworks at large, including managerial competencies, pricing mechanisms, or operational activities. The Oudin Santini Law does allow LRGs and basin agencies to engage their technicians and water professionals in DDC activities, which has given rise to institutional strengthening activities such as participatory river basin planning, capacity building on using Geographical Information Systems with the objective to address critical water risks or help implement environmental tax schemes.

A direct return on investment from DDC activities is the increased capacities of French civil servants from the learning and sharing of experiences with partner countries. Involving local actors in co-operation activities helps raise awareness that current levels of water security and service delivery should not be taken for granted, which beyond raising awareness on the needed solidarity with partner countries, recalls the very value of water for economic development, social inclusion and environmental protection (Ministry of Foreign Affairs, 2014).

Local solutions for water services can help develop larger scale approaches. Effective pilot projects at the local level can inspire solutions on a larger scale (group of villages, regional level, etc.). These pilots can be technical innovations, but also organisational approaches for the management of water services (PS-Eau, 2015). For instance, the project between Bousbecques, Couëron, Verrière-le-Buisson (France), and the city of Zorgho (Burkina Faso) resulted in the creation of new municipal structures: the CEC (municipal water commission) and the STEA (water and sanitation technical service). This first pilot test encouraged the government to generalise by decree the communal water and sanitation committees: consultation frameworks between the municipal council, the deconcentrated services, the water actors (farmers, municipal technicians) and the local authorities.

Emerging paradigms

Territorial reform and implications for Water DDC

The territorial reform announced in June 2014 will lead to a merger of municipalities (36 700, at present) and regions (from 22 to 12). This will also have implications on the number of water and sanitation utilities, which is expected to be consolidated in the coming years. As of January 2014, there were 2 145 *Etablissements Publics de Coopération Intercommunale* (EPCI) with tax collecting competences and covering 62.6 million people (each EPCI covered 17 municipalities and 29 000 people on average). The reform has reduced the number of EPCIs to 1 266 in January 2017 (covering on average 49 135 people and 29 municipalities) (DGCL, 2017). The territorial reform also requires public water operators to transfer water and wastewater services to the EPCIs. There are also fewer operators managing just one municipal public service.

Within the reform and the consolidation of local public water and sanitation operators, most of their prerogatives were transferred to EPCIs with tax-raising competencies. These two trends are expanding the administrative area of inter-municipal bodies with regard to

water services thus potentially reducing the overall number of players in DDC at the subnational level and helping reach a more critical scale that can pool financial resources and capacity optimally (BIPE, 2015). The consolidation of water and sanitation services is indeed an opportunity to search for economies of scale, but also to strengthen the administrative and technical skills as well as financial resources of services operators, thus holding potential to upscale DDC activities.

Positive spillover: The 1% energy and solid waste mechanism

The water 1% mechanism was rapidly adopted by the energy sector through the Pintat amendment in 2006. Similarly to the water sector, the Pintat amendment allow LRGs, EPCIs, and *syndicat mixtes* in charge of electricity and gas to devote up to 1% of their budget to decentralised development activities.

The operational features of energy projects are similar to water projects (i.e. partnership, network, and direct financial support modality), but the volume of flows and number of projects developed remains smaller than for water. During the last ten years, the mechanism has mobilised around EUR 700 000 and implemented 50 projects to promote access to electricity and gas. Projects include financing of equipment (electricity networks, photovoltaic panels, etc.), assignments of French civil servants in local services in partner countries, and capacity building programmes (Electriciens sans frontières, 2016).

The close link between energy and water policies requires co-ordinating requires envisaging more projects that address both policy areas. Water is an essential element in energy production (e.g. hydropower, cooling thermal plants) and energy is a critical input for supplying water and sanitation services (e.g. pumping stations, wastewater treatment). Some projects have promoted access to both water and electricity services. For instance, in Takon (Benin), located 70 km north of Porto with 10 000 inhabitants, *Electriciens sans frontiers* (NGO working in partner countries with the objective to support access to electricity) supported by the region of Aquitaine, devised a project to solve the lack of safe access to electricity and water of the local orphanage and health centre (Electriciens sans frontières, 2017).

Article 14 in the Development and International Solidarity Act (2014) also expanded the 1% mechanism to the solid waste management. The Act allows LRGs and *syndicates* in charge of the collection and treatment of household waste to allocate to co-operation and development aid 1% of the resources in the sectoral budget. Similar to the water mechanism, these resources can only target projects or activities in partner countries dedicated to expanding access or improving management of solid waste services (Government of France, 2014).

The operational approaches for this type of co-operation are the same to the one described for the water mechanism: i) partnership modality; ii) network modality; and iii) direct financial support modality. Unlike the water sector with the basin agencies, there are no actors specific to the waste sector that will be mobilised by the waste 1% mechanism. So far, large municipalities (e.g. Lyon, Marseilles, Nantes or Paris) have been the main users of such a mechanism (Box 5.3).

Box 5.3. Waste 1% mechanism pioneers

The City of Paris – Brazzaville (State of Congo). The pioneer LRG in introducing the waste mechanism was the City of Paris in 2015 with a co-operation project to help organise and restructure the waste service in Brazzaville, Congo. The population of Brazzaville is now over 1.5 million. Population growth is accompanied by an increase in the quantities of waste generated, often deposited in dumps and landfills in the heart of the city. Inhabitants' waste disposal practices vary according to districts. There are over 300 pre-collection operators and their coverage is estimated at around 29%. Central and peri-central districts are covered, although disparities exist in terms of coverage in neighbourhoods, but the service is almost non-existent in the outlying. The final objective of the project is to organise and structure the pre-collection service in five of the nine districts of Brazzaville. To achieve this, the City of Paris implemented a capacity-building assistance programme on project management for the City of Brazzaville. At the same time, the City of Paris provided financial and technical support for a parallel project implemented by GRET (Professionals for Fair Development), a French NGO. GRET focused on strengthening the capacity of waste operators in Brazzaville to improve the effectiveness and efficiency of waste services. The total budget for this project was EUR 708 185, with EUR 650 000 financed by the AFD (French Development Agency) via the Delegation for Territory Planning and Large Projects, DGGT (State of Congo) and EUR 58 185 financed by the City of Paris. There is still no evaluation available on the results achieved by this project.

Nantes Metropole - Municipality of Dschang (Cameroon). This project is a combined effort by Dschang (Cameroon), Nantes Metropole, Environment-Action Research Cameroon (ERA Cameroon) and Gevalor, both not-for-profit organisations. The project is the result of finding synergies among the four partners, since Dschang and Nantes Metropole have been working together for the last ten years on the improvement of public hygiene, and ERA Cameroon and Gevalor on waste recovery through composting. The project started in 2014 and will end in 2018. It was conceived as a follow-up to previous activities in Dschang, including: i) building a municipal landfill and training staff; ii) improve the waste pre-collection and collection service in the city; and iii) developing the composting of household waste since. Besides these three technical aspects, the project also aims to improve the economically and institutionally the waste management service. The total budget for this project is EUR 690 000, with EUR 348 500 financed by the European Union, EUR 219 800 financed through the income of the waste recovery facility, EUR 70 500 by AFD and the French Global Environment Facility (FFEM), EUR 30 000 by the Dschang Municipality and EUR 21200 by Nantes Metropole. The objective is to integrate the waste recovery project into the municipality's overall waste management plan. In 2018, it is expected to reach 10 000 tonnes per year and self-financing through the sale of compost and carbon credits.

Source: Ministry of Foreign Affairs (2017c), "Decentralised cooperation case studies", Brochure, www.diplomatie.gouv.fr/IMG/pdf/fiches_gb_bd_cooperation_decentralisee_cle8d8181.pdf.

The 1% mechanism in solid waste is an opportunity to promote a coherent approach to water and sanitation services in partner countries. There are strong synergies to be developed between these areas of intervention in the context of decentralised development co-operation. Co-ordinating waste and water policy was reported as an important field for policy coherence by 40% of surveyed cities in OECD (2015). This issue is alarming in developing countries as poor waste collection practices and municipal solid waste management can contribute to surface and groundwater contamination (OECD, 2015). Some existing co-operation activities could foster this integrated approach to manage public services and serve as a showcase for other LRGs. For instance, the Lyon Métropole and the city of Ouagadougou (Burkina Faso) have been co-operating in several sectors since 1994. The partnership operates through three-year agreements between the two governments. Co-operation between Lyon and Ouagadougou started in the waste sector and has then extended to other areas and sectors, including water, land use, Agenda 2030.

Water DDC and the Global Agenda

Financial needs to reach SDG 6 related targets require expanding international co-operation. UN-Water GLASS (2017) indicates that more than 80% of the countries report insufficient financing to meet drinking water, sanitation and hygiene-related targets of SDG 6 (6.1 and 6.2). Although international development aid is not going to bridge the entire gap, increasing external support can contribute in some way to meet these targets.

France has acknowledged the role of development co-operation to achieve the goals set in the global agenda and other international agreements at large. In November 2016, the CICID convened the relevant ministries in the development co-operation sector to discuss the French action lines with regards to the global agenda. 2015-16 saw the peak of several international processes to set a new universal vision of sustainable development. These processes included the adoption of the Agenda 2030 and its 17 Sustainable Development Goals (SDGs), the Addis Ababa Action Program on Financing for Development, the Paris Climate Agreement, the World Humanitarian Summit and the Habitat III Conference. The CICID set national guidelines to mainstream all these agreements into French international development policy (CICID, 2016).

One of CICID's national guidelines calls for increasing the support to DDC to achieve the objectives set in global agendas. The CICID recognises the importance of LRGs in achieving the SDGs, and their capacity to respond to emergencies in partner countries. They also have an important role to raise awareness in the French territory on promoting sustainable development. This is why the CICID encourages the implementation of programmes and initiatives that link LRGs with the global agenda, e.g. support to international conferences and events linking climate and DDC (e.g. Climate Change). France will strengthen its role in the network of cities and international platforms that promote exchanges between local governments around the world. Amongst others, the Financial Alliance for Cities was launched at COP21 to support the role of local authorities in the transition to sustainable development models. Other initiatives include further support for the 1% mechanism in both solid waste and water management. The Delegation for External Action of Local Authorities (DAECT) of the MEAE (Ministry of European and Foreign Affairs), under the aegis of the National Commission for Decentralised Co-operation (CNCD), will continue to provide diplomatic advice for LRGs and co-finance projects. The government also reinforces AFD's mandate to contribute to financing French LRGs projects. The MAEDI will be closely involved in

the implementation of AFD's actions and will ensure the alignment of these with its own (CICID, 2016).

The guidelines with regard to DDC activities at large (including water and waste) set by CICID to localise the global agenda were incorporated into The White Paper "Diplomacy and Territories" (issued on November 23, 2016). The White Paper mandates AFD to develop a strategy to support LRGs in their development co-operation activities around the tentative following blocks:

- **Converging LRGs and AFD's development co-operation activities.** Involving French LRGs, through a financial or technical co-operation, in projects financed by AFD. For instance, AFD supported the joint initiative of the Hauts-de-France Region and the French Environment and Energy Management Agency (ADEME) as part of their co-operation with the State of Minas Gerais (Brazil). The initiative aimed to develop an energy plan to promote climate adaptation actions and begin a transition towards a lower carbon economy. This technical co-operation action runs in parallel with an AFD loan of EUR 300 million to support the government's multi-year plan (2016-19) (AFD, 2016).
- **Promote the expertise of French LRGs.** Financing and bringing technical expertise to developing countries, while leveraging French know how. For instance, the project supported in Johannesburg (South Africa) aims to reduce inequality in the city through the implementation of a new spatial strategy. An EUR 600 000 grant through the Technical Expertise and Exchange of Experience Fund (FEXTE) was awarded to support the partnership with the City of Paris for the definition of a strategy to fight against climate change and with the Lille European Metropolis on the conduct of integrated urban projects. An AFD loan of EUR 120 million also supports the transformation strategy of the municipality of Johannesburg (AFD, 2016).
- **Financing LRGs' projects in partner countries** – Supporting projects that municipalities identify and carry out in the framework of their international partnerships. For instance, the construction of two mini hydroelectric power plants in the city of Dschang in Cameroon is a project initiated by a partnership with Nantes Métropole and *Électriciens sans Frontieres*. AFD supports the project with a grant of up to EUR 405 000. The project will connect 500 households and local public services infrastructure (schools, bus stations, etc.) to clean electricity (AFD, 2016).

Challenges for effective Water DDC

Fragmentation and co-ordination

The favourable legal framework and governance structures for DDC have fostered the engagement of a high number of municipalities/local entities (4 329) and 36 EPCI (*Etablissements publics de coopération intercommunale*) in DDC activities. From this, it was said that approximately that 300-400 LRGs and 6 water agencies have engaged in water-related decentralised co-operation since 2006.

DAECT's co-ordination tools were reformed in 2015, but impact is pending evaluation to determine whether they improved co-ordination in DDC activities. This reform included a revision of the priorities and criteria for co-financing decentralised co-operation projects, so that they are more in line with the state's priorities, both geographic and sectoral. At the same time, the co-financing subsidy now prioritises projects that pool efforts from

several French LRGs. These criteria encourage integral approaches to projects (i.e. co-ordination among LRGs planning activities with the same partners), the monitoring and evaluation methodology in place (Ministry of Foreign Affairs, 2017a).

Although avoiding mismatches between national and LRGs priorities in France is relevant to ensure a coherent approach to development co-operation, ensuring alignment with partner countries' national policies is also important. Many benefits can be drawn from ensuring that DDC activities are in line with national priorities in partner countries. First, local solutions can result in larger scale strategies if the national government understands it can help reach a policy objective. Involving the partner country national government in some way (for instance, consultation phase of projects) can help give continuity to local projects. Second, LRGs activities can contribute to national programmes in partner countries, and as a consequence, increase the impact of the DDC activity or project. If there is already a programme in place, avoiding overlaps and aligning geographical priorities is key to make the most of economies of scale. Lastly, ensuring alignment with national priorities can contribute to the long-term sustainability of DDC projects. If the national government has ownership of the DDC project, the government can contribute, once the DDC project is over, by financing operation and maintenance costs.

Monitoring and Evaluation

In 2005, DAECT created an Atlas of Decentralised Co-operation to track the number of projects implemented by LRGs, as well as the sectors and geographic areas. The Atlas was the first tool of its kind to be implemented at EU level. The Atlas was then integrated into a wider platform called The Decentralised Co-operation Portal on France Diplomatie, which was launched in 2009 by the CNCD (National Commission for Decentralised Co-operation). The decentralised co-operation portal is an inter-ministerial and multi-stakeholder tool that provides latest news and e-services. Its objective is to enhance efficiency of projects through consultation and networking.

However, a persistent challenge is that the Atlas does not accurately report the aggregated results and impacts of DDC activities implemented. Until 2015, data collected was subject to the goodwill of LRGs' officials to report on their twinning activities, partnerships and projects. LRGs officials had the obligation to declare their ODA flows to the CNCD website so that the Ministry of Finance and the Economy could include them in the data reported to the OECD Development Assistance Committee (DAC). However, LRGs were fulfilling the report templates imperfectly, thus challenging and complicating any assessment on DDC activities (and by default any recommendations made in this basis). The estimated error fluctuates between 10% and 20% (Ministry of Foreign Affairs, 2017a).

Measures were put in place in 2015 to improve the Atlas database. First, link co-financing by MEAE to have completed activities reports. From 2015 on, only LRGs that have completed their activity reports in the Atlas and declared ODA flows were entitled to access co-financing schemes provided by the MAEDI. This increased the number of LRGs reporting ODA flows by 7.2%. Second, diplomatic posts abroad were encouraged to involve more heavily with decentralised co-operation activities within their geographic reach. The later made it easier to get LRGs to submit DDC activity reports or improve uncompleted or inaccurate reports (Ministry of Foreign Affairs, 2017a).

In parallel, financial partners, such as Lyon Métropole, the City of Paris, the Water Agencies, have also set up more demanding eligibility criteria, and have an increasing

reflection on the monitoring and evaluation of projects. For instance, official from the Lyon Métropole and Veolia employees are mobilised to follow-up on projects funded by the Water Fund. These agents formulate technical advice to implement the project, monitor the progress, and analyse technical and financial intermediate and / or final reports, and ensure their readability. The agents also carry out on-site monitoring and evaluation missions (one to two missions per year). The Water Fund has also worked on developing a set of tools that help LRGs monitor the implementation process of the project (*ex ante* evaluation, project summary sheets, project monitoring sheets, technical and financial report templates) (PS-Eau, 2015). Finally, the fund set a partnership with PS-Eau to improve the practices of their agents in charge of training project leaders.

Transparency

The lack of systemic use of transparency mechanisms (e.g. open public information portals, annual or monthly communication on ongoing projects, etc.) can also jeopardise accountability of public officials. Currently, LRGs have autonomy to decide about the appropriate communication channels to inform citizens. Communication on the process and results of running or completed projects is done through local newspapers or local government communication tools; however, stakeholders are calling for more comprehensive methods to enhance transparency, increase public trust, and improve accountability (Ministry of Foreign Affairs, 2014). There are challenges to collect data on the activities carried out by LRGs because statistics are seldom available although water agencies have some databases on DDC. Partner NGOs and corporations tend to better disseminate the data on Water DDC projects to improve their public image (Ministry of foreign Affairs, 2014). Working towards standardised reporting guidelines (who, what, how) will help ensure accountability of water DDC projects.

Policy recommendations

- *Increase the use of data collected through the Decentralised Co-operation Portal on France Diplomatie (encompasses all sectors) and the Atlas of Water and Sanitation (specific to water) to encourage mutual learning and co-operation among French DDC actors.* The Decentralised Co-operation platform and the Atlas of Water and Sanitation, could become critical co-ordination tools to connect LRGs and basin agencies all over France to support each other in the implementation of projects in partner countries. The latter could help pool resources (for instance, human capital that allowed to mobilise the full 1% of the budget) among different LRGs and basins, and realise projects that otherwise would not be feasible.
- *Encourage a greater focus on DDC activities that aim to develop both "soft" and "hard" infrastructure*. It is essential to prioritise DDC projects that do not aim primarily to construct infrastructure but rather strengthen the enabling environment and framework conditions to get water management right. These projects should aim to boost water governance through better data and information, stronger consultative bodies at the basin scale, solid capacity at the subnational level, more transparency and co-ordination on who does what, at which level and how, among others. Setting financial incentives at the national level could be one of the instruments to achieve this purpose (for instance, by incorporating these criteria in MEAE calls for projects).

- *Encourage the culture of monitoring and evaluation of water DDC projects by moving towards a common monitoring and evaluation framework (including indicators) for all projects*. France should develop a set of tools, including indicators, report back templates, tools to monitor progress, etc., to ensure that all data and information gathered for water DDC projects is consistent, comparable, and harmonised. Some of these tools are already being promoted by PS-Eau and F3E and are mandatory when benefitting from financial resources of the Greater Lyon Fund (tools are in place to ensure reporting).
- *Foster the use of transparent mechanisms that increase accountability of water DDC activities*. Working towards a standardisation of which elements should be publicly available, in which form and through which channel could help ensure accountability of water DDC projects. A key element to increasing transparency would also be the involvement of stakeholders (local institutions, civil society, operators, etc.) in partner countries when defining objectives and projects at the early stages of the co-operation agreement.
- *Make the most of the territorial reform in terms of financial resources, human capital, and skills for DDC activities.* The consolidation of water and sanitation services is an opportunity to search for economies of scale. The reform can be used to strengthen administrative and technical skills as well as financial resources of services operators, thus holding the potential to upscale DDC activities. Larger services operators could pool together more expertise and financial resources for DDC.
- *Feature water DDC activities into local policies and foster co-ordination among local public services (drinking water supply, sanitation, solid waste, energy, etc.) to make the most of DDC flows.* Policy coherence among these areas is critical to ensure sustainable access to drinking water. Investing in drinking water services can be useless is freshwater sources are polluted due to ineffective waste collection practices. Investing in energy can help improve access to water services due to the wider range of technical solutions (e.g. pumps in water supply networks, electric water wells) that could be applied in partner countries. Co-ordination upstream among LRGs willing to implement water DDC projects and other LRGs focusing on waste or energy could be effective in providing access to water and sanitation.

Notes

[1] When this document refers to LRGs in the context of the 1% mechanism it includes municipalities, public institutions of inter-municipal co-operation (EPCI, is the French acronym) and *syndicat mixtes* in charge of drinking water and sanitation service delivery. LRGs in general refer to the level of governments described in the mapping of actors.

[2] On the occasion of the 10th anniversary of the Oudin-Santini Law, PS-Eau tested a methodology to characterise better the activities carried out by LRGs and agencies. The results are to be considered as orders of magnitude. The study looked at a sample of 53 projects over the period 2006-14. The figures in this sample were then extrapolated to the entire amount mobilised by the water authorities and agencies over nine years in 2006-14.

[3] From 2005-12, Véolia, Suez and Saur were the service providers in Lyon. Starting 2012 Véolia became the operator of Eau du Grand Lyon.

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6. Decentralised Development Co-operation to promote gender equality: The case of the Basque Country

This chapter presents the case of the Basque Country, Spain on DDC to promote gender equality. The Basque model is based on the prominent role of NGOs as intermediaries for implementation in the partner country. The case of the Basque Country highlights how to incorporate a strategic priority, in this case gender, as a cross-cutting important criteria in all DDC activities both in partner and donor countries; and also emphasises the key role of civil society in shaping DDC priorities and supporting their implementation.

Importance of DDC for the Basque Country, main facts and activities

General framework

The Basque Country has historically considered international solidarity an intrinsic value. The Basque Country has relevant powers and policy autonomy for decentralised development co-operation, although the success of its DDC model is not only dependent on its budgetary and fiscal capacities,[1] but also from the civil society and citizens' engagement and participation.

The involvement of the Basque local and regional governments in international co-operation can be traced back to the late 1980s. There is a long history of Basque international solidarity with different roots: missionaries and internationalist social movements. In 1985, the Basque engagement in international co-operation gained a lot of visibility when six NGOs working in the field of development (NGDOs) organised a signature collection to secure the commitment of public administrations to meet the 0,7% of the total budget for development cooperation. From the beginning, NGOs and civil society played a primary role in DDC activities. The municipality of Vitoria was the first local government to engage in twinning programmes (1987) and in summer camps for Saharan children and as of 1995 (following the *acampadas – large citizen demonstrations*) subnational institutions committed to allocate the 0.7% of their budgets to development co-operation.

Indirect co-operation is the distinctive feature of Basque DDC activities. LRGs (the region, provinces and municipalities) provide resources to Basque NGOs through calls for proposals with the purpose of supporting the implementation of development initiatives in the South as well as awareness raising and development education.

The Basque Law for Development Co-operation 1/2007 was critical in the institutionalisation of the DDC model, and, in particular, in adopting an integrated strategic approach focusing on the promotion of human development and the fight against poverty. Most importantly, the new law introduced gender as a crosscutting issue and women empowerment and gender equality as a sectoral priority. In addition, Article 5 of Law 1/2007 established a comprehensive framework of sectoral priorities related to the environment, gender, human rights, humanitarian action, capacity building, among others.

In terms of ODA trends, after years of growth, ODA volumes dropped after the economic crisis of 2008. Nevertheless, the Basque commitment for development co-operation was relatively stable over the past years. In 1998, approximately EUR 2 million were allocated to DDC activities, increasing to over EUR 71 million in 2008. ODA decreased after the 2008 economic crisis, picking back up again in 2014 reaching EUR 60 million in 2017. In the case of the Basque Agency for Development Co-operation (BADC), which is the major contributor to Basque ODA, there was a significant increase between 2005 and 2015 (from EUR 32 million to EUR 40 million) despite the dramatic downturn in 2013 (the contribution went from EUR 51 million in 2012 to EUR 32 million the following year).

At the local level, the objective of 0.7% has not been reached. The municipality of Vitoria- Gasteiz was the only local government able to allocate more than 0.7% of its budget to development co-operation in various years (0.98% in 2016) (see Table 6.1).

The Basque administrative and political organisation, as well as the legal and institutional framework, were critical to facilitate the engagement of local and regional governments in international co-operation. In 1998, an International Development Co-operation Act

was passed allowing LRGs to conduct DDC activities in alignment with the international co-operation guidelines defined by the Spanish government. It provided an adequate institutional environment to encourage and increase local Basque communities in international co-operation.

Table 6.1. Percentage of ODA of the total budget in the Basque Country

		Provincial councils			Municipalities		
	BADC	Araba	Biskay	Gipuskoa	Bilbao	Donostia-San Sebastián	Vitoria-Gasteiz
2008	0.45	0.65	0.64	0.58	0.54	0.45	0.73
2009	0.49	0.56	0.63	0.50	0.57	0.48	0.79
2010	0.49	0.55	0.62	0.49	0.59	0.44	0.76
2011	0.48	0.44	0.50	0.54	0.59	0.44	0.69
2012	0.49	0.15	0.61	0.60	0.52	0.48	0.10
2013	0.35	0.24	0.30	0.52	0.40	0.45	0.42
2014	0.35	0.28	0.31	0.52	0.39	0.47	0.91
2015	0.38	0.28	0.32	0.50	0.41	0.47	0.06
2016	0.39	0.26	0.39	0.48	0.43	0.44	0.98
2017	0.39	0.26	0.40	0.51	0.46	0.44	0.62

Source: Department of Employment, Social Inclusion and Equality of Biskay (2017), "III Co-operation Director Plan of Biskay 2017-2020, April 2017", Bilbao, www.bizkaia.eus/home2/archivos/DPTO9/Temas/Empleo%2C%20Inclusi%C3%B3n%20Social%20e%20Igualdad/Cooperaci%C3%B3n/DFB%20-%20III_%20Plan%20Director.pdf?idioma=CA.

The financial crisis represented an opportunity to review the existing institutional frameworks and instruments to support DDC. At the same time, BADC seeks to foster increased effectiveness and coherence of Basque DDC. Basque DDC was resilient to the economic downturn, including sustained local public opinion support.

The level of poverty and the historical links are the main criteria for defining the countries of intervention. The Basque government's action plan suggests 22 priority countries in Africa, Asia and Latin America. In practice, the majority of the activities undertaken by NGOs have focused on Latin America, in particular Central America and the Caribbean (e.g. Cuba, El Salvador, Guatemala, Honduras and Nicaragua), Mexico, Peru and the Sahrawi Arab Democratic Republic. Between 2008 and 2013, 61.46% of the funds channelled by BADC were to Latin America. To balance out funding across geographic areas, BADC as well as some municipalities (e.g. Vitoria)[2] are providing incentives to trigger engagement in Africa. According to BADC's III Strategic Plan (2014-17), 20.55% of the funds went to African countries through calls for proposals and humanitarian actions during the period 2008-13. In parallel, the impetus and concern for Africa was also fuelled by civil society. In recent years, the *Pro-Africa Group*, a platform of NGDOs from the Basque Country and Navarra, has gained traction in advocating and pushing concern for Africa into the political agenda.

Women empowerment was set as a sectoral priority for DDC activities in the second strategic plan developed in 2008, building on the Gender and Development (GAD) approach adopted in the first strategic plan (2005-08). Development education and awareness raising initiatives, as well as localisation of the 2030 Agenda, are also priority areas of DDC funding.

The Basque DDC model is based on the prominent role of NGOs. Non-governmental organisations serve as the implementers (local NGOs) and facilitators (intermediaries) of DDC activities, with financial support from BADC and LRGs. At the regional level, the Basque government supports DDC activities through calls for proposals, mainly through the BADC, but sometimes also through the contribution of other departments, such as foreign affairs, gender equality, agriculture, culture. The three provinces and the three biggest cities are also involved in DDC. At the municipal level, *Euskal Fondoa*, a local fund for DDC activities, is also important for co-ordinating DDC initiatives and providing technical support to partner countries.

The focus on gender equality and women empowerment is the distinctive feature of the Basque case study. The Basque model has an innovative modality of intervention based on the incorporation of the gender perspective in DDC. The underlying hypothesis of the Basque case study is that the interrelation and the dialogue of various social agents in the struggle to transform gender relations have contributed to make gender a key priority and an innovative model of the Basque DDC. Gender is mainstreamed as a crosscutting issue in the calls for proposal and women empowerment is a sectoral priority for some specific DDC projects.

Gender mainstreaming in DDC

The incorporation of equality between women and men in development co-operation dates back to the late sixties in an effort to integrate women's issues into development projects. The period from the 1960s-1980s was marked by policies framed within a Women in Development (WIN) approach to address women's basic needs and integrate women into the global economy by improving their status and assisting in total development. During the 1990s, the GAD (Gender and Development) perspective emerged to complement WIN, adopting a multidimensional approach with more emphasis on gender relations rather than seeing women's issues in isolation. From 1995[3] onwards, there was a reconciliation between women empowerment and gender mainstreaming, enabling the holistic incorporation of gender into development co-operation activities.

The Basque Country played a pioneering role in institutionalising gender into development co-operation policy. The influence that NGOs had on public institutions and the pressure of the feminist movements were crucial for promoting a joint effort among public institutions, NGOs and feminist organisations to address the causes of gender inequalities at all stages of development. The responsiveness of the public administration to new ideas, demands and needs was a key pillar. In the case of the Basque government, the proactive and receptive approach of the members of the Directorate for International Co-operation from 2001[4] onwards, streamlined the incorporation of gender by setting up the legal frameworks on the topic and supporting their implementation. As a result, gender was mainstreamed into local planning and implementation of action plans, in legislation and in the instruments for DDC.

A conducive legal environment was key to the successful incorporation of gender into DDC activities, mainstreaming the gender lens in all DDC projects rather than promoting gender-specific projects only. The existence of a supportive international legal framework, such as the implementation of the Beijing Action Plan for Women, also triggered this evolution. In parallel, the 4/2005 Equal Opportunity Between Women and Men Act and Law 1/2007 on Development Co-operation were very effective in sensitising local institutions on the importance of gender equality as well as generating a transformation in society.

In 2005, the Basque Country Act for equality between women and men served as the impetus for the promotion of equality of women and men in the Basque Country. The Act was a turning point in the history of Basque equality policies, seeking to overcome disparities between women and men through gender mainstreaming in all policies and programmes. The legislation resulted from a combination of social and political demand and pressure.

The Law 1/2007 on Development Co-operation was also influential. It included a provision referring to equality between women and men, the achievement of the gender principles agreed in international conferences, as well as the relevance of considering the different conditions and needs that men and women face. The law put forth a strategic vision and reframed gender as a crosscutting issue and gender equality and women empowerment a sectoral priority.

The BADC adopted a GAD approach in the first Strategic Plan (2005-08). The second Basque Strategic Plan (2008-11) added women empowerment as a sectoral priority area. Gender equality was the guiding principle and crosscutting issue in the 2009-11 joint strategic plan between Araba, Biscay and Gipuzkoa, mainstreaming gender into DDC for the first time. BADC included reference to LGBT issues (that were not contemplated in gender equality before) in the Action Plan (2014-17) and the *foral diputation* of Biscay added sexual diversity to its new Action Plan. These revisions shed light on the need to create a workplace policy on sexual, cultural and ethnic diversity.

Gender is a key component of the eligibility criteria for DDC projects. Project proposals that do not incorporate the gender perspective are not considered for funding.[5] Other countries could adopt this method to ensure the mainstreaming of the gender dimension into all DDC projects. Basque LRGs implement some direct co-operation activities. In this case, gender mainstreaming is reflected in the financial support to feminist organisations like World March of Women or to projects in collaboration with UN Women. Furthermore, there are other specific capacity building activities supported by these actors, such as training, the organisation of conferences and academic activities.

As part of this crosscutting gender approach, the Basque model excels for its comprehensiveness. The Decree 197/2008 created a new instrument assessing the practices of the movements. As a result, the concept of gender intra-organisational change emerged, defined as a type of study-action seeking to review the organisational aspects, processes and culture that nurture gender inequalities. The concept serves as a strategy to operationalise gender mainstreaming activities, which requires some efforts at the intra-organisational level to incorporate the gender perspective into actions, strategies and organisational structures.

BADC is meeting funding targets for ODA to address gender inequalities. BADC is achieving the funding targets, allocating 20% of the funds to actions that prioritise women empowerment and 5% to initiatives that include local partners belonging to feminist organisations. Similarly, the municipality of Bilbao guarantees that 50% of supported projects – including both development co-operation and awareness raising activities – focus on women empowerment and the municipality of Vitoria-Gasteiz complies with its commitment to allocate 30% of interventions to projects with gender equality as their principle policy marker.

Key actors in DDC activities

BADC and Basque LRGs co-operate with various Basque and local actors in the partner countries when it comes to implementing DDC activities. The partners are mainly non-state actors, in particular NGOs, but also CSOs, social movements – mainly feminist –, universities and, rarely, UN organisations, such as UN Women.

Some Basque NGOs implement DDC activities through a network approach in the partner country, involving other Basque NGOs to work together on topics of common interest (e.g. abortion) or in the same geographical areas. Some forms of horizontal co-ordination between NGOs dealing with the same target population have been implemented in the field. This was critical in reinforcing the associative network of Basque NGOs. Moreover, the indirect DDC model helped to create strong bonds among DDC actors directly or indirectly involved in the implementation of DDC activities, especially between feminist NGOs and movements from the North and the South.

Direct contact with the local and regional governments in partner countries tends to be through the work done by local NGOs in the participative mechanism established or through the strengthening of their institutional work in education, health, gender issues, development plan. As an example, Mundubat, a Basque NGO, worked directly with local authorities in Colombia: the municipality of Buenaventura, in some cases collaborated with specific departments (e.g. Secretariat for Women) and they interacted with the national level.

The collaboration with multilateral and international organisations is mainly through UN agencies, but it remains marginal. The partnership is often related to co-financing with other public institutions. The Basque Country has financially supported some UN projects through direct co-operation with UNDP, UNDP ART, UN Women, among others. The former three agencies have carried out sound work for the eradication of harmful traditional and/or customary practices violating women's human rights. Furthermore, the network modality experience of the Municipality of Bilbao and BADC under the framework of the I-STEPS programme with UNDP-ART, catalysed territorial partnerships that led to knowledge and best practices exchanges.

Feminist movements are involved in the implementation of DDC activities, but they have not traditionally submitted projects in the call for proposals. Whereas some feminist women played an important role in the incorporation of gender as a crosscutting issue in DDC, feminist movements had strong differences with the NGOs since they did not share the same perspective, and often interests. On the whole, there is an increase in the number of feminist movements or organisations with a feminist approach participating in development and educational projects. Therefore, further improvement of the co-ordination of the actions of feminist movements and NGOs could help increase the effectiveness of the DDC activities.

University, technological and research centres play a small but significant role in DDC activities through call for proposals. Besides, a part of direct co-operation is assigned to university programmes such as masters and conferences associated to Development Co-operation that ends up serving for awareness raising activities and to incentivise students to engage in solidarity activities.

Although this indirect model of co-operation has strengthened the social fabric of institutions in the North, it can lead to fragmentation of interventions in the field and lack of reciprocity and return on investment. There is almost no contact between the

promoter/donor in the north and the beneficiary of the initiative in the south and almost inexistent with local and regional institutions in the partner country, foregoing the strengthening of capacities of local administrations. As a consequence, the transfer of knowledge and/or resources ends up being unidirectional.

Table 6.2. Key actors of Basque DDC

	Role
Regional: Basque Agency for Development Co-operation[6]	Public body/arm-length government agency that provides support to NGOs through calls for proposals, carry out direct co-operation involving other stakeholders and organise capacity building activities in the Basque Country.
Regional: Basque Parliament	Defined the ideological and value framework for development co-operation through the enactment of diverse laws.[7] Approves BADC main guidelines for strategic planning that should be followed for policymaking as well as it approves budgets that help executing activities.
Regional: Emakunde – Basque Institute for Women	Autonomous body attached to the office of the President of the Basque Government. It designs, promotes, advises on, co-ordinates and evaluates equality policies and raises awareness to achieve equality of women and men.
Provincial: Diputación Foral de Bizkaia, Diputación Foral de Gipuzkoa, Diputación Foral de Araba	Provide support to NGOs through calls for proposals and to other agents through direct co-operation and organise raising awareness and capacity building activities.
Municipal: Municipality of Vitoria-Gasteiz, Municipality of Bilbao, Municipality of Donostia	Provide support to NGOs through calls for proposals and to other agents through direct co-operation and organise raising awareness and capacity building activities.
Euskal Fondoa	Local fund to pool money for development co-operation from municipalities.
National actors	
FEMP (Spanish Federation of Municipalities and Provinces)	National association of local governments. It offers a space for articulating and co-ordinating initiatives.
NGOs	
More than 100 Basque NGOs and many more from the South	They are facilitators and/or implementers of projects/programmes.
Basque Federation of NGOs	Gathers, co-ordinates and supervises around 80 Basque NGOs. It has a Gender Group that offers seminars and training on gender issues.
Universities and research centres	
Hegoa	International co-operation and development research institute that works on the promotion of human development and offers master and research programmes on these matters. In collaboration with Hegoa, UPV/EHU was involved in direct co-operation with the BADC to receive support for training activities in the form of master programmes and support the documentation centre.[8]
Deusto University	Involved in direct co-operation with the BADC to receive support for the Human Rights Training Programme for Indigenous Peoples in Latin America.
International or multilateral actors	
UNDP	UNDP ART (together with the municipality of Bilbao, the BADC and other European LRGs): intermediary and implementing partner of the I-STEPS programme to improve governance and sustainability at the local level.
UN Women	It is supported through direct co-operation by the BADC, in collaboration with Emakunde. UN women have engaged in technical assistance in El Salvador to combat violence against women.
EU	Generally, through the European commission, supports NGOs by offering calls for proposals.
Other	
The Basque Council for Development Co-operation	Advisory body encompassing different actors: representatives of other governmental departments, other public institutions –provincial and local level, represented by the Basque Federation of Municipalities and Euskal Fondoa-, the Parliament and CSOs. This body has a proposal, decision-making and monitoring capacity of Basque development co-operation.
Inter-institutional Committee for Development Co-operation	Plays a co-ordination role between public institutions supporting DDC through information, communication and technical assistance activities aiming at achieving synergies across the strategies of the different public administrations to perform activities.

Table 6.3. Selected NGOs working on DDC

Mundubat	Intermediary Basque NGO with delegations supporting the implementation of various projects in Central America, Bolivia, Palestine, Sahara. Active in gender, food sovereignty and human rights.
Mugarik Gabe	Intermediary Basque NGO supporting the implementation of various projects in Latin America.

	Active with indigenous groups, sustainable life and violence against women.
Setem	Intermediary Basque NGO supporting the implementation of various projects in Latin America, active in gender issues.
Xochitl Acatl	Implementing Nicaraguan NGO active on gender in rural areas.

Note: The selection was based on the NGOs that were interviewed during the field missions.

Operational implementation of DDC activities

The identification of DDC projects is generally based on the local priorities and strategic directions defined by the Strategic Plans framing DDC activities. The BADC has formulated a four-year strategic plan, which strives to foster coordination with *Euskal Fondoa*, the three provincial governments and the municipalities of Bilbao, Vitoria and San Sebastian; however, priorities are not always clearly defined or followed in the implementation of the DDC activity. Generally, the Basque NGO applying for funds through the "calls for proposals" process identifies and proposes DDC projects and priorities, in consultation with the local NGOs or co-operation agents in the partner country.

Following the definition of the priority countries and sectors of intervention, BADC and other LRGs organise annual (or multi-year) open calls for proposals for the implementation of the projects that are graded according to criteria related to the priorities set in the strategic plans and, sometimes, are based on co-financing schemes. Even though direct co-operation agreements with local and regional governments in the partner countries are starting to happen,[9] indirect co-operation is the main modality. DDC activities fall within the framework of local, regional and national plans. The counterpart/beneficiaries of the DDC activity are usually the local communities. Some DDC interventions seek to strengthen marginalised groups and the associative fabric in developing countries to advocate for laws (e.g. gender-based violence) and address gender inequalities (e.g. access to and control over resources).

The actions of the Basque LRGs are not limited to the support of initiatives in developing countries, but also include awareness raising and development education activities, decentralised direct co-operation activities[10] involving universities, feminist movements, and UN agencies, among others. They can take different forms, mainly based on partnerships promoting knowledge and experience exchange, but also vertical forms of aid transfer.

Gender is a key crosscutting criterion for the selection of the project supported by BADC. The selection of the projects is based on the assessment of proposals against a matrix of indicators and criteria, among others, structured around crosscutting themes established in the action plans. Gender mainstreaming is crucial and can be an exclusionary element in this regard; it can have a weight of 5 to 11 points (over 100) in the final evaluation, while it is compulsory for DDC programmes. In contrast, direct co-operation is not so strict in the application of these criteria.

In the Basque Country, the public institutions involved in DDC are co-ordinated by a body called Inter-institutional Committee for Development Co-operation[11] aimed at identifying and overcoming potential duplications and providing support in the alignment of strategies; co-ordination is deliberatively promoted and reached through co-financing schemes. A persistent challenge is the coordination among national and regional DDC activities.

A number of co-ordination mechanisms in line with gender issues are in place. Emakunde, the Basque Institute for Women,[12] is promoting various co-ordination mechanisms, both across different departments[13] and across the three levels of government,[14] and collaboration networks gathering public bodies[15] and institutions.[16]

The Basque Federation of NGOs gathers around 80 Basque NGOs with the objective of triggering dialogue amongst NGOs operating in the same territory, promoting the capitalisation of experiences and the collaboration among DDC actors. Yet, even if there is a registry of each NGO's countries of intervention, the Federation has no systematised co-ordination mechanisms. In partner countries, co-ordination among DDC actors is still a major issue. There is no pre-established player in charge of co-ordinating projects/programmes. There are some examples of stable co-ordination mechanisms such as the Basque Network of Support to the National Organisation of Sahrawi Women, although it does not operate at field level. In addition, some key themes like violence against women have fuelled co-ordination across sectors (e.g. education, health, among others) in both the South and the Basque Country.

The Basque Country attaches considerable importance to the evaluation of the implementation process but has not yet been able to measure the impact of the gender perspective in the DDC activities. The evaluation of the outcomes of DDC activities is not a frequent practice in the Basque or in the partner countries. In spite of this, programmes require intermediate evaluations to allow the continuity of the activities. Results evaluations have generally applied to the incorporation of specific instruments promoted by LRGs (e.g. gender intra-organisational change)[17] and to strategic plans. Some examples of evaluations of policies are the evaluations of the 2008-11 Master Plan and the evaluation of the 2014-17 Master Plan that will be used to frame the next plans. In some cases, these processes have been participative since they involved actors from civil society. Law 1/2007 on Development Co-operation established that the foreseen strategic orientations of Basque co-operation needed to be preceded by an evaluation of the plans. The first one was the *Evaluación Participativa del Plan Estratégico y Director de Cooperación para el Desarrollo 2008-11* within the framework of the Basque Council for Development Co-operation and it was critical for the elaboration of the 3rd Strategic Plan.

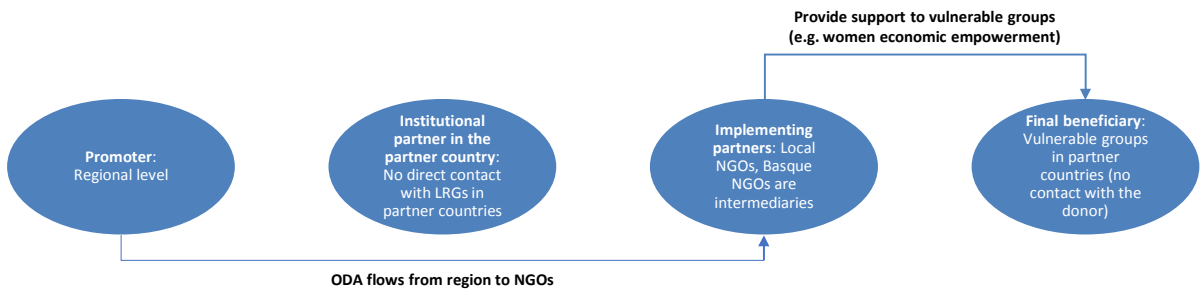
In terms of communication mechanisms to share data and information on the activities and countries of interventions of DDC actors, there is no platform to compile projects yet, although some efforts in this direction are being made. Following the launch of the Spanish Transparency Portal[18] in 2014[19] for public administrations to publish information on aid, the Basque Country's DDC website is currently under construction. In addition, the FEMP shares data and information across players, but those data are not disaggregated by project.

Region – NGOs DDC

The Region to NGOs DDC derives from the Basque Country DDC model. This approach does not imply a direct connection with the local and regional or national governments in the partner country. The Basque NGOs act as intermediaries, while the implementation of DDC activities in the field is mainly carried out by local NGOs. Universities, technological centres, trade unions can also be involved as intermediaries. The NGOs provide support to the vulnerable groups in the partner country (e.g. women empowerment, gender mainstreaming activities), often without a direct contact with the local and regional institutions. The DDC activities are mainly based on ODA-flows

provided through call for proposals to the NGOs, while the direct co-operation is rather limited and it cannot go beyond 10% of the total budget by law. The NGOs long-term presence and activity in the partner countries allows for a deep knowledge of the context and institutions as well as a bottom-up approach to development. In terms of cons, the high number of NGOs being supported by the region increases the complexity of the co-ordination of their activities in the country and the return on investments are extremely limited due to the lack of exchanges with partner countries.

Figure 6.1. Region to NGOs DDC



Source: OECD elaboration.

DDC best practices and innovations

The distinctive feature of Basque DDC model is that civil society plays a key role in shaping it, through NGOs and CSOs that receive support from BADC and other LRGs. Civil society has therefore become an important player in shaping the policy agenda, and CSOs are also involved in the implementation of the DDC activities. The Basque model is unique as it involves a rich network of NGOs and CSOs from the Country to support vulnerable groups in partner countries through local NGOs..

At the same time, the Basque model channels resources to development co-operation, acting like a traditional donor, combined with a bottom-up and inclusive approach to foster the participation of local communities in development. Whilst there is generally no direct interaction with governments,[20] CSOs and NGOs often participate and intervene in local development policies. The value added of the NGO driven implementation relies on the proximity with beneficiaries that contributes to their engagement and empowerment as well as strengthening the social fabric in order to guarantee the sustainability of DDC outcomes in the long term.

This DDC model has some shortcomings, in particular a major reliance on the work of NGOs to achieve development objectives and therefore a limited control from and space for action of the Basque public institutions with their peers in partner countries.. Moreover, compared to the high budgetary capacity of Basque institutions, there is a lack of dedicated staff working exclusively on the evaluation of development co-operation projects and programmes. Therefore, lessons are rarely learnt from implementation, as staff is generally tied to paperwork. This capacity gap hinders the operational capabilities of the existing staff that cannot cope with large workloads.

A major element of success of the Basque DDC model comes from incorporation of the gender perspective into DDC activities. The long-term strategy for the incorporation of

these specific issues allowed gender to branch out into other areas. The gender analysis framework has become multi-dimensional and this has allowed addressing the inter-linked nature of various forms of oppression (race, gender, immigration) that also depend on legal, social, political and economic factors as well as geographical contexts. For instance, some LRGs have incorporated LGBT rights to the orientation of their action plans (e.g. Donostia-San Sebastian) and to their calls for proposals (e.g. Vitoria).

The key innovations of the Basque DDC model with respect to the integration of the gender equality perspective are:

- The proximity between equality and development co-operation departments in the public institutions: the departments of development co-operation and equality were generally merged within governments (e.g. Donostia-San Sebastian, and Bilbao municipalities and the Provincial Council of Araba). Therefore, gender was able to cross departmental/sectoral boundaries. The other distinctive feature is the crosscutting approach in DDC, that has not only found expression through gender but also local capacities, participation, human rights and environmental sustainability and has led to a cross-fertilisation of learning and ideas.
- The gender conceptual framework has been able to be successfully translated into the Basque law, budget commitments, and human resources as well as in the implementation of DDC activities. Moreover, gender was integrated into the different instruments and funds of the three work streams of decentralised co-operation: Development Co-operation, Humanitarian Action and Education for Social Transformation. This has led to a continuum within the Basque DDC strategy but also a mean to connect the activities in partner countries.
- The issue of gender has allowed going beyond vertical interactions between the global North and South. The incidence of the feminist movements, in particular in Latin America, and the mediation of NGOs that with knowledge and know-how on some processes in impoverished countries fuelled a new horizontal way of mutual learning, transfer of knowledge and exchange of experiences, strengthening the capacities on both sides.
- The diversity of the Basque model is another vital feature. There is a diversity of local actors that has fuelled the incorporation of gender, be they feminist activists engaged in development co-operation and the Gender Group of the NGOs network. In addition, a wide diversity in terms of areas of work was enabled by the project-based approach.

Global agendas are acquiring increasing importance in the Basque Country, in particular the 2030 Agenda. LRGs have recently adopted the SDGs as a reference framework to define sectoral priorities and guide public policy in their action plans. Additionally, the recent commitment to pursue the Policy Coherence for Development (PCD) as a guiding principle to undertake external activity, but also internal policy is a critical framework to shape the implementation of the SDGs. In parallel, at the national level, the Spanish government has recently created a High Level Inter-Ministerial Group to co-ordinate and to monitor the progress on the implementation of the 2030 Agenda.

The SDG agenda offers a window of opportunity to trigger dialogue across different levels and sectors since it promotes a common language among stakeholders. However, the perception of SDGs being incomplete for falling short in terms of women rights and gender equality against the Beijing declaration is still widespread. In practice, some local authorities have decided to focus mainly on a few objectives, ignoring others. Conversely, the new agenda has one SDG that is exclusively dedicated to gender equality and

women's empowerment, which bears an important potential in terms of the acceleration and adequate achievement of the rest of the objectives. In addition, this agenda allows clear levels of disaggregation by territory and by topic. In the case of gender, generating specific data can have an extraordinary potential for policy design and monitoring. The 2030 Agenda will not be achieved without understanding and mainstreaming the equality of opportunities and social equity at all levels.

Emakunde's strong political will has been directed towards rethinking the application of the Agenda and, especially, towards unlocking an integrated approach through SDG 5 "Gender" to address the interconnected SDGs. Thus, the institute has recently organised a multi-stakeholder workshop on how to incorporate the gender perspective into all the SDGs. In addition, Emakunde is participating in the SDG working group within the Presidency and has carried out a gender-based assessment of the alignment between government planning and SDG. At the community level, provincial governments such as *Gipuzkoa* have started to engage in awareness raising activities on the importance of the SDGs across areas of government and within civil society.

Box 6.1. SDGs and gender: An opportunity to move from a project-based to strategic approaches

The development of the III BADC Master Plan for Development Co-operation 2014-17 coincides with a moment of reflection and debate on the orientation of Basque public policy for development co-operation after 25 years of experience. Three main steps have characterised the last 25 years: i) first, there has been a consolidation of public policy for development co-operation; ii) then, a period of definition of a more strategic planning, in which the gender approach became one of the key pillars of this co-operation, both as a sectoral priority and as a cross-cutting issue; iii) finally, with the establishment of the Basque Agency for Development Co-operation, this policy is endowed with human and institutional resources capable of carrying out this policy, by including a technical gender and development position in its structure.

The Master Plan recognises this path and the foundations are there for rethinking this public co-operation policy. The context has changed, and in this sense, the reflection on the SDGs is a new framework for understanding the role of public co-operation policy. Thus, throughout this plan, processes of brainstorming and generation of new strategies have been developed. Key elements of these processes are: i) an interdependent and integrated view, ii) the incorporation of a multi-stakeholder approach in the co-operation policies, and iii) the issue of policy coherence and complementarities of the public policies. It is also proposed to work in more strategic areas of co-operation, as well as break the North-South dichotomy.

In this sense, the SDGs are an important framework for dialogue and common actions with other stakeholders, public institutions and other departments of the government itself. In the effort to localise the 2030 Agenda, the public co-operation policy can provide some elements that characterise the co-operation actions, such as an approach that connects the local and the global dimensions as well as the rights approach.

In the case of gender equality and women empowerment, the Basque Agency for Development Co-operation aims to contribute to SDG 5 with a focus on women's rights, with special emphasis on: sexual rights and reproductive care and sustainability; compliance with policies to make equality real with the active participation of women; and the fight against all harmful traditional practices and violence against women.

Box 6.2. Pikara: An initiative linking gender, DDC and the media

The online magazine, "Pikara", was created in 2010 by a group of journalists to disseminate a feminist and transformative vision. Pikara embodies an innovative feminist online media experience successful in exchanging with the development co-operation world through the interaction with NGOs. Even before the magazine was established, the journalists that afterwards joined were working with the Global South, through the protection of women journalists in Latin American countries. Once created, their activity concentrated on offering support to NGOs through training sessions, seminars and consultancy on gender to strengthen their capacities.

Their presence has also served to raise awareness among civil society; they have organised workshops in universities and LRGs. Their way of approaching the audience is one of their distinctive features: they use a keen sense of humour as well as irony and transgression to reach younger populations through social media. Pikara has not only engaged in advocacy and awareness in the Basque territory but in countries such as El Salvador. For instance, it has shed light on unfair sentences of aggravated homicide for abortion. The magazine's influence at the Basque and local level was crucial to release these women from prison.

An example of Pikara's connection with the world of development co-operation is their collaboration with the NGO Setem. They have been partners in the organisation of a feminist communication workshop together with the Municipality of Basauri. The Basque Country attaches a lot of importance to building institutional memory and Pikara's experience with Setem to give visibility the memory of Basque and Mexican lesbians through a documentary intended to follow this direction.

Box 6.3. GBA: Gender intra-organisational change

Gender intra-organisations change emerged from the need to recognise that NGDOs needed to acknowledge their responsibility in mainstreaming gender equality. Inequalities are engrained in development co-operation initiatives as well as organisational culture based on masculine values and beliefs.

An instrument called gender intra-organisational change was created to address the lack of coherence at the institutional level. The idea behind was to review through an introspective exercise multiple organisational dimensions that revealed deeply rooted gender inequalities that affected internally (in decision-making, conflict management, working model, labour rights) but also its international activities.

On 25 November 2008, Decree 197/2008 approved the allocation of funds to provide financial support for gender intra-organisational change processes was passed. Since then BADC began to finance these processes within Basque organisations undertaking co-operation through calls for proposals; the so called "GBA" instrument ranged from 0.3% to 1% of distributable funds. Up until now, the finance covered: diagnosis and planning; financial support for the execution and evaluation is envisaged for the upcoming years. Between 2008 and 2015, 31 Basque organisations have been supported.

BADC, together with the Gender Group of the Basque Platform of NGDOs, has recently

started to offer workshops and seminars to train and raise awareness on how to step in this paradigm shift. BADC has recently begun its own intra-organisational process, which highlights the comprehensiveness of the approach that covers the entire chain and has a long-term perspective.

The Gender Group of the Basque Platform of NGDOs carried out an analysis gathering the experience of ten Basque NGOs that went through an organisational change.

Policy recommendations

The Basque DDC model based on the deep involvement of NGOs as implementing actors could be strengthened and improved in some areas. The proposed recommendations are not gender-specific, as the objective of the case study was to investigate a particular sector to showcase broader good practices and potential ways forward that are relevant to other DDC promoters in Spain and beyond.

- Strengthen information sharing and the co-ordination of DDC actors, in particular NGOs, in partner countries. Several Basque NGOs are implementing various DDC activities in the same countries, but the co-ordination of those activities is ad hoc despite the existence of a NGDOs co-ordination platform. Such NGOs are mainly funded by the Basque Agency, but sometimes also by other Basque LRGs or by the Spanish and EU co-operation. In addition, the model relies on calls for proposals, which may ultimately lead to competition rather than co-ordination between NGOs. In order to increase the impact and effectiveness of DDC activities, strengthening co-ordination mechanisms among DDC actors at country level is critical to understand who does what, where, why and how. This would allow also making a more effective use of limited public resources by building on synergies among DDC activities and actors and avoiding overlaps or duplication of tasks and actions.
- Consider further support or accompanying measures through the non-ODA component of DDC. The Basque DDC model is mainly based on financial support through NGOs that implement a multitude of projects in partner countries. Direct co-operation is about 7% of the total volumes provided by the BADC. The Basque DDC model would benefit from a stronger involvement in non-ODA DDC activities, such as peer-to-peer learning, knowledge and good practice exchanges through direct collaboration with LRGs in partner countries. The reciprocity of the DDC partnership would increase the return on investment and Basque stakeholders would also directly benefit from their engagement in DDC activities. To some extent, this non-financial support would help optimise the benefits generated from financially supported activities by the Basque DDC promoters.
- Strengthen the evaluation mechanisms to assess more systematically the impact of DDC activities beyond current project-driven approaches. As emerged in the analysis, the lack of a systematic "culture of evaluation" is a particular feature of the Basque Country but also many other DDC promoters around the world. Strengthening the evaluation of the impact of DDC activities would allow increasing the accountability of the DDC activities and documenting their results and tangible benefits, in particular towards citizens. It would also help the donors, in particular BADC, to identify gaps and weaknesses of current DDC approaches

and consider possible improvements. Universities and research centres could represent an important actor to support better evaluation and monitoring in addition to being a key partner to carry out education-related DDC activities.

- Move from a project-based to a strategic approach when designing, financing and implementing DDC activities. In spite of the diversity and richness that arises from the current bottom-up project-based approach in the Basque Country, policy coherence over time and amongst actors, could benefit from a more strategic approach and result in better project evaluation in line with regional planning objectives. Investing more in the programme instrument can help plan and implement initiatives strategically. Programmes in the Basque Country entail a regular reporting and evaluation of the progress, which can ensure sustainability over time and help adapt strategies to changing circumstances. Besides preventing duplication and fragmentation of efforts, a strategic perspective can also help identify and incentivise unexplored fields that can create added value and trigger synergies and dialogue between sectors and existing projects towards common goals.
- Promote further knowledge and best practices sharing activities among DDC actors. The limited exchange of good practices and knowledge among DDC actors emerged as an important feature in the Basque Country. A capitalisation of the best practices and the promotion of multi-stakeholder platforms would allow increasing the effectiveness of interventions, building also on the experiences of other DDC actors working on similar topics.

Notes

[1] The Basque Country is governed by the Economic Agreement (*Concierto Económico*). It is a juridical instrument regulating the taxation and financial relations with the General Administration of the Kingdom of Spain, granting greater autonomy to the Autonomous Community of the Basque Country; it enables Basque institutions to collect and administer public taxation based on their budgets and on agreements with the central Spanish administration.

[2] The municipality has incorporated this preference for Africa into the criteria to assess applications for joint multi-annual calls for proposals for Development Education.

[3] Fourth World Conference on Women, Beijing (1995).

[4] In 2001, the political party *Izquierda Unida* joined the government coalition, provoking a political paradigm shift that marked the end of a bipartisan tradition.

[5] Issues that are taken into account in the analysis : gender equality policies and planning of the NGOs and their local partners, use of language and images, and the integration in all the phases of the design of the proposal –gender analysis in the diagnosis; analysis of the potential impact of the intervention regarding the situation of women and men and implementation of correcting measures; specific outcomes, indicators, activities, human resources and budget; mainstreaming in other cross-cutting approaches (human rights approach, participation, capacity building, environmental sustainability, etc.).

[6] Created and regulated through Law 5/2008 but the agency only began functioning in 2011.

[7] Law 1/2007 on Development Co-operation, Law 14/2007 (Letter of justice and solidarity with impoverished countries), Law 5/2008.

[8] Some training modules offered by this centre involve gender issues and development.

[9] The ONG Mundubat is starting to interact, through its delegation in Colombia, with public institutions to achieve co-ordination in the identification and implementation of DDC projects as well as there are NGOs working with local institutions such as *La Colectiva Feminista* in El Salvador with the Municipality of Suchitoto, El Salvador.

[10] A ceiling is usually imposed. It is 10% for the activities undertaken by the BADC.

[11] Created in 2007 (Article 15, Law 1/2007) and regulated by the 71/2009 Decree.

[12] An autonomous body of the Basque government created by law in 1998 (Law 2/1998).

[13] Inter-departmental Commission for the Equality of Women and Men.

[14] Inter-institutional Commission for the Equality of Women and Men.

[15] Network of Public Institutions for the Equality of Women and Men.

[16] Network of Collaborative Entities for the Equality of Women and Men.

[17] Evaluation of gender intra-organisational change processes was undertaken by the BADC and the Red Kuorum network. The findings were published in 2015.

[18] https://infoaod.maec.es/.(accessed on 14 Ocotber 2017)

[19] Public access to information and good governance act Law 19/2013, 9 December.

[20] Many NGOs had reported that, sometimes, avoiding interaction with the governments, is the only way to address topics that entail resistance and reluctance from the top.

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Part III. **Country Profiles**

The 14 DDC donor countries statistical and institutional profiles provide a snapshot of key information pertaining to DDC modalities and financing to enhance the accessibility of data and analysis on DDC. The countries were selected on the basis of both available data reported using subnational agencies codes to the DAC CRS database and participation in the 2017 OECD Survey on DDC.

The 14 profiles combine qualitative and quantitative information.

- **Quantitative information** regarding DDC flows was extracted from the CRS database and complemented by DAC survey respondents.
  - All figures are provided in USD million disbursements and 2015 constant prices. Trends in total DDC are presented from 2006 onwards, depending on data availability.
  - The main recipient countries for total DDC in 2015 as well as total sector-allocable DDC are provided, i.e. excluding all in-donor costs.
  - "Other" refers to a multitude of countries or sectors receiving small amounts of aid that were grouped in order to obtain a better reading of the chart. 'Unspecified' reflects non-reporting by donors regarding the destination of aid.
  - The profiles also provide the priority sectors for DDC on a sector-allocable basis in 2010 and 2015.
- **Qualitative information** proceeds from the OECD survey questionnaire to DAC Members carried out in spring 2017 and reflects the availability of information from reporters.

COUNTRY PROFILE

Austria

Territorial organization

2010 MUNICIPALITIES
9 STATES **(Bundesländer)**

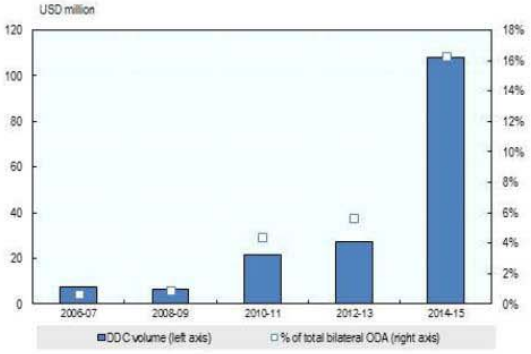
Austria has two tiers of Subnational Governments (SNGs): states and municipalities. The municipal level, governed by state legislation, comprises statutory cities (Statutarstädte), towns, markets and villages. For administrative purposes, Austrian states also divided into 80 districts (Bezirke). The 15 statutory cities have both municipal and district powers and responsibilities. The Land of Styria implemented the last important municipal reform in January 2015.

Subnational governments responsibilities

The 1920 Constitution and the Federal Constitutional Law define the Austrian federal system, and gives states and the municipalities' the right to self-government. According to Article 15, the Federal Government is responsible for large exclusive competencies and residual responsibilities, such as planning, environment, agriculture, police and emergency service, municipal affairs, etc, fall under the Länder. Länders also have the constitutionally guaranteed right to execute some federal laws e.g. in the areas of primary and secondary education, healthcare (hospitals), social welfare, housing and urban and regional development. Local governments are responsible for local services and infrastructure, including responsibilities delegated from the Federal or Land Government. Unlike other OECD federations, Austria's states have comparatively little autonomy. The 2003 Austrian Constitutional Convention was supposed to carry out a wide reform of the federation, including reducing vertical fiscal imbalances, redistributing subnational responsibilities and simplifying the federal system; however, the Convention closed in 2005 without reaching significant agreement.

DDC key facts and trends

DDC definition: No data.
Implementation modality: Partnership modality.
Legal Framework: National level: The constitution and the Federal on Development Cooperation of 2002. Local level: Art. 116 of the Constitution for local authorities and Art.16.1.3 for Länders.
Trends in official Austrian DDC, 2-yr average
disbursements USD million, constant 2015 prices

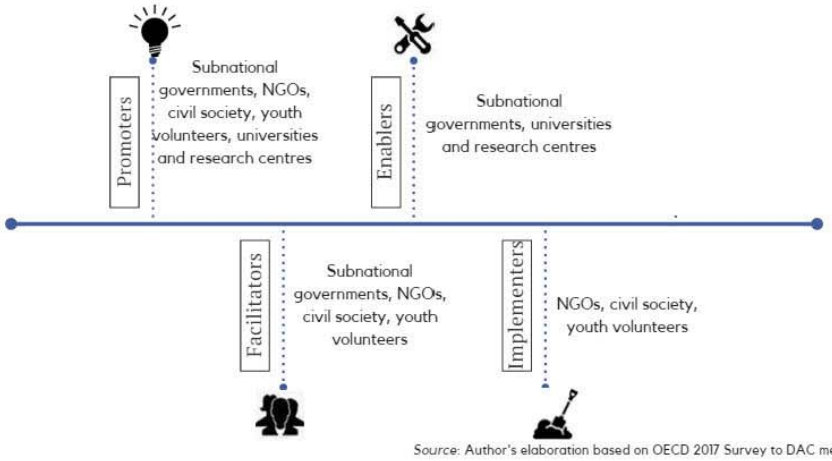


Source: OECD 2017 DAC Creditor Reporting System (CRS) and 2017 Special Survey on DDC.

Austria DDC demonstrated significant growth in DDC (2015) associated with the international refugee crisis. DDC volumes rose from USD 7.3 million on average per year in 2006-07 to USD 108 million in 2014-15 (representing 1% of total Austrian bilateral ODA in 2006 -07 to reach 16% in 2014-15). Excluding refugee costs, DDC shows moderate growth in term of volumes (USD 7 million on average per year in 2006-07 and USD 8.6 million in 2014-15). Excluding refugee costs, Nepal was the top recipient of Austrian DDC in 2015, followed by the Ex-Yugoslavia States (unspecified) and Albania.

Actors in DDC

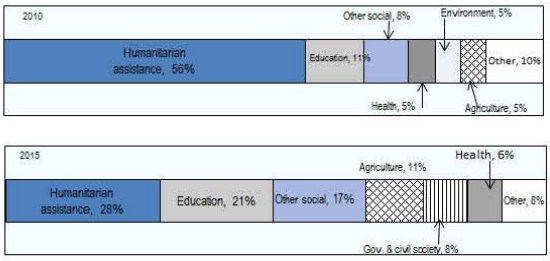
Role of the main actors involved



Source: Author's elaboration based on OECD 2017 Survey to DAC members.

Sectoral allocation of DDC

DDC sector allocations, 2010 and 2015 (sector allocable basis)



Source: OECD 2017 DAC CRS.

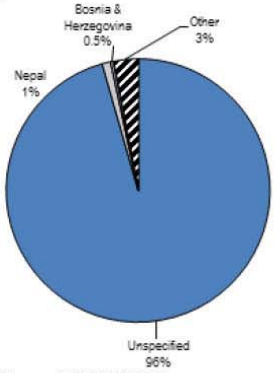
Evolution of sectoral priorities (2005-15)

Policy areas supported by DDC	2005	2010	2015
Health	✓	✓	✓
Local governance/democracy/decentralisation	✓	✓	✓
Education	✓	✓	✓
Humanitarian assistance	✓	✓	✓
Economic development	✓		
Migration			
Agriculture/Food security	✓	✓	✓
Social inclusion	✓	✓	✓
Environment/Climate change	✓	✓	✓
Water	✓	✓	
Gender	✓	✓	✓
Culture	✓		
Urban development/Transport and mobility/land use	✓	✓	✓

Source: OECD 2017 Survey to DAC members.

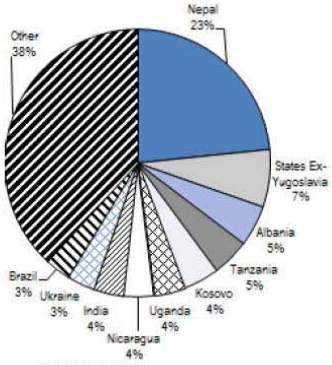
Geographical allocation of DDC

Main recipient countries of total Austrian DDC in 2015



Source: OECD DAC CRS.

Main recipients of Austrian DDC in a sector allocable basis, 2015



Source: OECD DAC CRS.

Note: "Other" refers to a multitude of countries when this last receive small amounts of aid and their graphic representation results confusing and "Unspecified" refers to regional or unallocated transactions.

Key Multilevel Governance Challenges

TOP / MIDDLE / LOW

- Unstable or insufficient **funding** of local/regional actors
- Poor transparency and **accountability**
- Insufficient **capacity** of local/regional actors
- Diverging DDC **objectives**, strategies, and priorities across levels of government
- Lack of critical **scale** at local / regional level due to territorial fragmentation

Source: OECD 2017 Survey to DAC members.

Forward-looking strategies

LOW → MIDDLE → TOP

- Raising awareness on importance of DDC
- Enhancing synergies with other policy areas
- Improving stakeholder engagement
- New legal frameworks & regulations
- Fostering capacity
- Sharing information, commitments, actions
- Promoting CSO –LRG partnerships
- Fostering co-operation across levels of governments
- Promoting Public-Private-Partnerships

Source: OECD 2017 Survey to DAC members.

Evaluation mechanisms

- ✓ Evaluation reports
- ✓ Ex-post analysis
- ✓ Monitoring & Evaluation system
- ✗ Indicators system
- ✓ Surveys (recipients' satisfaction, etc.)

Source: OECD 2017 Survey to DAC members.

COUNTRY PROFILE

Belgium

Territorial organization

589 MUNICIPALITIES
10 PROVINCES
6 REGIONS

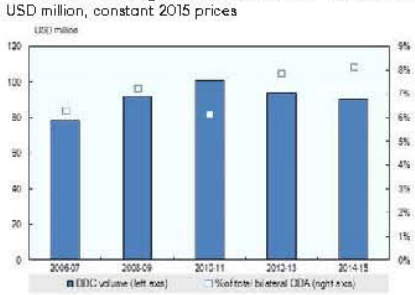
Since the adoption of the 1831 Constitution, six constitutional revisions have progressively transformed Belgium from a unitary state to a federal state, in particular since 1970. The last reform, started in 2011 and operational since 2014, further strengthened the federalisation of the country. Belgium has three tiers of subnational governments (SNGs): 6 federated states, including 3 regional governments (Flanders, Wallonia and the Brussels capital-region) and 3 community governments (Flemish, German, and French Speaking Communities) which overlap territorially; 10 provinces; and 589 municipalities which are governed by regional legislation. The Flanders and Wallonia regions have started reforming the provincial and municipal levels in their respective territories. In Flanders, the government is engaged in voluntary municipal mergers and the "downsizing of the provinces "which will focus more on "territory-related powers", losing the "people-based powers" as well as some taxing powers. The Walloon Government aims at "optimising" the role of the provinces by developing "supra-municipality".

Subnational governments responsibilities

Extensive competences are assigned to the regions while residual competences are assigned to the federal government, giving great autonomy to the states. With the 6th reform of the State of 2011 (in effect since 2014), additional competencies have been transferred to the states. Regions are responsible for territorial matters (infrastructure, industrial policy, etc.) as well as employment and tax matters (since 2014) while communities are responsible for people-related matters (e.g. culture, education, welfare, health, sport), including since 2014 family allowances, care of the aged, health care; hospitals, justice homes, etc. Provincial and municipal responsibilities are not clearly defined in the legislation and they often overlap. Provinces have developed responsibilities in the fields of education, social and cultural infrastructure, environment, roads and waterways, preventive health, transport, public works, housing, etc. Municipal responsibilities are very extensive, covering missions attributed by higher authorities and those in the "municipal interest".

DDC key facts and trends

DDC definition: International co-operation exercised by Belgium municipalities to support municipalities in developing countries.
Implementation modality: Partnership modality, direct financial support and delegated cooperation.
Legal Framework: National level: Recognition of the role and competences of regions and municipalities in international co-operation was designated by the 4th State Reform in 1993. In Flanders, DDC is shaped by an International Co-operation Decree and an International Co-operation Framework Decree.
Trends in official Belgian DDC, 2-yr average disbursements
USD million, constant 2015 prices

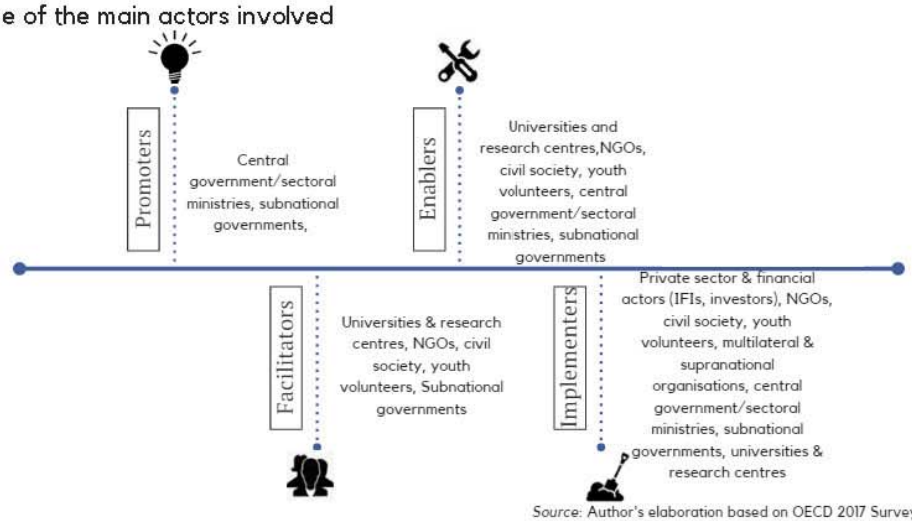


Source: OECD 2017 DAC Creditor Reporting System (CRS) and 2017 Special Survey on DDC.

Belgium DDC shows a slight but steady increase over the period 2006-15, reaching USD 90 million on average per year in 2014-15, or 8% of total bilateral ODA, from USD 78 million in 2006-07 or 6% of total bilateral ODA. Among the top recipients of DDC figure four countries from Sub-Saharan Africa both in terms of total and sector allocable DDC, in both cases the same countries: Malawi, South Africa, the Democratic Republic of the Congo and Mozambique were the top recipients. Belgian DDC mainly targeted health and multi-sector funding.

Actors in DDC

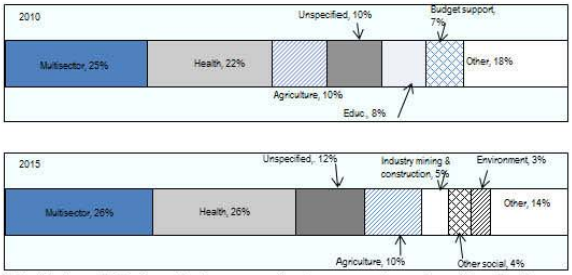
Role of the main actors involved



Source: Author's elaboration based on OECD 2017 Survey to DAC members.

Sectoral allocation of DDC

DDC sector allocations, 2010 and 2015 (sector allocable basis)



Note: "Data analysis shows that some reporting improvements can be achieved with some additional effort by reporting on the sectoral allocation of at least half of the "multi-sector" categorised DDC. Information needed to code these sectors is available in the descriptions fields of the CRS database.

Source: OECD 2017 DAC CRS.

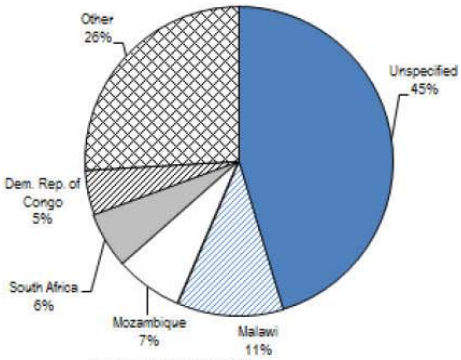
Evolution of sectoral priorities (2005-15)

Policy areas supported by DDC	2005	2010	2015
Health	✔	✔	✔
Local governance/democracy/decentralisation			
Education	✔	✔	
Humanitarian assistance	✔	✔	✔
Economic development			✔
Migration			
Agriculture/Food security	✔	✔	✔
Social inclusion	✔		✔
Environment/Climate change		✔	✔
Water			
Gender			✔
Culture			✔
Urban development/Transport and mobility/land use			
Other: scientific research	✔	✔	

Source: OECD 2017 Survey to DAC members.

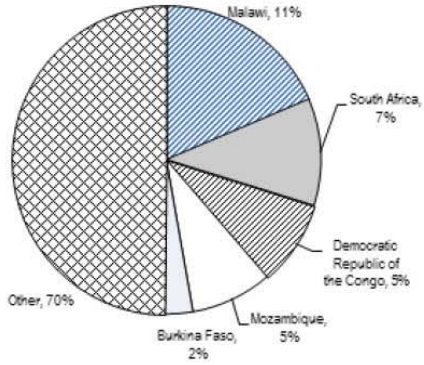
Geographical allocation of DDC

Main recipient countries of total Belgian DDC in 2015



Source: OECD DAC CRS.

Main recipients of Belgian DDC in a sector allocable basis, 2015



Source: OECD DAC CRS.

Note: "Other" refers to a multitude of countries when this last receive small amounts of aid and their graphic representation results confusing and "Unspecified" refers to regional or unallocated transactions.

Key Multilevel Governance Challenges

Insufficient **capacity** of local/regional actors

Lack of critical **scale** at local / regional level

Silos across ministries and public agencies

Diverging DDC **objectives**, strategies, and priorities across levels of government

Unstable or insufficient **funding** of local/regional actors

Source: OECD 2017 Survey to DAC members.

Forward-looking strategies

- Raising awareness on importance of DDC
- New legal frameworks & regulations
- Fostering capacity
- Promoting CSO –LRG partnerships

- Improving stakeholder engagement
- Enhancing synergies with other policy areas
- Fostering co-operation across levels of governments
- Sharing information, commitments, actions
- Promoting public-private partnerships

Source: OECD 2017 Survey to DAC members.

Evaluation mechanisms

- ✔ Evaluation reports
- ✔ Ex-post analysis
- ✔ Monitoring & Evaluation system
- ✔ Indicators system
- ✔ Surveys (recipients' satisfaction, etc.)

Source: OECD 2017 Survey to DAC members.

COUNTRY PROFILE

Canada

Territorial organization

3805 MUNICIPALITIES
10 PROVINCES
3 TERRITORIES

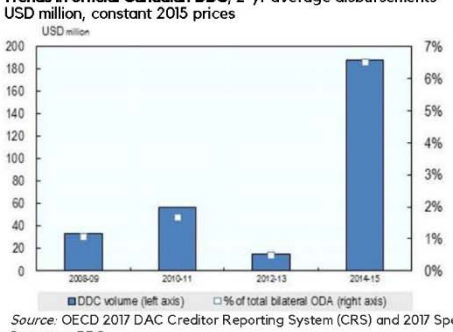
The Constitution (1867) and Charter of Rights and Freedoms (1982) define a federal system of shared powers in which the federal government and the provinces have equal status. The subnational system is two-tiered and made up of 10 provinces and 3 territories at the upper level and 3 805 municipalities at the lower level. Municipalities are not formally recognised in the federal constitution, but they are mentioned as "coming under the exclusive jurisdiction of the provinces". Therefore, there are a variety of municipal structures which differ from one province to another (municipal inter-municipal authorities, metropolitan and regional municipalities, towns, townships, cities, etc.). Over the last 20 years, several provinces have carried out municipal merger policies. The local government sector also includes elected independent special purpose entities such as school boards.

Subnational governments responsibilities

Provinces and territories have individual and shared responsibilities with the federal government. Individual responsibilities include education, health care (including hospitals), highways, prisons, natural resources, municipal affairs. Shared responsibilities include pensions, energy, water, agriculture and immigration. Municipal tasks are set by provinces and vary considerably. In addition, provinces can delegate some of their responsibilities to municipalities. Municipal functions typically include transport (roads and transit); protection (police and fire); water and sewerage, waste, recreation and culture, land use planning, social housing. Education, social and health services are not included in municipal responsibilities, except when they are shared with the province (e.g. social assistance in Ontario). Primary and secondary education lies with independently elected local authorities (schools boards) who are directly answerable to provinces and territories.

Key DDC trends

Trends in official Canadian DDC, 2-yr average disbursements
USD million, constant 2015 prices



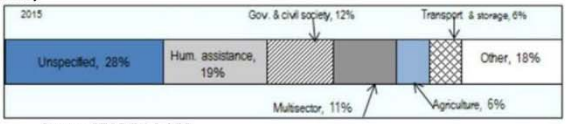
Source: OECD 2017 DAC Creditor Reporting System (CRS) and 2017 Special Survey on DDC.

Canadian DDC is reported from 2008 onwards. Volumes have increased significantly from 2008-09, reaching USD 188 million on average per year in 2014-15, reaching 6.5% of total bilateral ODA (USD 33 million in 2008-09, or 1% of total bilateral ODA). The Middle East and Nepal are the top recipients on a sector allocable basis, each representing 8% of DDC, followed by Haiti (6%). Contributions to specific-purpose programmes and funds managed by international organisations (multilateral, INGOs) represent 90% of Canadian DDC.

Sectoral allocation of DDC

DDC sector allocations, 2010 and 2015 (sector allocable basis)

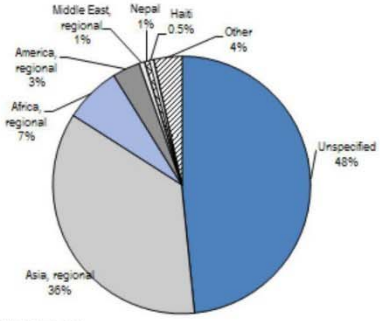
Source: OECD DAC CRS.



Source: OECD DAC CRS.

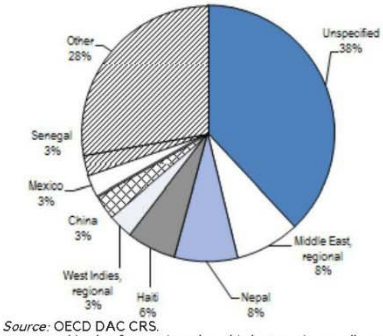
Geographical allocation of DDC

Main recipient countries of total Canadian DDC in 2015



Source: OECD DAC CRS.

Main recipients of Canadian DDC in a sector allocable basis, 2015



Source: OECD DAC CRS.

Note: The "Regional" category refers to projects that concern more than one country. "Other" refers to a multitude of countries when this last receive small amounts of aid and their graphic representation results confusing and "Unspecified" refers to regional or unallocated transactions.

COUNTRY PROFILE

Czech Republic

Territorial organization

6258 MUNICIPALITIES
14 REGIONS

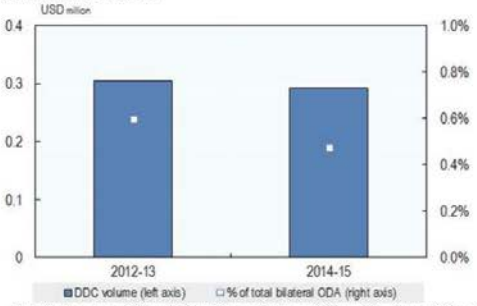
The Czech Republic has a two-tier subnational government system, with no hierarchical link. Regions were established in 2000 (Regions Act 129/2000). Municipalities are regulated through the Municipal Act 128/2000. The municipal level includes municipalities, towns (mesto) and 25 statutory cities (statutarni mesto). The latter have a special status granted by an Act of Parliament and can establish districts at the sub-municipal level with their own mayor, council and assembly but only eight cities have chosen this option.

Subnational governments responsibilities

The Municipal and Regional Acts, both amended in 2002, make a distinction between autonomous and delegated responsibilities, i.e. exercised on behalf of the central government. While municipalities have equal status, they are divided into three categories according to the scope of their delegated responsibilities: 205 municipalities with "extended powers" (ORP), 1 036 municipalities with some delegated powers (e.g. registry office, building authority) including 183 municipalities with an authorised municipal authority and the remaining which are "basic" municipalities. Municipal competences include education (pre-elementary, primary, and lower secondary education), agriculture, housing, primary health care, social care services, local roads and public transport, water and waste management (ORP only). Some municipal competences are currently being re-allocated from small municipalities to larger ones and to the central government within the framework of the Social Reform. Regional responsibilities include upper secondary education, regional roads, public transport, health care/ general hospitals, economic development and planning , social assistance for disadvantaged groups.

DDC key facts and trends

DDC definition: No standard definition.
Implementation modality: Partnership Modality and Agency Modality (Association of Local Authorities).
Legal Framework: Act on Municipalities No 128/2000 defines international relation competences and co-operation policy frameworks for municipalities. There is no legal framework to determine the form of DDC. Each LRG determines the content of their DDC.
Trends in official DDC, 2-yr average disbursements USD million, constant 2015 prices

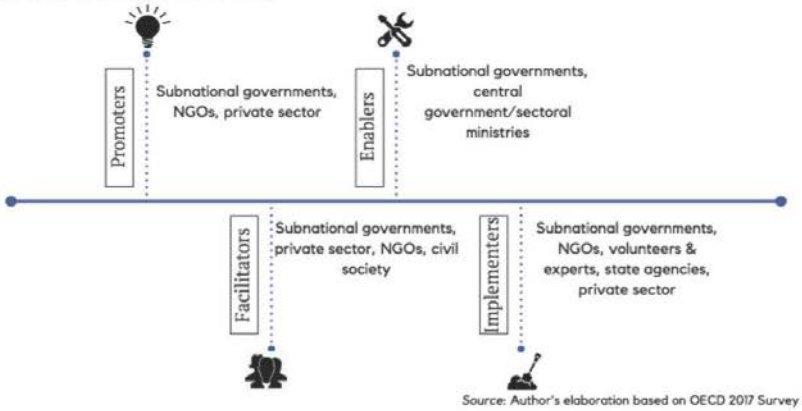


Note:In the case of Czech Republic, only the activities of the Association of Local Authorities are reported.
Source: OECD 2017 DAC Creditor Reporting System (CRS) and 2017 Special Survey on DDC.

DDC from the Czech Republic amounts to USD 0.3 million on average per year over the 2012-15 period and fluctuates at 0.5% as a percentage of bilateral ODA. DDC provided by Czech Republic was the same both in terms of total and sector allocable aid in 2015. Czech Republic focuses 97% of DDC on Ukraine and 3% in Serbia.

Actors in DDC

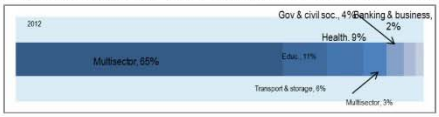
Role of the main actors involved

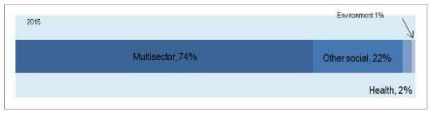


Source: Author's elaboration based on OECD 2017 Survey to DAC members.

Sectoral allocation of DDC

DDC sector allocations, 2012 and 2015 (sector allocable basis)





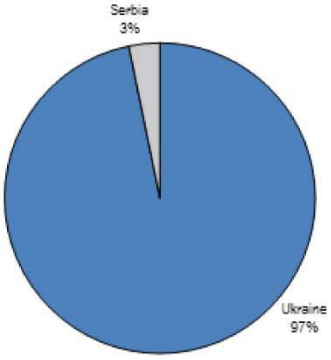
Source: OECD DAC CRS.

Source: OECD DAC CRS.

Note: The "Unspecified" figures reported by Czech Republic comprise small projects focusing on support to Ukraine, reported as an aggregate value.

Geographical allocation of DDC

Czech Republic: Top recipient countries of DDC in 2015



Source: OECD DAC CRS.

Evaluation mechanisms

✔ Evaluation reports	✖ Ex-post analysis	✔ Monitoring & Evaluation system	✔ Indicators system	✖ Surveys (recipients' satisfaction, etc.)

Source: OECD 2017 Survey to Local and Regional Governments.

COUNTRY PROFILE

France

Territorial organization

35885 MUNICIPALITIES
101 DEPARTMENTS
18 REGIONS

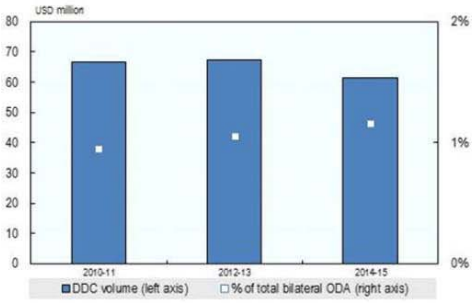
French territorial structure has substantially changed following the law relative to the Delimitation of Regions of January 2015, introducing forced amalgamations for regions. Since 1st January 2016, the French mainland has 13 rather than 22 regions. France also has five outermost regions (Guadeloupe, Guyane, La Réunion, Martinique and Mayotte). At the intermediate level, the suppression of the departments, mentioned at some point in the reform process, has been abandoned and discussions are reported to 2020. At the local level, France accounts for 27% of all municipalities in the OECD and 41% in the EU; 86% of municipalities have less than 2 000 inhabitants. In that context, France has strongly supported inter-municipal co-operation and today, the 2 145 inter-municipal co-operation structures form a quasi-fourth subnational level as they receive own sources tax revenues. In 2015, the status of "commune nouvelle" has been reactivated in order to promote municipal mergers while maintaining historical municipalities as "localities". The 2014 law for the Modernisation of Territorial Public Action and Metropolises has also introduced a new status for the largest municipalities, "the metropolis" (currently numbered at 15).

Subnational governments responsibilities

The Law "NOTRe" on the New Territorial Organisation of the Republic as of August 2015 has clarified the distribution of competences across levels of government established by the previous decentralisation reforms (1982-83 decentralisation laws, 2003-04 laws and 2010 territorial reform). The general clause of competence for the regions and the departments has been removed, while it remains for the municipalities. They now have specialised competences: regional economic development (aid schemes for SMEs, innovation, internationalisation), territorial planning, environmental protection, regional transport, high schools (lycées) and vocational training for the regions; social solidarity and territorial cohesion for the departments (social welfare for families, elderly, disabled, insertion, secondary schools, support to rural municipalities). Municipal competences include primary education, town planning, municipal roads, urban public transport, social support for families and youth, municipal police, housing, drinking water and sanitation, waste, culture, sport, etc.

DDC key facts and trends

DDC definition: Any form of co-operation developed by French "territorial collectivities" (local governments) and their institutions with other authorities and/or local governments in partner countries.
Implementation modality: Partnership modality and Direct Support.
Legal Framework: Recognition of DDC (Title XII on the territorial units of the state of the Constitutions, and the General Code of Territorial Units(Chapter V); Act 2004-758 of 29 July 2004; Act 2005-95 of 9 February 2005). Oudin-Santini Law gives important role and competences to Water agencies in DDC.
Total number of actors involved in DDC: More than 4700 local and regional governments.
Trends in official French DDC, 2-yr average disbursements USD million, constant 2015 prices

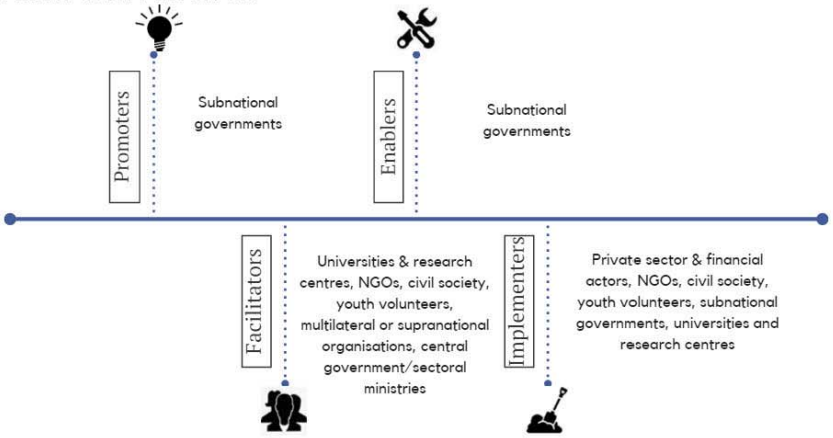


Source: OECD 2017 DAC Creditor Reporting System (CRS) and 2017 Special Survey on DDC.

French DDC shows a stable pattern in volume terms over the 2010-15 period, reaching USD 62 million on average per year in 2014-15 (USD 67 in 2010-11). In relative terms, DDC represented around 1% of total French bilateral ODA. The top recipients of French DDC on both a total and sector allocable basis include Madagascar, Senegal, Mali and Burkina Faso. DDC targeting water and sanitation sectors represented 17% and 21% of total sector allocable aid in 2010-15.

Actors in DDC

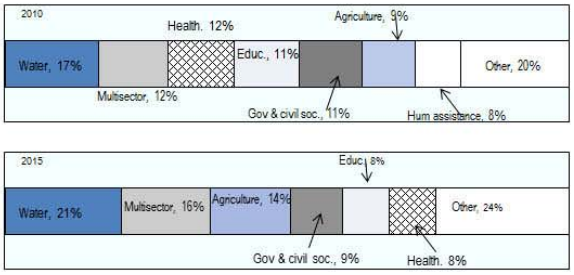
Role of the main actors involved



Source: Author's elaboration based on OECD 2017 Survey to DAC members.

Sectoral allocation of DDC

DDC sector allocations, 2010 and 2015 (sector allocable basis)



Source: OECD 2017 DAC CRS.

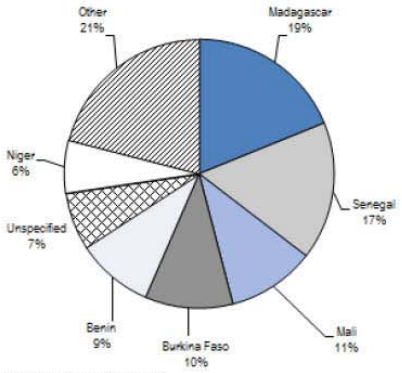
Evolution of sectoral priorities (2005-15)

Policy areas supported by DDC	2005	2010	2015
Health			
Local governance/democracy/decentralisation	✓	✓	✓
Education	✓	✓	✓
Humanitarian assistance			
Economic development	✓	✓	✓
Migration			
Agriculture/Food security	✓	✓	✓
Social inclusion			
Environment/Climate change			✓
Water	✓	✓	✓
Gender			
Culture	✓	✓	✓
Urban development/Transport and mobility/land use			✓

Source: OECD 2017 Survey to DAC members.

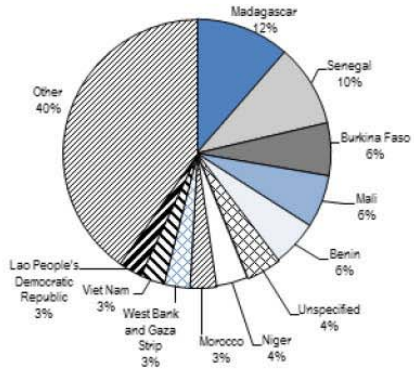
Geographical allocation of DDC

Main recipient countries of total French DDC in 2015



Source: OECD DAC CRS.

Main recipients of French DDC in a sector allocable basis, 2015



Source: OECD DAC CRS.

Note: "Other" refers to a multitude of countries when this last receive small amounts of aid and their graphic representation results confusing and "Unspecified" refers to regional or unallocated transactions.

Key Multilevel Governance Challenges

Silos across ministries and public agencies

Diverging DDC **objectives**, strategies, and priorities across levels of government

Unstable or insufficient **funding** of local/regional actors

Poor transparency and **accountability**

Lack of or insufficiently robust **data and information**

Source: OECD 2017 Survey to DAC members.

Forward-looking strategies

- Promoting CSO–LRG partnerships

- Fostering capacity
- Sharing information, commitments, actions
- Promoting public-private partnerships

- Raising awareness on importance of DDC
- Fostering co-operation across levels of governments
- Improving stakeholder engagement
- Enhancing synergies with other policy areas

Source: OECD 2017 Survey to DAC members.

Evaluation mechanisms

✓ Evaluation reports	✗ Ex-post analysis	✓ Monitoring & Evaluation system	✗ Indicators system	✓ Surveys (recipients' satisfaction, etc.)

Source: OECD 2017 Survey to DAC members.

COUNTRY PROFILE

Germany

Territorial organization

11092 MUNICIPALITIES
402 DISTRICTS
16 STATES

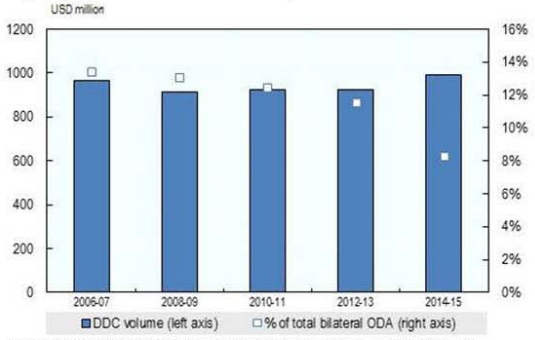
The German federal system, set up by the 1949 Basic Law, reformed in 2006 and again in 2009, is based on the principle of co-operative federalism. The three-tier system of subnational governments includes, below the Länder level, a local government level composed of 295 rural districts (Landkreise) and 107 district-free cities (Kreisfreie Städte), and at the lower level, municipalities. While local government status is constitutionally guaranteed, they are governed by their Land, thus with an organisation varying from one Land to another. Several districts and municipal merger policies were carried out by the Länder over the last decades, and more recently, in Land Saxony-Anhalt for example. Overall, the number of German municipalities has decreased by one-third between 1990 and 2016.

Subnational governments responsibilities

According to the Basic Law, all legislative and administrative functions are assigned to the Länder, except for those underexclusive competency of the federal government. According to the Basic Law, all legislative and Administrative functions are assigned to the Länder, except for those underexclusive competency of the federal government. There is some overlap in several areas (in addition, joint federal-Länder tasks were introduced in 1969). A reform of the federation's SNG expenditure took place in 2006 (Föderalismusreform I) which clarified responsibilities and transferred new ones to the Länder. Today, their wide-ranging responsibilities include: education (including universities), internal administration, regional economic development, public welfare and health, culture, environmental protection, public order and local government affairs. Local government functions, defined by the Land, vary considerably from one area to another. However, they usually include both mandatory and optional functions. Mandatory district functions include secondary roads, public transport, spatial planning, fire protection, nature and landscape, hospitals, education (secondary schools), etc. For municipalities, they include local roads, town planning, housing, sewerage, waterways, education (primary schools), recreational areas and social and youth welfare. Optional functions include cultural activities, economic development, tourism, local public transport, sports and leisure, etc.

DDC key facts and trends

DDC definition: Type of inter-municipal cooperation, implying that international relations lie essentially within the competence of the respective central governments.
Implementation modality: Partnership and Network Modality, Technical Assistance to create DDC relations (e.g. GIZ programmes).
Legal Framework: Art 32 (1) GG of foreign affairs law; the Constitution art.28.

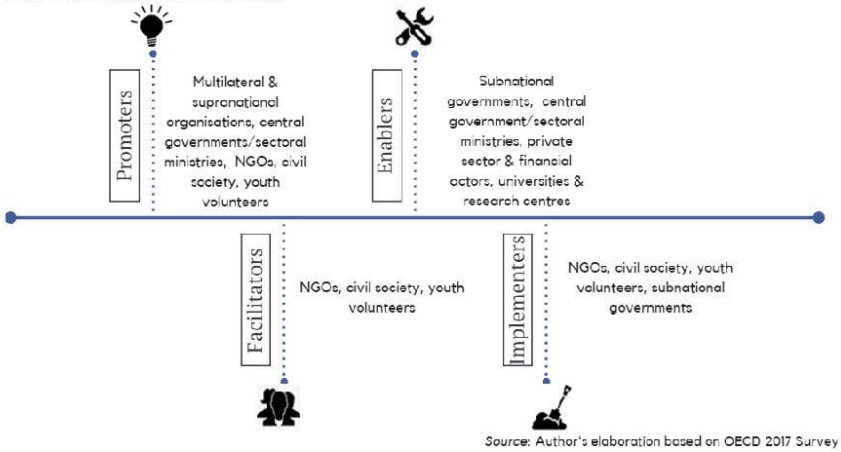


Source: OECD 2017 DAC Creditor Reporting System (CRS) and 2017 Special Survey on DDC.

Total German DDC shows a stable pattern in the last decade, reaching USD 1 billion on average per year both in 2014- 15 and in 2006-07. Nevertheless, in relative terms DDC is decreasing. Total bilateral aid has increased at a higher rate over the period than DDC, totalling 8 % of total bilateral aid in 2014-15 (13% in 2006-07). This reflects the context of the international refugee crisis. In 2014-15, 90% of German DDC consisted of imputed student costs.

Actors in DDC

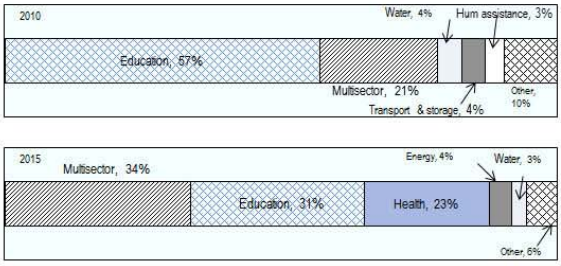
Role of the main actors involved



Source: Author's elaboration based on OECD 2017 Survey to DAC members.

Sectoral allocation of DDC

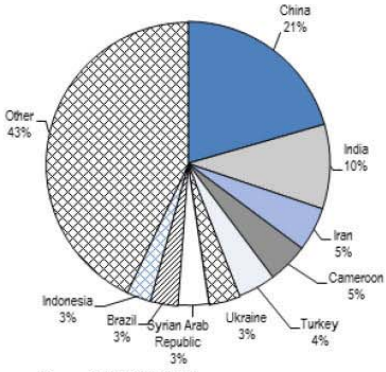
DDC sector allocations, 2010 and 2015 (sector allocable basis)



Note: In this Figure, to reflect only sector allocable DDC ODA, in-donor refugee costs have been excluded from the 2015 data.
Source: OECD 2017 DAC CRS.

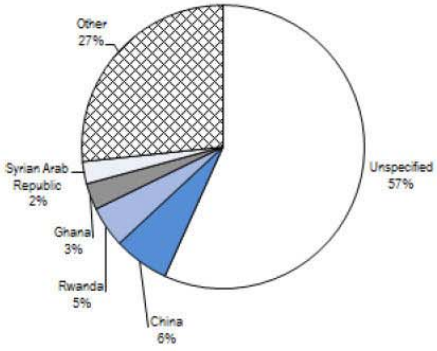
Geographical allocation of DDC

Main recipient countries of total German DDC in 2015



Source: OECD DAC CRS.

Main recipients of German DDC in a sector allocable basis, 2015



Source: OECD DAC CRS.

Note: The Figure 1 (left) shows the main recipients of total DDC. Chinese students in Germany account for one-fifth of the total in 2015. After deducting in- donor costs (Figure 2), China is still the top recipient, but representing 6% of total sector allocable DDC. Rwanda and Ghana follow with 5% and 3% respectively. The "Unspecified" category in Figure 2 (right) is comprised mainly of research/training activities not allocable by country. "Other" refers to a multitude of countries when this last receive small amounts of aid and their graphic representation results confusing.

Key Multilevel Governance Challenges

- Lack of critical **scale** at local / regional level
- Insufficient **capacity** of local/regional actors
- **Silos** across ministries and public agencies
- Lack of or insufficiently robust **data and information**
- Unstable or insufficient **funding** of local/regional actors

Source: OECD 2017 Survey to DAC members.

Forward-looking strategies

- Promoting public-private partnerships

- Fostering co-operation across levels of governments
- Improving stakeholder engagement
- Fostering capacity
- Sharing information, commitments, actions
- Promoting CSO –LRG partnerships
- New legal frameworks &regulations

- Raising awareness on importance of DDC
- Enhancing sinergies with other policy areas

Source: OECD 2017 Survey to DAC members.

Evaluation mechanisms

- ✔ Evaluation reports
- ✔ Ex-post analysis
- ✔ Monitoring & Evaluation system
- ✔ Indicators system
- ✔ Surveys (recipients' satisfaction, etc.)

Source: OECD 2017 Survey to DAC members.

COUNTRY PROFILE

Greece

Territorial organization

325 MUNICIPALITIES
13 REGIONS

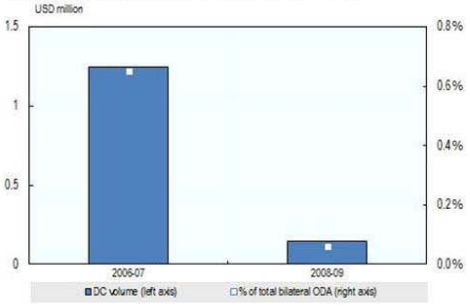
Since the Law 3852/2010 on the "New architecture of self-governance and decentralised administration" (the Kallikratis reform), Greece now has a two-tier local government structure composed of 325 municipalities (replacing 1 033 municipalities and communities) and 13 regions (replacing 54 prefectures), without hierarchical link. The reform maintained historic communities as deconcentrated entities, providing "some intra-municipal decentralisation". The 325 new municipalities are divided into local communities (communities with a population of less than 2. 000 citizens) and municipal communities (communities with population of more than 2 000 citizens). Greece has one autonomous territorial entity, the Community of Mount Athos Monasteries. Greece is also divided into seven deconcentrated state administrations (led by a General Secretary appointed by the Ministry of Interior) and 74 regional units for administrative purposes.

Subnational governments responsibilities

The Kallikratis reform was also a decentralisation process, granting municipalities and regions with new and expanded powers. Regional planning and development responsibilities have been given to the 13 new self-governing regions. They also manage the authorities for regional operational programmes of the European Union. Some responsibilities relative to local development, child protection, elderly care, social assistance to the unemployed and poor people and health prevention were transferred to municipalities. They were already responsible for environment, employment, education, culture and sports, civil protection, rural development. Many responsibilities are shared with the central government (e.g. education, health). As provided by the constitution, insular municipalities may undertake additional responsibilities otherwise exercised by the regions.

DDC key facts and trends

DDC definition: No data.
Implementation modality: No data.
Legal Framework: No legislation.
Trends in official Greek DDC, 2-yr average disbursements USD million, constant 2015 prices

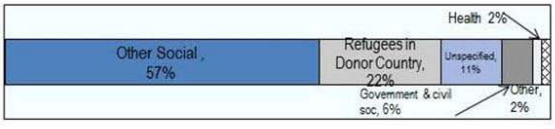


Source: OECD 2017 DAC Creditor Reporting System (CRS) and 2017 Special Survey on DDC.

Until 2009, Greece carried out projects in the framework of Decentralised Co-operation via several municipalities, provinces and regions. However, severe fiscal constraints since the international financial crisis, have impacted the country's development programme, including Decentralised Co-operation. Greece's development assistance mainly targets the provision of higher education scholarships, imputed costs of foreign students, cost of refugees etc. implemented by the central government. Multilateral aid is limited to selected annual contributions to international organisations.

Sector allocation of DDC

Sector allocations, total DDC, 2006-2009



*Source:*OECD 2017 DAC CRS.

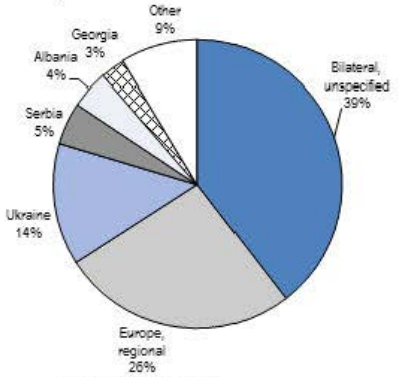
Evolution of sectoral priorities (2005-15)

Policy areas supported by DDC	2005	2010	2015
Health	✔		
Local governance/democracy/decentralisation			
Education	✔		
Humanitarian assistance	✔		
Economic development			
Migration			
Agriculture/Food security			
Social inclusion	✔		
Environment/Climate change			
Water			
Gender			
Culture			
Urban development/Transport and mobility/land use			

*Source:*OECD 2017 Survey to DAC members.

Geographical allocation of DDC

Main recipient countries of total Greek DDC in 2006-09



Source: OECD DAC CRS.

Note that the type of aid methodology allowing to exclude in-donor costs is available only from 2010, restricting presentation of figures on sector allocable DDC by recipient.

Note: "Other" refers to a multitude of countries when this last receive small amounts of aid and their graphic representation results confusing and "Unspecified" refers to regional or unallocated transactions.

COUNTRY PROFILE

Italy

Territorial organization

8047 MUNICIPALITIES
107 PROVINCES
20 REGIONS

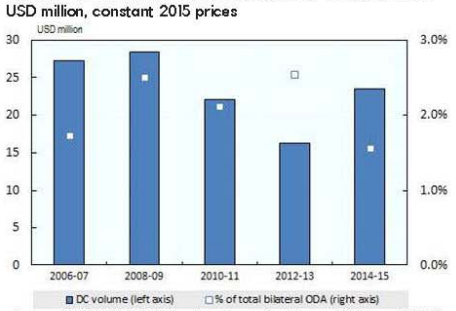
Italy has a three-tier system of subnational governments, comprising the regions, the provinces and the municipalities. Italy is often referred to as a "regionalised country", in particular since the constitutional reform of 2001 and the fiscal federalism law of 2009 both granted greater autonomy to the regions. In addition, Italy has an asymmetric decentralisation with fifteen ordinary- status regions (RSO) and the five special status regions (RSS) enjoying even more legislative and financial autonomy (Aosta Valley, Friuli-Venezia Giulia, Sardinia, Sicily and Trentino-Alto Adige/Südtirol). This latter region is divided into two provinces, each with its own special statute. Provinces and municipalities are not governed by regional legislation, except in the RSS. The current Italian multilevel governance system could change in October 2016 if the Constitutional reform adopted in April 2016 is approved by referendum. The reform includes, among others, the abolition of the provinces, removing them from the Constitution as self-governing entities. The Law 56/2014 already transformed the provinces into inter-municipal co-operation bodies, taking the form of metropolitan cities in each of the ten metropolitan areas designated by the law. Italy also has a state territorial administration based on prefectures (prefetture) at the provincial level.

Subnational governments responsibilities

Regions have significant legislative and administrative powers since the 2001 Constitutional reform which gave them exclusive legislative power with respect to any matter not expressly reserved to State. Regions are responsible for healthcare, transport, social services and housing, economic development, environmental protection, culture, agriculture, education, etc. Some responsibilities are, however, shared with the central government, resulting in significant overlap (concurrent responsibilities). Before the Law 56/2014, provinces were in charge of transport, roads, environmental protection, sewerage, waste, secondary schools, etc. Following the new law, provincial tasks were transferred to regions, municipalities or new-intermunicipal bodies, depending on each region. Municipal responsibilities include town planning, building and commercial permits, social housing, local police, local public transport and roads, water and waste management, education (pre and primary schools buildings), social services, local economic development, recreation and culture, etc. The Constitutional reform provides for significant changes, intending to clarify the allocation of responsibilities between the central government and ordinary regions. It plans to abolish "concurrent competences" and to recentralise several tasks, the central government gaining in particular exclusive competences on transport, public finance and taxation as well as labour.

DDC key facts and trends

DDC definition: Co-operation actions for development carried out by local authorities in partnership with counterpart organisations in developing countries and with the participation of the respective territories.
Implementation modality: Partnerships and direct support.
Legal Framework: Recognition of the competences of regions, provinces and municipalities in DDC and favorable fiscal framework (e.g. Law 63/93) allowing subnational authorities to allocate 0.8 % of their budgets to development co-operation.
Trends in official Italian DDC, 2-yr average disbursements
USD million, constant 2015 prices

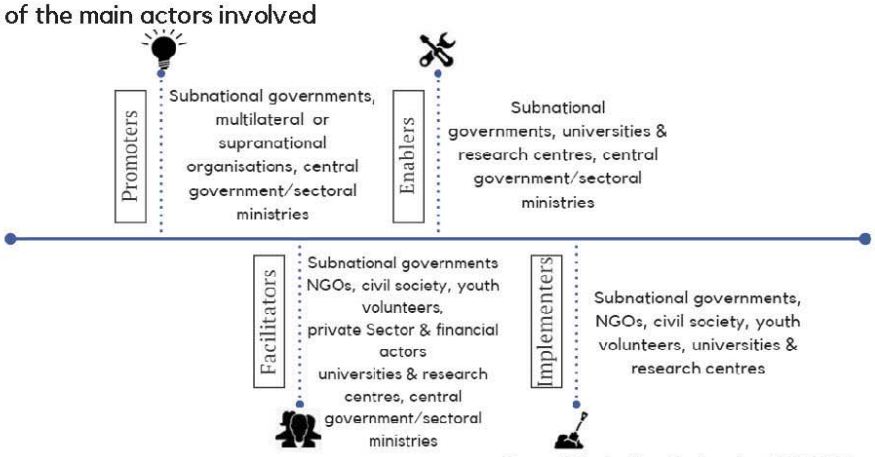


Source: OECD 2017 DAC Creditor Reporting System (CRS) and 2017 Special Survey on DDC.

Italian DDC may have been affected by the international financial crisis. DDC volumes decreased from USD 28 million on average per year in 2008-09 to USD 16 million in 2012-13. Nevertheless, this trend was reversed in the last biennium (2014-15) where DDC reached USD 24 million on average per year. One-fourth of Italian DDC targets Least Developed Countries (LDCs) (which represent 6 of the top 10 recipients). Social sectors are predominant in Italian DDC, reaching 61% of total aid allocations in 2010 and 71% in 2015.

Actors in DDC

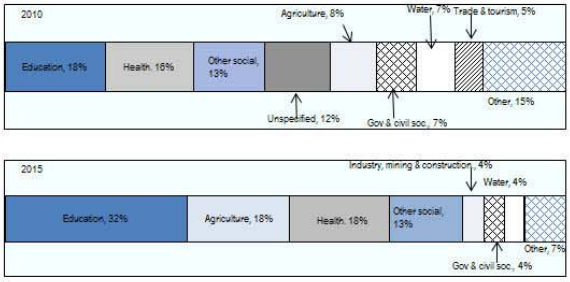
Role of the main actors involved



Source: Author's elaboration based on OECD 2017 Survey to DAC members.

Sectoral allocation of DDC

DDC sector allocations, 2010 and 2015 (sector allocable basis)



Source: OECD 2017 DAC CRS.

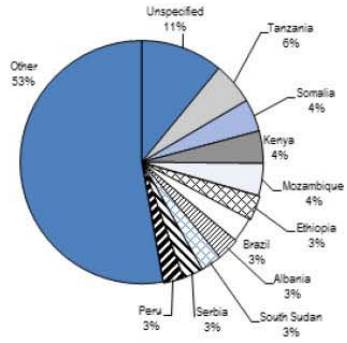
Evolution of sectoral priorities (2005-15)

Policy areas supported by DDC	2005	2010	2015
Health			✔
Local governance/democracy/decentralisation			✔
Education			✔
Humanitarian assistance			
Economic development			✔
Migration			✔
Agriculture/Food security			
Social inclusion			
Environment/Climate change			
Water			
Gender			
Culture			
Urban development/Transport and mobility/land use			

Source: OECD 2017 Survey to DAC members.

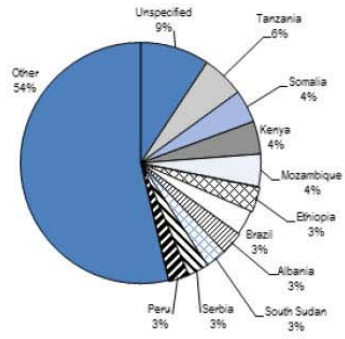
Geographical allocation of DDC

Main recipient countries of total Italian DDC in 2015



Source: OECD DAC CRS.

Main recipients of Italian DDC in a sector allocable basis, 2015



Source: OECD DAC CRS.

Note: "Other" refers to a multitude of countries when this last receive small amounts of aid and their graphic representation results confusing and "Unspecified" refers to regional or unallocated transactions.

Key Multilevel Governance Challenges

- Unstable or insufficient **funding** of local/regional actors
- Lack of critical **scale** at local / regional level
- **Silos** across ministries and public agencies
- Lack of or insufficiently robust **data and information**
- Poor transparency and **accountability**

Source: OECD 2017 Survey to DAC members.

Forward-looking strategies

- Enhancing synergies with other policy areas
- Raising awareness on importance of DDC
- Improving stakeholder engagement
- Sharing information, commitments, actions
- Fostering co-operation across levels of governments
- New legal frameworks & regulations
- Promoting CSO –LRG partnerships
- Promoting public-private partnerships

Source: OECD 2017 Survey to DAC members.

Evaluation mechanisms

- ✔ Evaluation reports
- ✔ Ex-post analysis
- ✔ Monitoring & Evaluation system
- ✔ Indicators system
- ✖ Surveys (recipients' satisfaction, etc.)

Source: OECD 2017 Survey to DAC members.

COUNTRY PROFILE

Netherlands

Territorial organization

309 MUNICIPALITIES
12 PROVINCES

The decentralised two-tier system of local government is recognised by the 1815 Constitution. Provinces are regulated by the Provinces Act, and municipalities by the Municipalities Act. The subnational government system also includes a functional layer at the regional level comprising the regional water authorities (Waterschappen). One of the characteristics of the Netherlands is that the heads of the provincial assembly (King's Commissioner) and municipal mayors are neither directly nor indirectly elected, but are appointed by central authorities. However since 2001, municipal and provincial councils have a role in their selection. Over the years, a municipal merger process has led to a gradual but significant drop in their number, from 913 in 1970 to 390 by January 2016. A new "Policy Framework for Municipal Redivision" was adopted recently to promote mergers. The consolidation of provinces into larger regions has been debated since the 1960s but never materialised. The last failed attempt took place in 2014. The eight city-regions, established in 1995 by the central government as inter-municipal co-operation entities, were abolished in January 2015. The law created two new metropolitan governance arrangements in Amsterdam and Rotterdam The Hague. Netherlands also has a network of 2 200 villages and community councils which are legal entities organised according to the Municipalities Act and to private law.

Subnational governments responsibilities

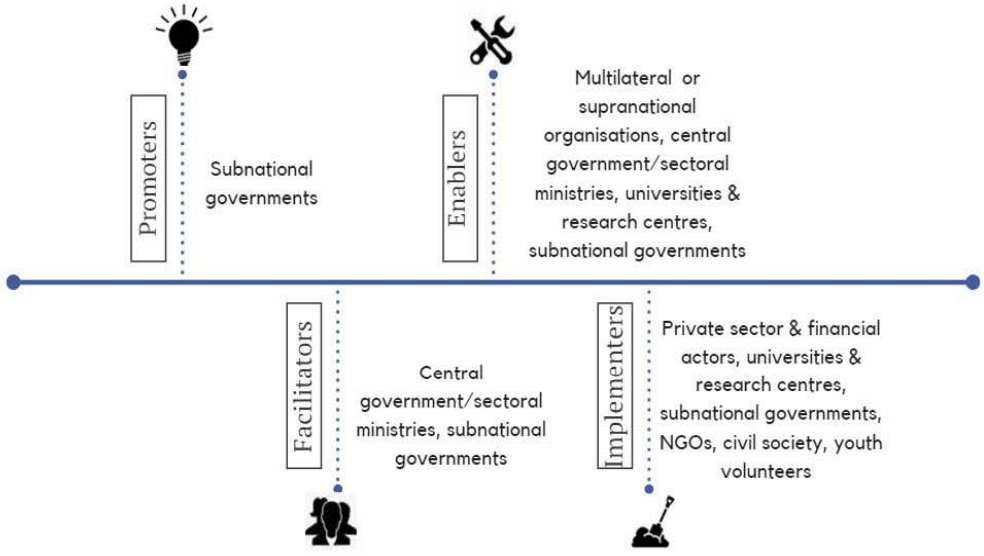
A characteristic of the Dutch system is that many areas of responsibility are shared between the central government and subnational governments. A decentralisation programme, started in 2007 has since transferred new responsibilities to the provinces and municipalities. Provinces' main responsibilities are traffic and transport, environmental protection and nature policy, regional economic development, spatial planning, recreation, culture and heritage as well as welfare. Moreover, they are in charge of administrative and financial supervision of municipalities and play a key role in vertical co-ordination. Municipalities have a wide range of responsibilities, with new functions transferred in 2015 in the social sector (youth health care, long-term care and employment support for young disabled people). Municipal tasks include urban development and land-use planning, employment policy, social welfare, public health, social housing, public order and safety, local roads and public transport, primary and secondary education, local economic development, culture and recreation.

DDC key facts

DDC definition: Collaborative relationships between subnational governments from different countries, aiming at sustainable local development, implying some form of exchange or support carried out by these insitutions or other locally based actors.
Implementation modality: Agency Modality and partnership modality for sister cities.
Legal Framework: No specific law applies. However, the Kadaster (semi government organisation under the Minister of Infrastructure) and DWA can undertake DDC activities.

Actors in DDC

Role of the main actors involved



Source: Author's elaboration based on OECD 2017 Survey to DAC members.

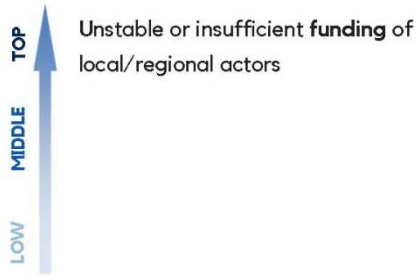
Sectoral allocation of DDC

Evolution of sectoral priorities (2005-15)

Policy areas supported by DDC	2005	2010	2015
Health			
Local governance/democracy/decentralisation	✓	✓	✓
Education			
Humanitarian assistance			
Economic development		✓	✓
Migration			✓
Agriculture/Food security			
Social inclusion	✓	✓	✓
Environment/Climate change		✓	✓
Water	✓	✓	✓
Gender	✓		
Culture			
Urban development/Transport and mobility/land use	✓	✓	

Source: OECD 2017 Survey to DAC members.

Key Multilevel Governance Challenges



Source: OECD 2017 Survey to DAC members.

Evaluation mechanisms

- ✓ Evaluation reports
- ✓ Ex-post analysis
- ✓ Monitoring & Evaluation system
- ✓ Indicators system
- ✓ Surveys (recipients' satisfaction, etc.)

Source: OECD 2017 Survey to DAC members.

COUNTRY PROFILE

Portugal

Territorial organization

308 MUNICIPALITIES
2 AUTONOMOUS REGIONS

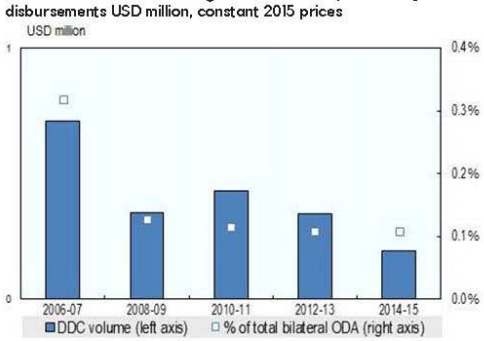
The Constitution, ratified in 1976, recognises the principle of local government and decentralisation. Portugal has a two-tier system of local government, consisting of two overseas autonomous regions (Azores and Madeira) and 308 municipalities. The two autonomous regions have specific status and legislative power, also recognised as outermost regions at European Union level. The Constitution also provided for the creation of self-governing regions covering continental Portugal. However , the proposal to create eight self-governing regions was rejected by a referendum in 1998. Municipalities are divided into 3 091 sub-municipalities (*freguesias*), a number resulting from a 2012-13 reform which reduced their number (from 4 259). Freguesias have elected executive and deliberative bodies. Portugal is also divided into five mainland regions for administrative purposes. Until 2011, the country was also divided into 18 administrative districts.

Subnational governments responsibilities

Autonomous regions' responsibilities are extensive, covering health and social welfare, education, roads and transport, economic development, environment, culture, regional planning, water, tourism, etc. They are also responsible for municipal affairs (organisation, financing and supervision). At the municipal level, current legislation, adopted in the 2013 Local Government Reform, reaffirms the principle of clause of general competence. Municipalities can delegate tasks to inter-municipal entities and freguesias and can also sign partnership agreements with the central government to exercise shared responsibilities. As a result, there is, in practice, a complex network of functions. Main municipal competences include local roads and public transport, primary education, culture and heritage, leisure and sport, healthcare (municipal centres) , social welfare (elderly, nursery, municipal social programmes), housing, environment, water supply and waste, local economic development, spatial planning and urban development, municipal police and civil protection, etc. A new programme of decentralisation is currently under preparation, which would include new transfers of responsibilities in sectors such as transport, education, healthcare, culture and social assistance and reinforce inter-municipal co-operation, including at metropolitan level.

DDC key facts and trends

DDC definition: The 'Strategic concept for Portuguese development cooperation' recognizes the local administrations as actors of Portuguese development co-operation.
Implementation modality: Partnership modality.
Legal Framework: Art.253 of the Constitution; Law n.º 159/99. DDC is considered as an implementor of Portuguese development cooperation policy.
Trends in official Portuguese DDC, 2-yr average disbursements USD million, constant 2015 prices

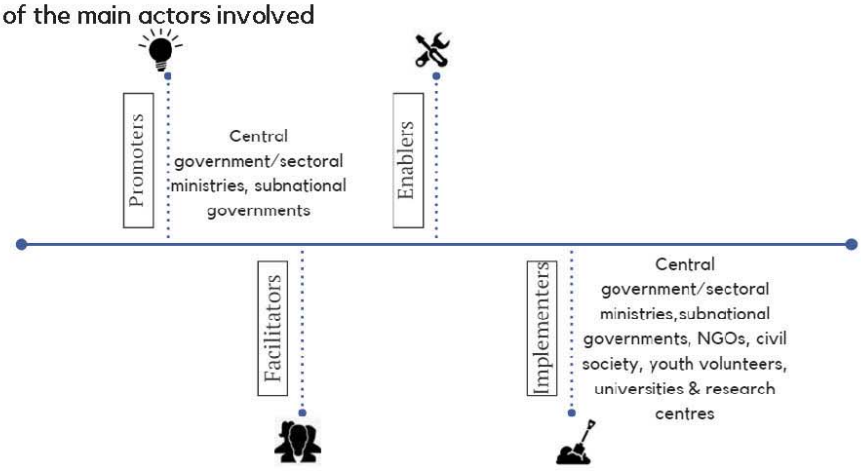


Source: OECD 2017 DAC Creditor Reporting System (CRS) and 2017 Special Survey on DDC.

DDC was exceptionally high in 2006 (USD 1.1 million) compared to the following years through 2015.

Actors in DDC

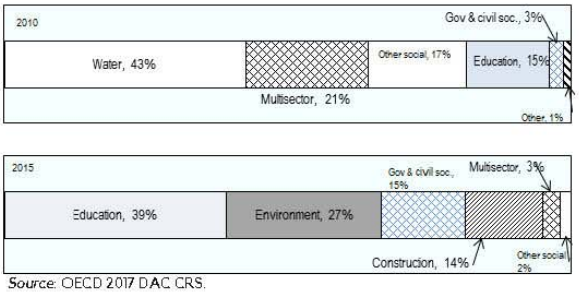
Role of the main actors involved



Source: Author's elaboration based on OECD 2017 Survey to DAC members.

Sectoral allocation of DDC

DDC sector allocations, 2010 and 2015 (sector allocable basis)



Source: OECD 2017 DAC CRS.

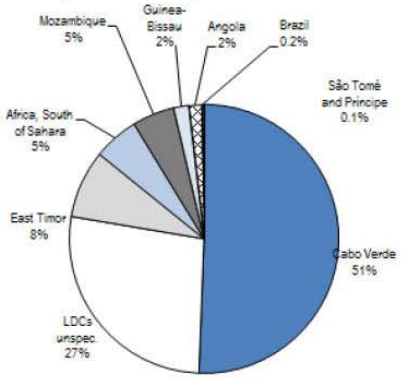
Evolution of sectoral priorities (2005-15)

Policy areas supported by DDC	2005	2010	2015
Health	✔	✔	✔
Local governance/democracy/decentralisation			
Education	✔	✔	✔
Humanitarian assistance			
Economic development			
Migration			
Agriculture/Food security	✔	✔	
Social inclusion	✔	✔	✔
Environment/Climate change			
Water			
Gender			
Culture	✔		✔
Urban development/Transport and mobility/land use			
Refugees		✔	✔

Source: OECD 2017 Survey to DAC members.

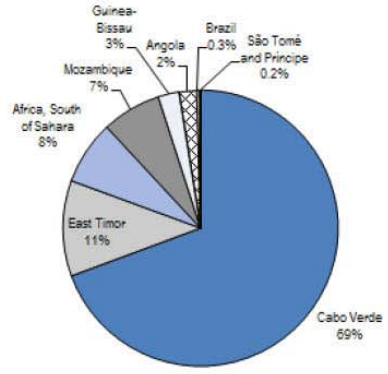
Geographical allocation of DDC

Main recipients of Portuguese DDC in 2015



Source: OECD DAC CRS.

Main recipients of Portuguese DDC in a sector allocable basis, 2015



Source: OECD DAC CRS.

Key Multilevel Governance Challenges

- Silos across ministries and public agencies
- Unstable or insufficient funding of local/regional actors
- Lack of critical scale at local / regional level
- Poor transparency and accountability practices
- Diverging DDC objectives, strategies, and priorities across levels of government

Source: OECD 2017 Survey to DAC members.

Forward-looking strategies

- Raising awareness on importance of DDC
- Enhancing synergies with other policy areas
- Fostering capacity
- Sharing information, commitments, actions
- Promoting CSO –LRG partnerships

Source: OECD 2017 Survey to DAC members.

Evaluation mechanisms

✔ Evaluation reports	✖ Ex-post analysis	✔ Monitoring & Evaluation system	✖ Indicators system	✖ Surveys (recipients' satisfaction, etc.)

Source: OECD 2017 Survey to DAC members.

COUNTRY PROFILE
Spain

Territorial organization

8119 MUNICIPALITIES
50 PROVINCES
17 AUTONOMOUS COMMUNITIES

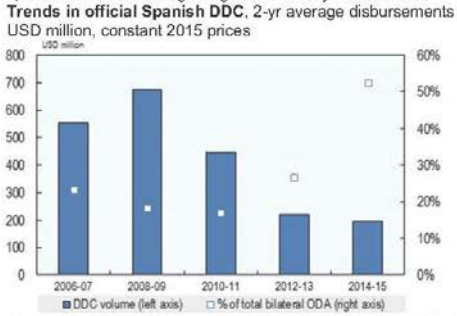
According to the 1978 Constitution, Spain is a unitary state having a three-tier system of subnational government whose autonomy is constitutionally recognised (Aarticle 137). In reality, Spain is a quasi-federation with autonomous communities (ACs) having a large autonomy, including the exclusive ability to decide on the organisation of municipalities and provinces within the regional territory. However, unlike federations, municipal and provincial functions and finances are decided in the framework of the national law and not by regional constitution or law. As a result, local governments are governed jointly by the central government and the regions. At regional level, decentralisation is asymmetric, with two distinct regimes: the common regime (15 ACs) and the "foral" regime (Basque Country and Navarra) which is characterised by an almost complete spending and revenue autonomy. In addition, ACs of the common regime each have their specific statute, allowing for some distinctive features, especially since the 2000s (several statutes have been reformed case by case). Municipal and provincial organisation differs from one region to another. Recently, the 27/2013 Law on the Rationalisation and Sustainability of Local Administration (LRSAL) introduced incentives to promote municipal mergers on a voluntary basis. Spain also has a structured level of 3 719 sub-municipal entities which are deconcentrated municipal organs of the municipalities without own legal personality. Spain also counts two autonomous cities in North Africa (Ceuta and Melilla), with less powers than ACs but with more than municipalities. Finally, there is a central government territorial–administration including General Delegates at regional level and Subdelegates at provincial level.

Subnational governments responsibilities

Autonomous Communities' responsibilities are defined in their autonomous statute, but, as a general rule, all responsibilities not expressly attributed to the central state by the Constitution are devolved to ACs, for which 23 areas of responsibilities are listed. In addition, there are also shared competencies between the central government and the regions (education, social services, universities, municipal and provincial supervision). Autonomous Communities have large responsibilities which typically include education (since 2000), healthcare (since 2002), public order, planning, urbanism and housing, transport, environmental protection, agriculture , culture, social assistance, etc. Provinces are responsible for public services and investment projects of supra-municipal character as well as technical, legal, and economic assistance to small municipalities (less than 5 000 inhabitants).The LRSAL strengthened their role by recentralising some tasks of municipalities under 20 000 inhabitants at the provincial level. Municipal responsibilities vary according to their demographic size and they have mandatory "core competencies" and optional tasks (clarified by the LRSAL). They are all responsible for local public utilities (waste and water supply), public lighting, road maintenance and municipal police. Larger municipalities have additional responsibilities, including markets, public parks, social services, environmental protection, public transport, culture,sport facilities, emergency and fire-fighting services.

DDC key facts and trends

DDC definition: Development co-operation financed and/or managed by the decentralised public institutions, being these the autonomous communities and local authorities (provinces and municipalities).
Implementation modality: Partnership and network modality, direct financial support, technical assistance.
Legal Framework: National level: Law 23/1998 of International Co-operation for Development; Law 2/2014 on external action. Local level: there is also a specific framework recognising DDC in many communities.
Trends in official Spanish DDC, 2-yr average disbursements
USD million, constant 2015 prices

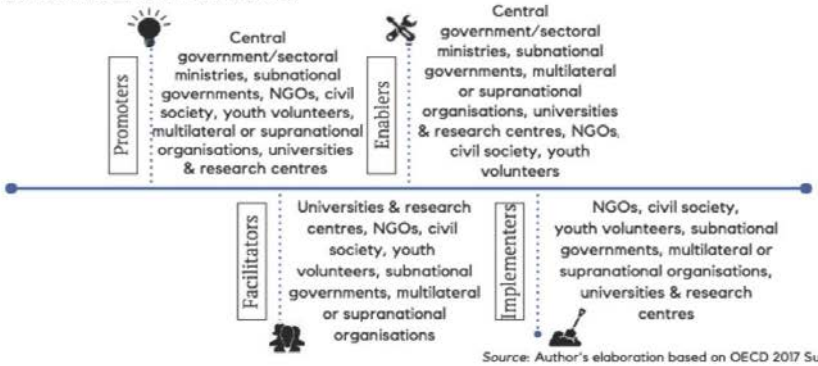


Source: OECD 2017 DAC Creditor Reporting System (CRS) and 2017 Special Survey on DDC.

As a consequence of the 2008 international financial crisis, total Spanish DDC decreased from USD 555 million on average per year in 2006-07 to USD 195 million in 2014-15. Nevertheless, as total bilateral Spanish ODA decreased at a faster pace than DDC, DDC reached a higher percent of total bilateral ODA up to 53% in 2014-15, from 23% in 2006-07. However, it is important to mention that the share of bilateral ODA is very small compared to other donors. It declined from 69% in 2010 to 33% in 2014, which explains in part why DDC represents a larger portion of the Spanish bilateral portfolio compared to other countries. Also, the share of Spanish DDC to total net ODA, decreased from 13% in 2009 to 10.4% in 2014.

Actors in DDC

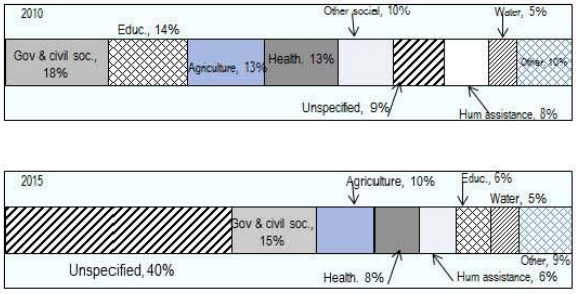
Role of the main actors involved



Source: Author's elaboration based on OECD 2017 Survey to DAC members.

Sectoral allocation of DDC

DDC sector allocations, 2010 and 2015 (sector allocable basis)



Source: OECD 2017 DAC CRS.

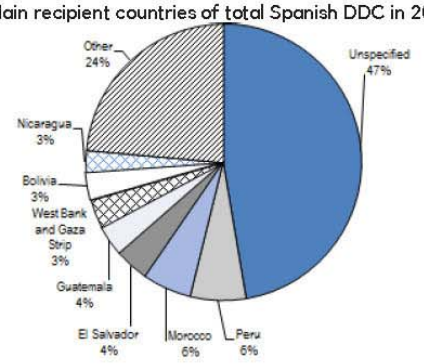
Evolution of sectoral priorities (2005-15)

Policy areas supported by DDC	2005	2010	2015
Health	✓	✓	✓
Local governance/democracy/decentralisation	✓	✓	✓
Education	✓	✓	✓
Humanitarian assistance	✓	✓	✓
Economic development	✓	✓	✓
Migration	✓	✓	✓
Agriculture/Food security	✓	✓	✓
Social inclusion	✓	✓	✓
Environment/Climate change		✓	✓
Water	✓	✓	✓
Gender	✓	✓	✓
Culture			
Urban development/Transport and mobility/land use	✓	✓	✓

Source: OECD 2017 Survey to DAC members.

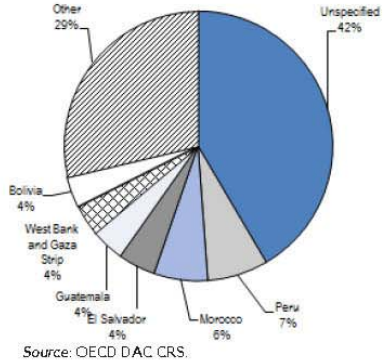
Geographical allocation of DDC

Main recipient countries of total Spanish DDC in 2015



Source: OECD DAC CRS.

Main recipients of Spanish DDC in a sector allocable basis, 2015



Source: OECD DAC CRS.

Note: Spanish in-donor DDC is not significant. As a result, when analysing the destination of total DDC and sector allocable DDC, there are not significant differences concerning the main recipients. The 'Unspecified' category, however, remains high in both figures. The category is comprised of a large volume of small projects which are collected at aggregate level by reporters (56% of "Unspecified" corresponds to aggregated sums of minor projects and 29% to 'development awareness' activities). "Other" refers to a multitude of countries when this last receive small amounts of aid and their graphic representation results confusing.

Key Multilevel Governance Challenges

TOP
- Insufficient **capacity** of local/regional actors
- Lack of or insufficiently robust **data and information**

MIDDLE
- Diverging DDC **objectives**, strategies, and priorities across levels of government
- **Silos** across ministries and public agencies

LOW
- Unstable or insufficient **funding** of local and regional actors
- Poor transparency and **accountability**

Source: OECD 2017 Survey to DAC members.

Forward-looking strategies

LOW
- Promoting CSO – LRG partnerships
- Promoting public-private partnerships

MIDDLE
- Fostering capacity
- Raising awareness on importance of DDC
- Fostering co-operation across levels of governments
- Enhancing synergies with other policy areas
- Improving stakeholder engagement
- Sharing infomation, commitments,actions

TOP
- New legal frameworks, regulation, incentives

Source: OECD 2017 Survey to DAC members.

Evaluation mechanisms

- ✓ Evaluation reports
- ✓ Ex-post analysis
- ✓ Monitoring & Evaluation system
- ✓ Indicators system
- ✓ Surveys (recipients' satisfaction, etc.)

Source: OECD 2017 Survey to DAC members.

COUNTRY PROFILE

Sweden

Territorial organization

209 MUNICIPALITIES
21 COUNTY COUNCILS

Sweden has a two-tier system of local government, recognised in the Constitution (Article 7). It is composed of 21 county councils and 290 municipalities with no hierarchical links between them. The Island of Gotland has a specific status, being a municipality which carries out county council responsibilities. Sweden has also a central government territorial administration composed of 21 counties (län), each of which has its own County Administrative Board and County Governor appointed by the central government. There has been an experimental regionalisation since 1999 (with Skåne and Västra-Götaland), which has been gradually extended since 2011. In 2018, among the 21 county councils, 14 (including the municipality of Gotland) have additional responsibilities, in particular regional development. In the rest of the country, responsibility for regional development falls on either County Administrative Boards (1) or Regional Co-ordination Bodies (6) indirectly elected assemblies owned by the municipalities. In 2019 the responsibilities will most likely be transferred to the 21 county councils (including the municipality of Gotland).

Subnational governments responsibilities

The 1991 Local Government Act,, amended in 2004, lays out the responsibilities of subnational governments. Municipalities have extended responsibilities, devolved to them by law and overall responsibility for local affairs. They are responsible for social protection(care for the family, child, elderly and disabled), education(pre-school, primary and secondary education) and vocational training, planning and building issues, healthcare (prevention), environmental protection, utilities (waste, water and sewerage), local roads and public transport, leisure and culture, housing, rescue services, etc. County councils' responsibilities include health care (primary care, hospitals, ambulatory care, dental care, medical services) and regional public transport. Some county councils also have responsibilities regarding regional development.

DDC key facts

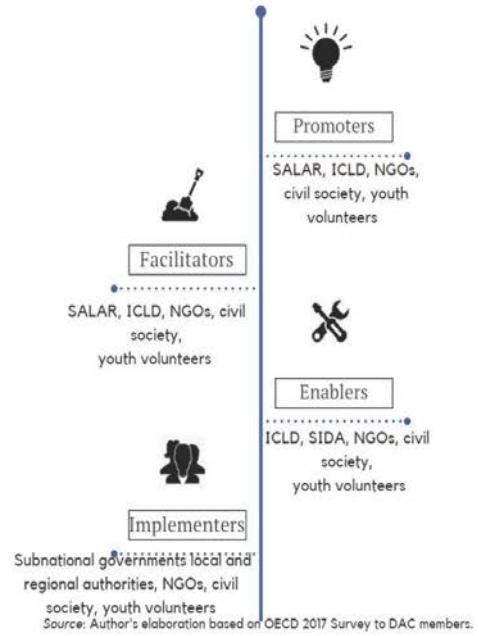
DDC definition: Involves twinning as well as municipal partnership.
Implementation modality: Agency Modality through the Swedish Association of Local Authorities and Regions (SALAR) and Partnership Modality.
Legal Framework: No reference is made to international action in the Local Government Act.

Actors in DDC

Institutional mapping

- International Center for Local Democracy (ICLD) (with funding from the Swedish International Development Cooperation Agency)
- Swedish Agency of Local and Regional Authorities (SALAR)
- Subnational governments, local and regional authorities in Sweden and partner countries (municipalities, regions and county councils)
- Local Government Associations (LGAs) and ministries in partner countries

Role of the main actors involved



Source: Author's elaboration based on OECD 2017 Survey to DAC members.

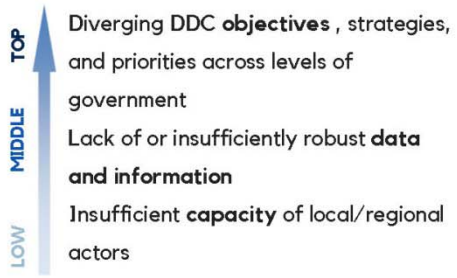
Sectoral allocation of DDC

Evolution of sectoral priorities (2005-15)

Policy areas supported by DDC	2005	2010	2015
Health			
Local governance/democracy/decentralisation		✓	✓
Education		✓	✓
Humanitarian assistance			
Economic development		✓	✓
Migration			✓
Agriculture/Food security			
Social inclusion		✓	✓
Environment/Climate change		✓	✓
Water		✓	✓
Gender			✓
Culture		✓	✓
Urban development/Transport and mobility/land use		✓	✓

Source: OECD 2017 Survey to DAC members.

Key Multilevel Governance Challenges



Source: OECD 2017 Survey to DAC members.

Evaluation mechanisms

✓ Evaluation reports	✗ Ex-post analysis	✓ Monitoring & Evaluation system	✓ Indicators system	✓ Surveys (recipients' satisfaction, etc.)

Source: OECD 2017 Survey to DAC members.

COUNTRY PROFILE

Switzerland

Territorial organization

2294 MUNICIPALITIES
26 STATES

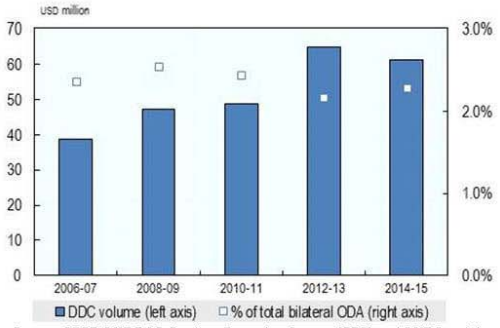
The Swiss Confederation has two tiers of subnational governments: municipalities and states. Both have a large degree of political, administrative and fiscal autonomy, protected by the Federal Constitution of 1848 which defines the Swiss federal system. Municipalities are governed by the states under each state constitution and legislation. As a result, municipal organisation differs from one canton to another. Several cantons undertook municipal amalgamation policies over the recent years (Thurgovie, Fribourg, Vaud, Tessin, Grisons, etc.) resulting in a decrease of 20% of the number of municipalities between 1990 and 2012. For administrative purposes, most states are also divided into districts (bezirk, ämter, district, distretto, etc).

Subnational governments responsibilities

Swiss federalism is defined as a bottom-up system where the states are sovereign except to the extent that their sovereignty is limited by the Federal Constitution. States shall exercise all rights that are not vested in the Confederation, according to the principle of subsidiarity. The last constitutional reform on Fiscal Equalisation and Responsibility Assignment adopted in 2004 and in force since 2008 reassigned several policy areas to either the federal or cantonal level in order to clarify the division of tasks between them. The Confederation is now solely responsible for seven task areas (foreign affairs, monetary motorways, etc.), the cantons for ten (police, education including universities, healthcare, welfare, utilities, etc.) and the Confederation and cantons continue to assume joint responsibility for sixteen task areas (regional traffic, regional development, environmental protection, flood protection, etc.). Municipalities' autonomous and non-autonomous tasks are assigned by respective state and thus differ from one state to another. They typically include education (pre, primary and secondary schools), health and social welfare, water, electricity, and traffic, local roads, land use planning, natural resource management, recreation and culture, municipal police, etc.

DDC key facts and trends

DDC definition: No data.
Implementation modality: No data.
Legal Framework: No data.
Trends in official Swiss DDC, 2-yr average disbursements
USD million, constant 2015 prices



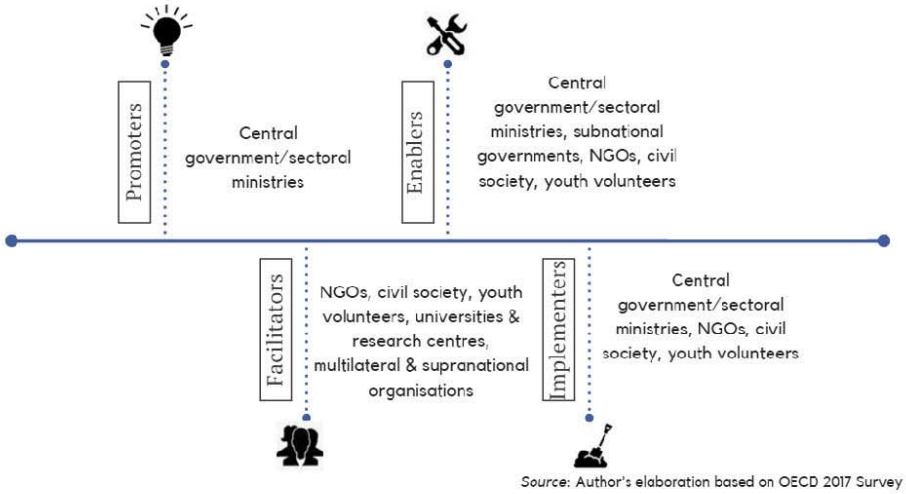
Source: OECD 2017 DAC Creditor Reporting System (CRS) and 2017 Special Survey on DDC.

Switzerland currently uses the CRS to report on DDC activities. To prepare its reporting, Switzerland proceeds using a yearly online survey of cantons and communes conducted by a private company (polling and survey institute) under a Swiss Development and Cooperation Agency (SDDC) mandate.

As shown in Figure 1, Swiss DDC has steadily grown in volume terms over the last decade, reaching USD 61 million on average per year in 2014-15. In terms of total bilateral ODA, it is stable at slightly over 2% in the last decade. The top 3 recipients of Swiss DDC are Least Developed Countries (LDCs) – Nepal, Tanzania and Burkina Faso.

Actors in DDC

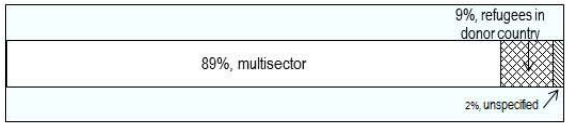
Role of the main actors involved



Source: Author's elaboration based on OECD 2017 Survey to DAC members.

Sectoral allocation of DDC

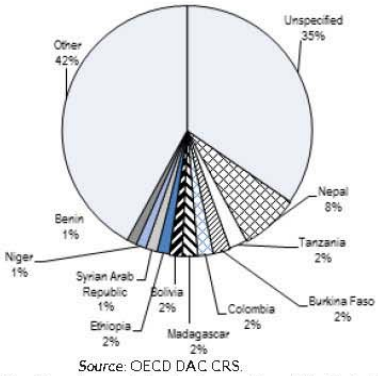
DDC sector allocations in 2015 (sector allocable basis)



Note: Sector allocation analysis shows that for 2010, 100% of DDC was classified as "multi-sector". Switzerland recognised the need to improve reporting on the sectoral focus of projects.
Source: OECD 2017 DAC CRS.

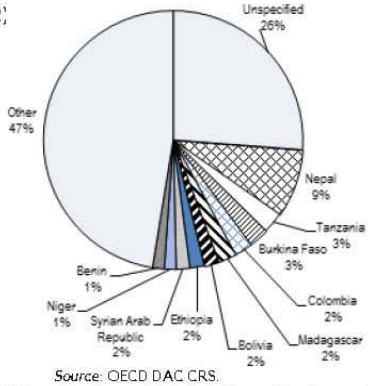
Geographical allocation of DDC

Main recipients of Swiss DDC in 2015 (Figure 1)



Source: OECD DAC CRS.

Main recipients of Swiss DDC in a sector allocable basis, 2015 (Figure 2)



Source: OECD DAC CRS.

Note: Figure 1 presents the top ten countries of total Swiss DDC: it shows a major share of DDC activities with an 'unspecified' destination mainly because of the increase of in-donor refugee costs (basic education for refugee children carried out by cantons). When excluding the in-donor costs (figure 2) the share of the "unspecified" decreases but remains significant (26% of the total). Nepal shows 9% of sector-allocable-DDC, followed by Tanzania and Burkina Faso (3% respectively). The Swiss survey responses indicate, however, that every canton and commune sets its own geographical and sectoral priorities without centralisation. "Other" refers to a multitude of countries when this last receive small amounts of aid and their graphic representation results confusing.

COUNTRY PROFILE

United Kingdom

Territorial organization

389 LOCAL AUTHORITIES
27 COUNTY COUNCILS AND GREATER LONDON AUTHORITY
3 DEVOLVED NATIONS

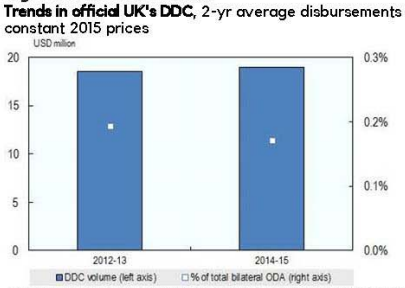
The United Kingdom is a unitary state composed of four constituent countries (England, Northern Ireland, Scotland and Wales) and three devolved administrations (Northern Ireland, Scotland and Wales), having their own elected assembly and government since the devolution process in 1998. The project of devolution of limited political powers to elected regional assemblies in England has been suspended indefinitely following the rejection of the first referendum held in the North-East of England in 2004. The territorial organisation is highly complex and differs greatly between the different countries. England is composed of 324 district councils (including metropolitan boroughs, London boroughs, non-metropolitan districts, unitary authorities) and 27 county councils and Greater London Authority (GLA) at the intermediary level. Wales has 22 unitary councils, Scotland, 32 unitary councils and Northern Ireland, 11 local councils (26 until Local Government Reform, effective as of April 2015). In addition, there is a structured sub-municipal level of approximately: 9 500 parish councils in England, 730 community councils in Wales, and 1 200 in Scotland.

Subnational governments responsibilities

At regional level, the system of devolution is sound but asymmetric, the three devolved nations enjoying different levels of legislative, administrative and budgetary autonomy. At local level, responsibilities vary from one constituent country to another but they typically include education, local economic development, housing, social services, local roads and public transport, culture and recreation, waste management, environmental protection and parks, health and public safety, etc. Several decentralisation processes are underway in Northern Ireland (Local Government Reform) and in England where the Localism Act 2011 gave local authorities a general power of competence and transferred new responsibilities (housing, public health and social protection). In addition, the Cities and Local Government Devolution Act 2016 allowed greater devolution of powers (housing, transport, planning and policing powers) to "combined authorities" and the introduction of directly-elected mayors.

DDC key facts and trends

DDC definition: No common definition at the national level. In Scotland, DDC it is considered as international development activities led by local authorities.
Implementation modality: Direct Financial Support, Technical assistance (partnership modality), Partnership Modality.
Legal Framework: Scotland Act.
Trends in official UK's DDC, 2-yr average disbursements USD million, constant 2015 prices



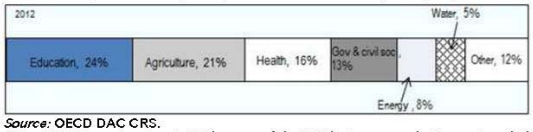
Source: OECD 2017 DAC Creditor Reporting System (CRS) and 2017 Special Survey on DDC.

UK ODA is primarily a centralised concept from the UK Government. The proportion of ODA that classifies as DDC is small relative to total UK ODA. The UK has reported on DDC since 2012. The Scottish Government has provided a large majority of UK DDC since 2012.

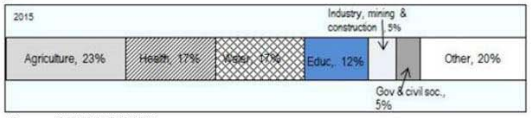
DDC from the UK remains stable at around USD 20 million by year in 2012-15 at around 0.2% of bilateral ODA. The main recipient countries of DDC are South Saharan Africa and Asia both in terms of total and sector allocable DDC.

Sectoral allocation of DDC

DDC sector allocations, 2012 and 2015 (sector allocable basis)



Source: OECD DAC CRS.

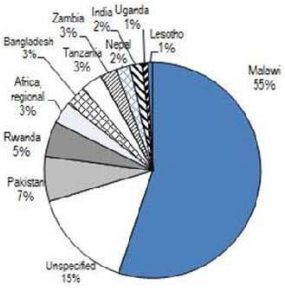


Source: OECD DAC CRS.

Note: 'It is interesting to note in the case of the UK that some productive sectors (other than the social ones) on DDC are in its case present: energy and industry, mining & Construction.

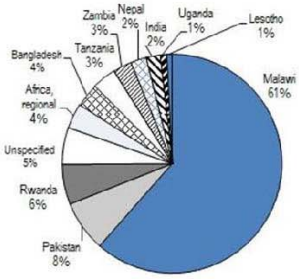
Geographical allocation of DDC

Main recipient countries of total UK's DDC in 2015



Source: OECD DAC CRS.
Note: "Unspecified" refers to regional or unallocated transactions.

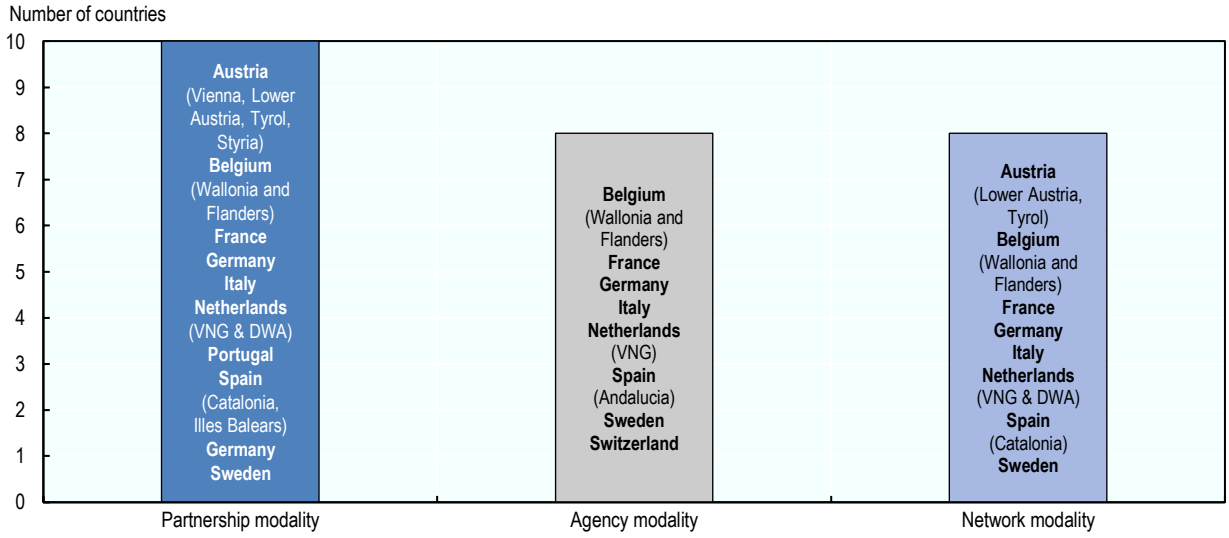
Main recipients of UK's DDC in a sector allocable basis, 2015



Source: OECD DAC CRS.

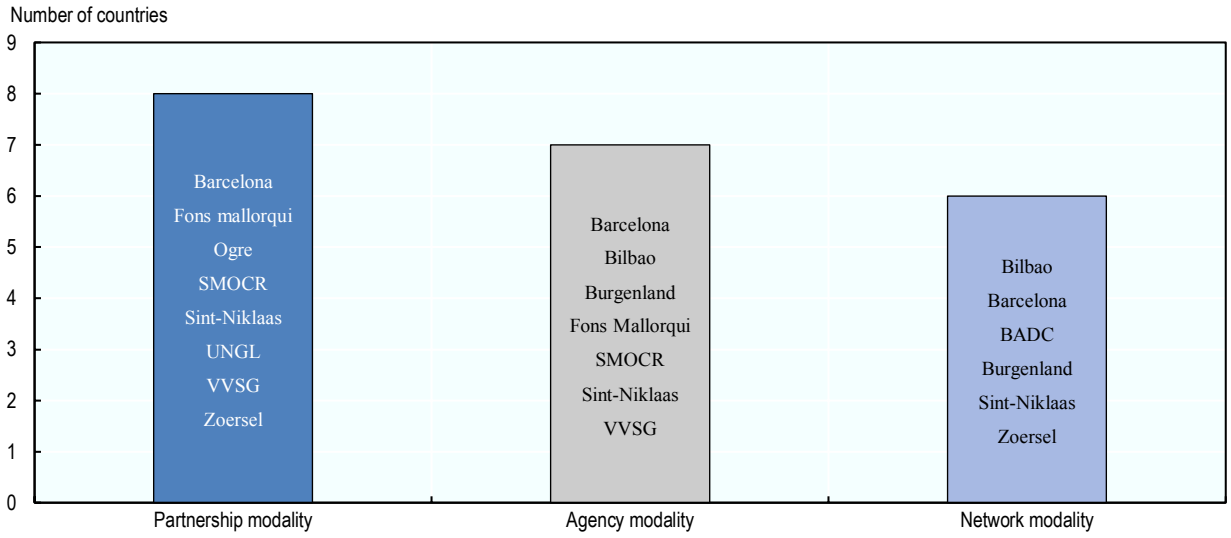
Annex A. Facts and figures from OECD Special Surveys to DAC and LRGs

Figure A.1. DDC modalities in DAC countries



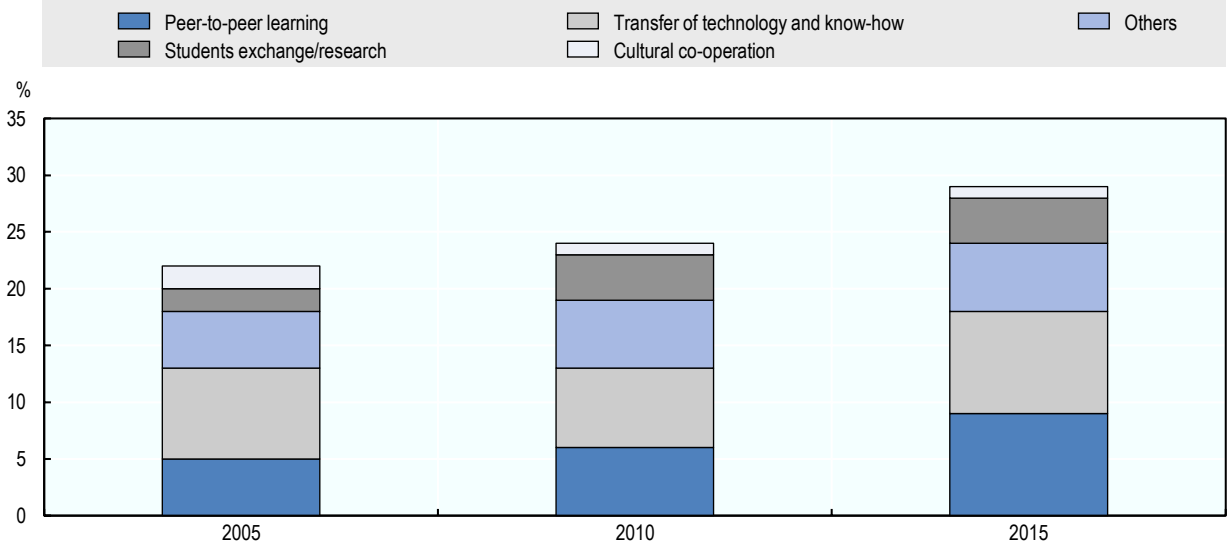
Note: Results based on 11 responses that indicated the most commonly used DDC modalities in DAC countries. Respondents were allowed to select multiple options. (N/A from Greece nor Madrid, *Comunidad Autónoma de Aragón* or Basque Country).
Source: OECD 2017 Survey to DAC members.

Figure A.2. DDC modalities in LRGs



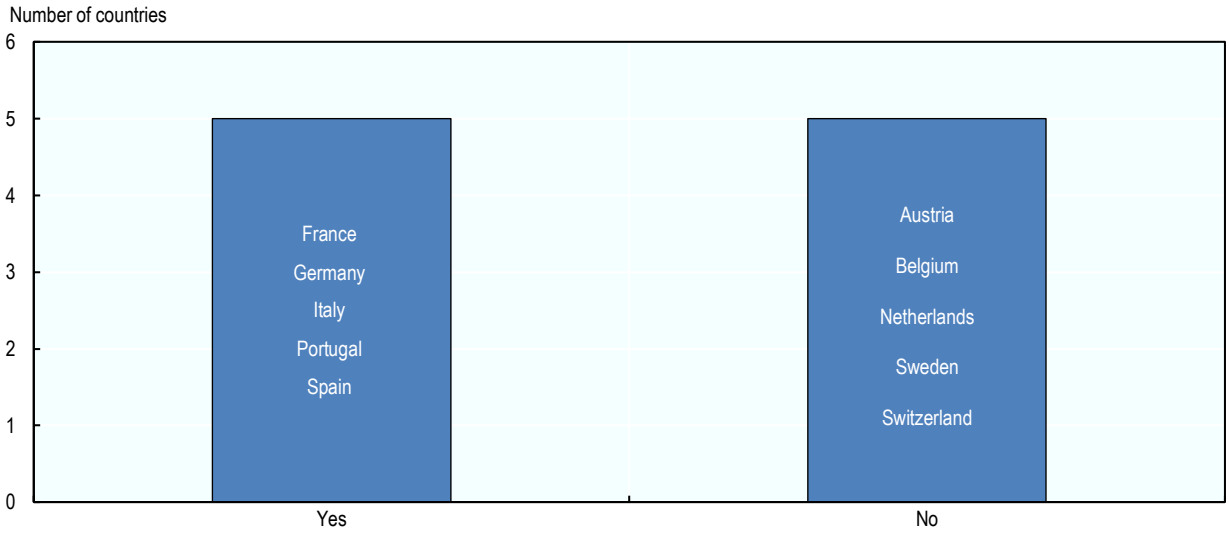
Note: Results based on 11 responses that indicated the most commonly used DDC modalities in LRGs. Respondents were allowed to select multiple options. SMOCR is the *Union of Towns and Municipalities of the Czech Republic*.
Source: OECD 2017 Survey to LRGs.

Figure A.3. Evolution of DDC activities in DAC countries, 2005-15



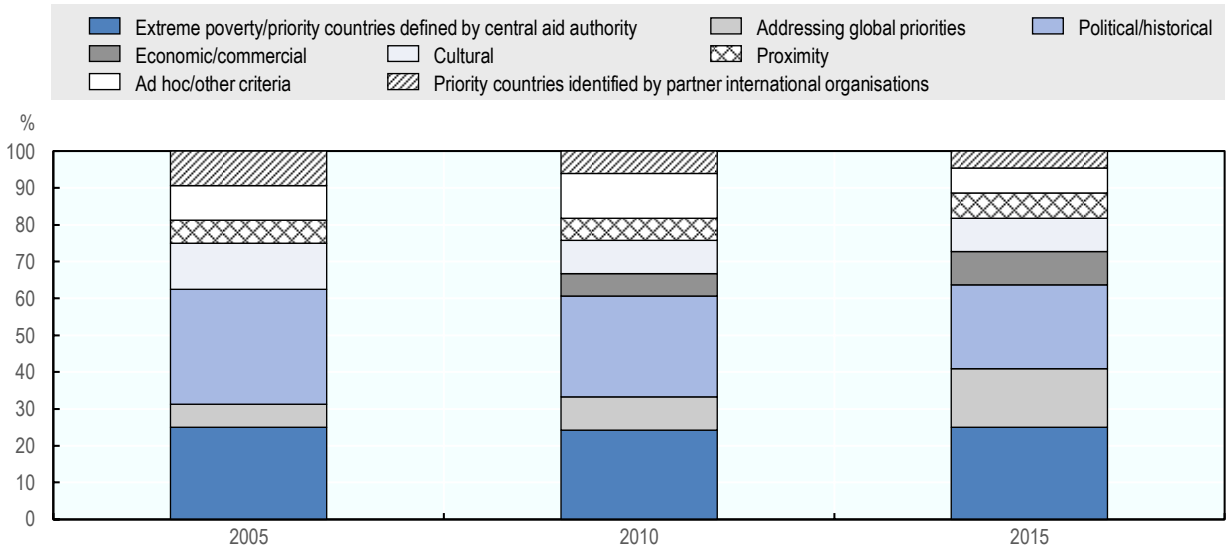
Note: Eight countries responded to the question "Which of the following kinds of technical assistance were most important for your country to implement DDC programmes/projects in the past ten years?" (N/A for Germany, Greece, Hungary and Switzerland; For Spain, Catalonia, Basque Country, *Comunidad Valenciana* and *Comunidad Autónoma de las Illes Balears*).
Source: OECD 2017 Survey to DAC members.

Figure A.4. Changes in DDC activities following national territorial reforms



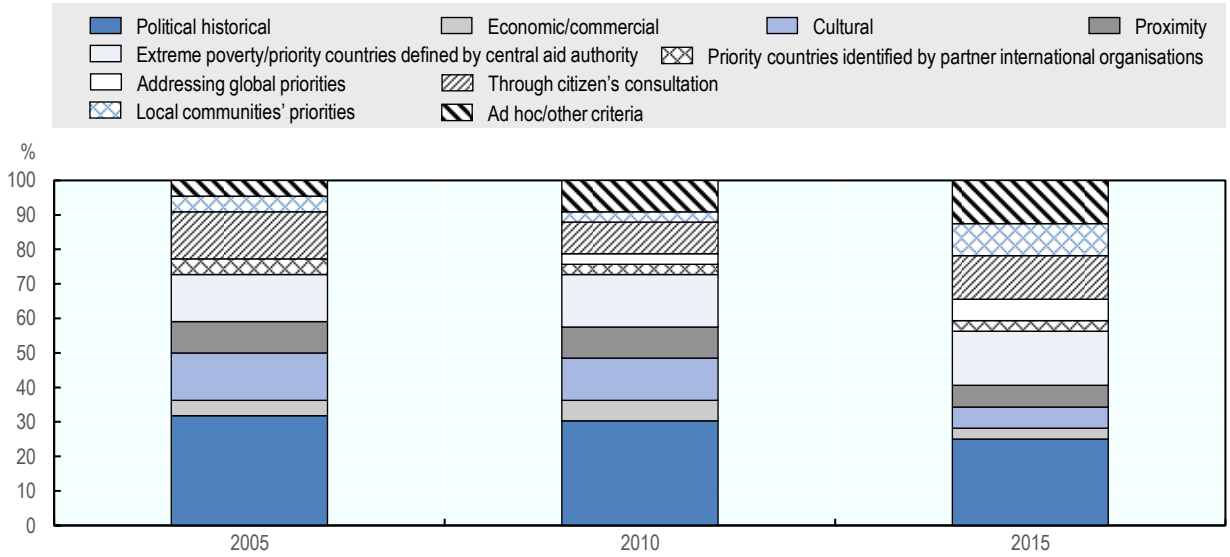
Note: The figure considers the number of countries that responded to the question "Has your country undergone changes in the implementation of DDC activities following national territorial reforms?". Ten countries replied to this question (N/A for Greece and Hungary).
Source: OECD 2017 Survey to DAC members.

Figure A.5. Central governments criteria for geographical definition of DDC activities, 2005-15



Note: Nine countries responded to the question "Which were the main criteria were used to define the geographical focus of DDC activities in your country over the past 15 years?" (N/A for Germany, Hungary and Switzerland; for Spain only Catalonia, *Comunidad Valenciana and Madrid*).
Source: OECD 2017 Survey to DAC members.

Figure A.6. LRGs criteria for defining the geographical focus of DDC activities, 2005-15

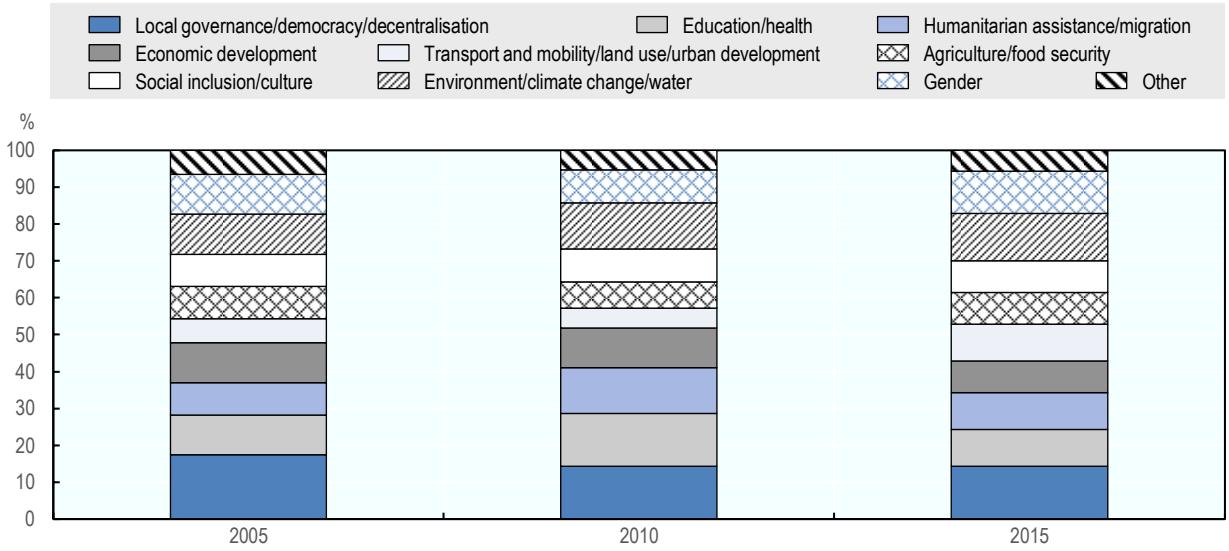


Note: Ten LRGs responded to the question "Which were the main criteria used to define the geographical focus of DDC activities in your LRG over the past 15 years?" (N/A for SMOCR).
Source: OECD 2017 Survey to LRGs.

Figure A.7. Main sectoral priorities for DDC in DAC countries, 2000-15

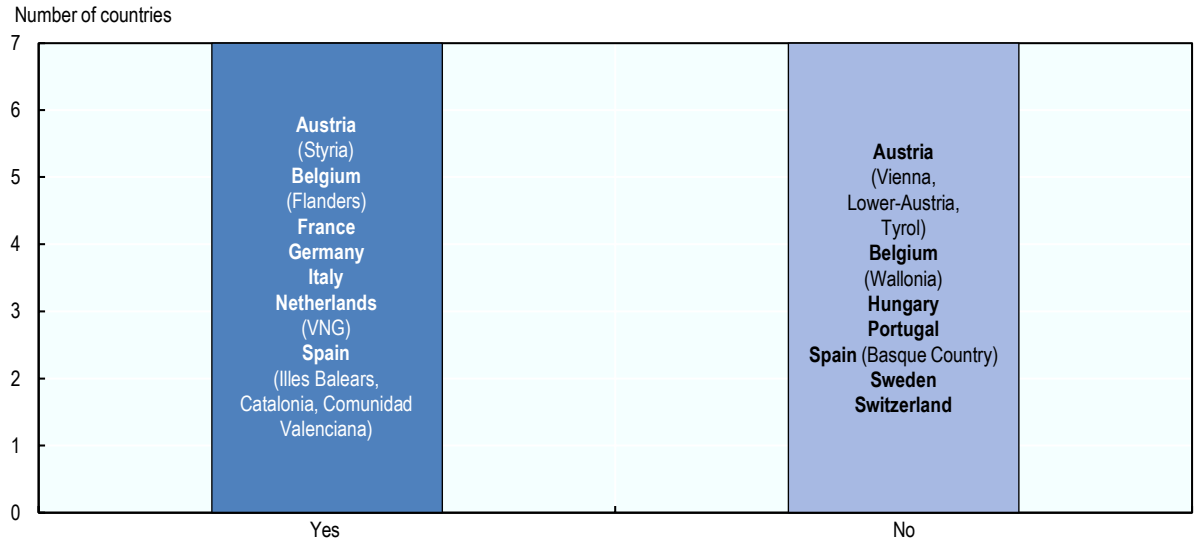
Note: Nine countries responded to the question "What are the main policy or service areas that your country has supported through DDC in the past ten years?" (N/A for Germany, Hungary and Switzerland; for Spain Catalonia, *Comunidad Valenciana* and *Comunidad Autónoma de las Illes Balears* and for the Netherlands only VNG).
Source: OECD 2017 Survey to DAC members.

Figure A.8. Main sectoral priorities for DDC in LRGs, 2005-15



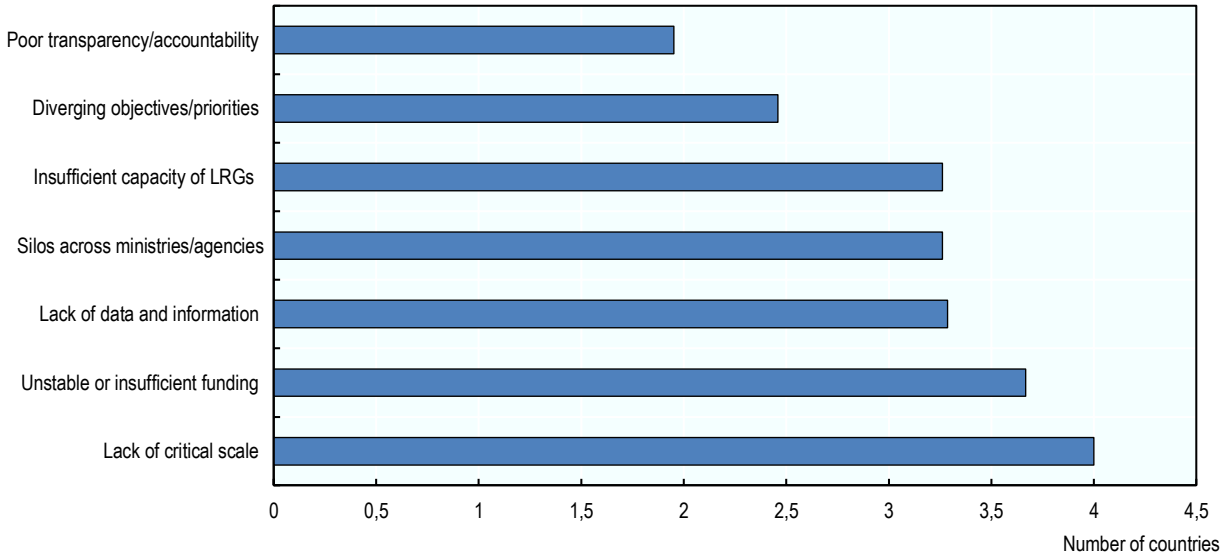
Note: Ten LRGs responded to the question "What are the main sectors that your LRG has supported through DDC in the past ten years?" (N/A for SMOCR).
Source: OECD 2017 Survey to LRGs.

Figure A.9. Multi-level co-ordination for the definition of strategic and geographic priorities



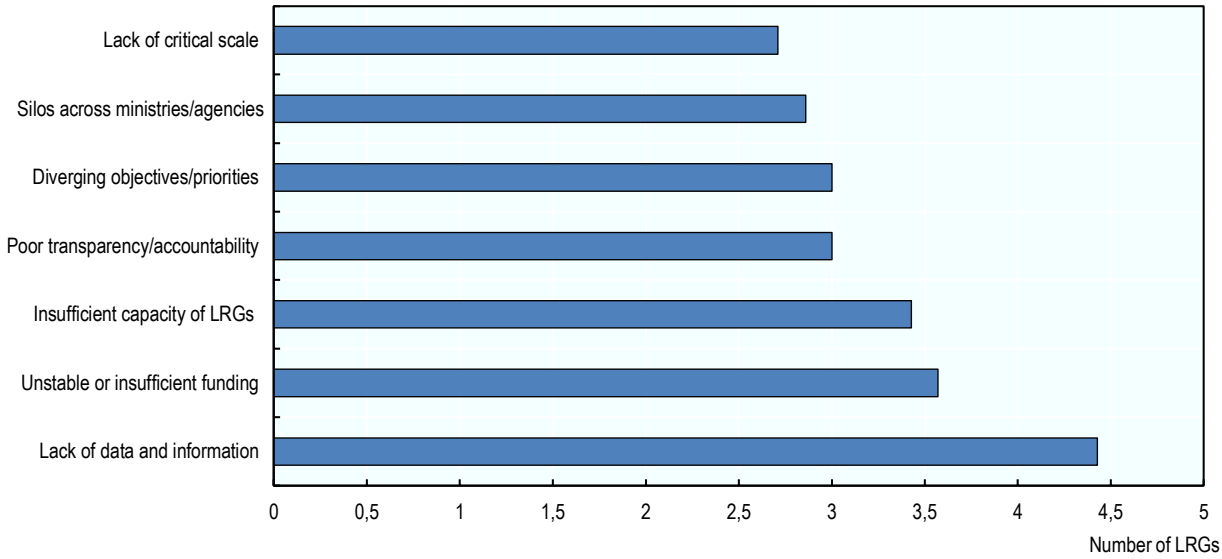
Note: Ten countries replied to the question "In your country, are strategic and geographical priorities for DDC defined and/or co-ordinated in a concerted fashion across levels of government?" (N/A for Greece and Sweden; for Spain, only Catalonia, Basque Country, *Comunidad Valenciana* and *Comunidad Autónoma de las Illes Balears*, and for the Netherlands, only VNG).
Source: OECD 2017 Survey to DAC members.

Figure A.10. Multi-level governance challenges for DDC activities in donor countries



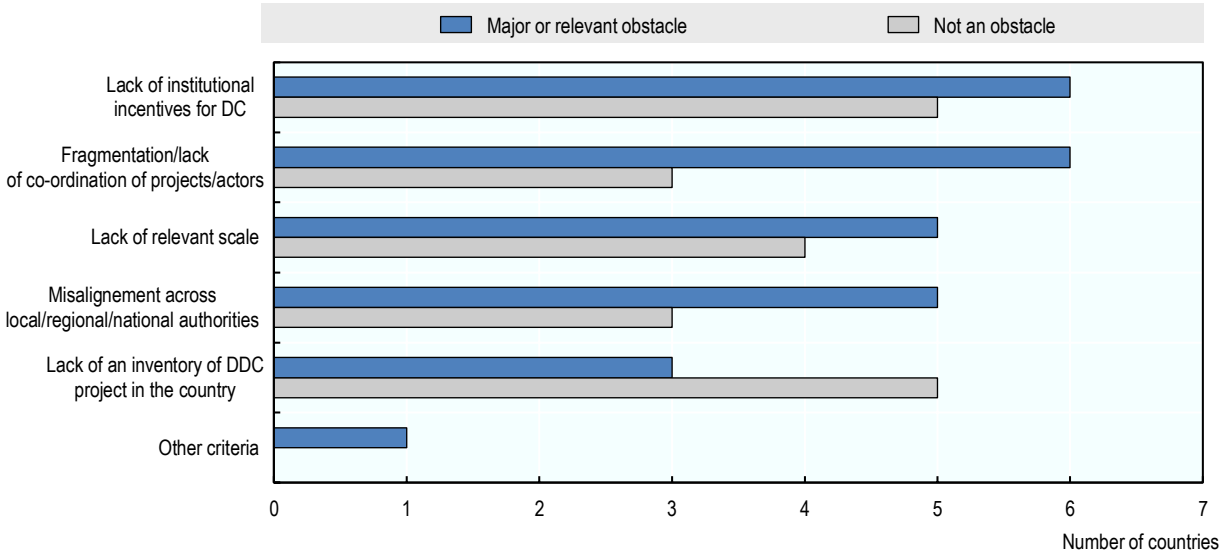
Note: Eight countries replied to the question "How prominent are the following multi-level governance challenges in your country when it comes to designing and implementing DDC activities?" (N/A for Hungary, Greece, Netherlands and Switzerland). For Spain, only Catalonia, *Comunidad Valenciana* and *Comunidad Autónoma de las Illes Balears* responded, and for Belgium, only Flanders.
Source: OECD 2017 Survey to DAC members.

Figure A.11. Multi-level governance challenges for DDC activities in LRGs



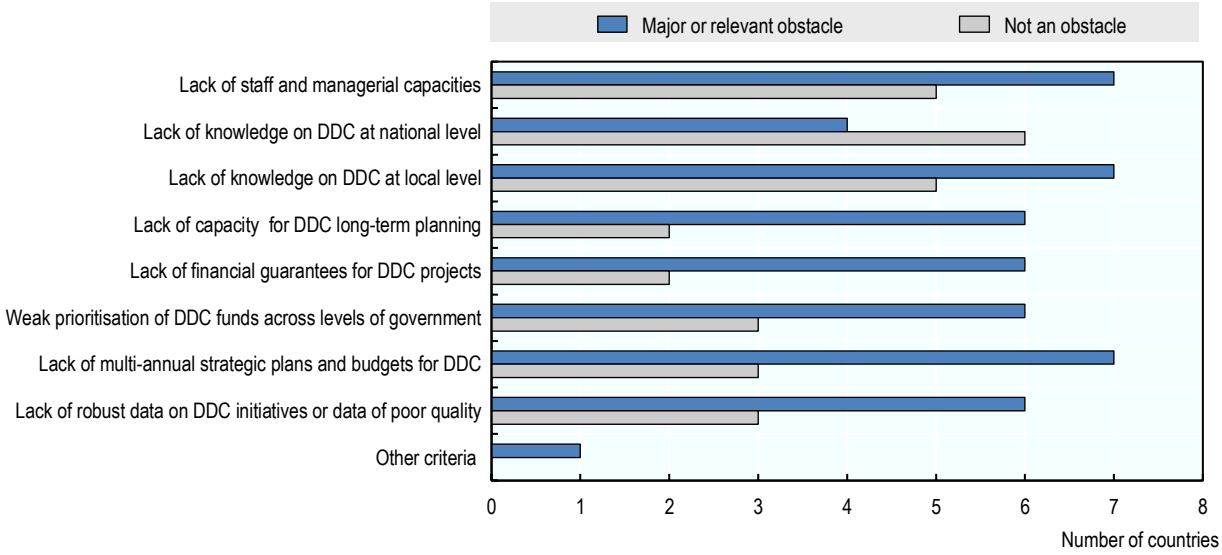
Note: Nine LRGs replied to the question "What are the main challenges that your LRG faces in your country when designing and implementing DDC activities?" (N/A for Burgenland and SMORC).
Source: OECD 2017 Survey to LRGs.

Figure A.12. Challenges that hinder effectiveness of DDC interventions



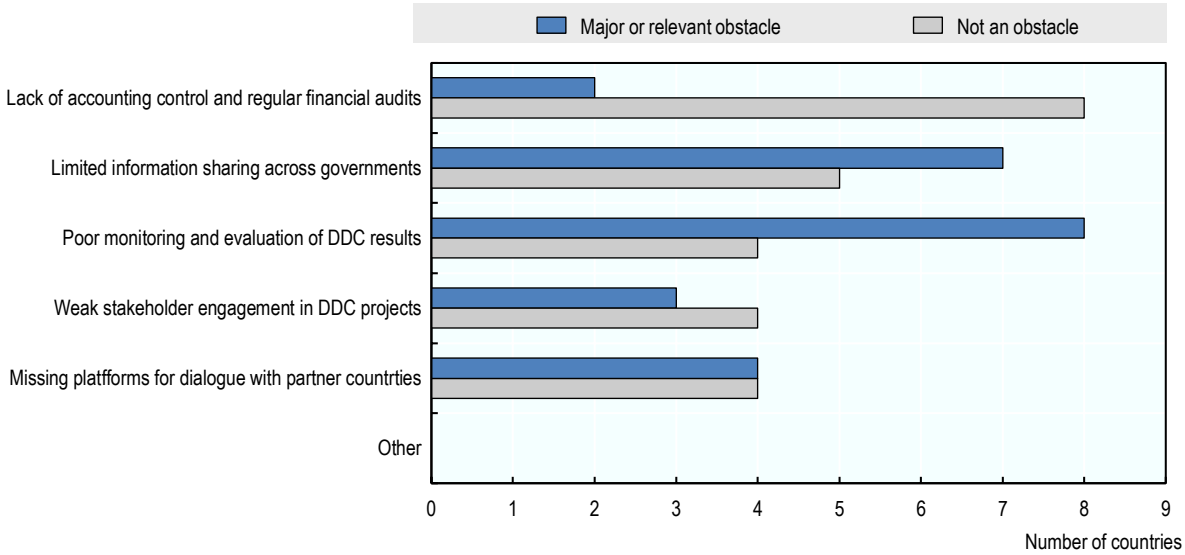
Note: Nine countries replied to the question "Which challenges hinder the effectiveness of DDC interventions, meaning the extent to which DDC objectives can be reached?" (N/A for Hungary, Greece and Switzerland nor Wallonia, and Dutch Water Authorities).
Source: OECD 2017 Survey to DAC members.

Figure A.13. Challenges that hinder efficiency of DDC interventions



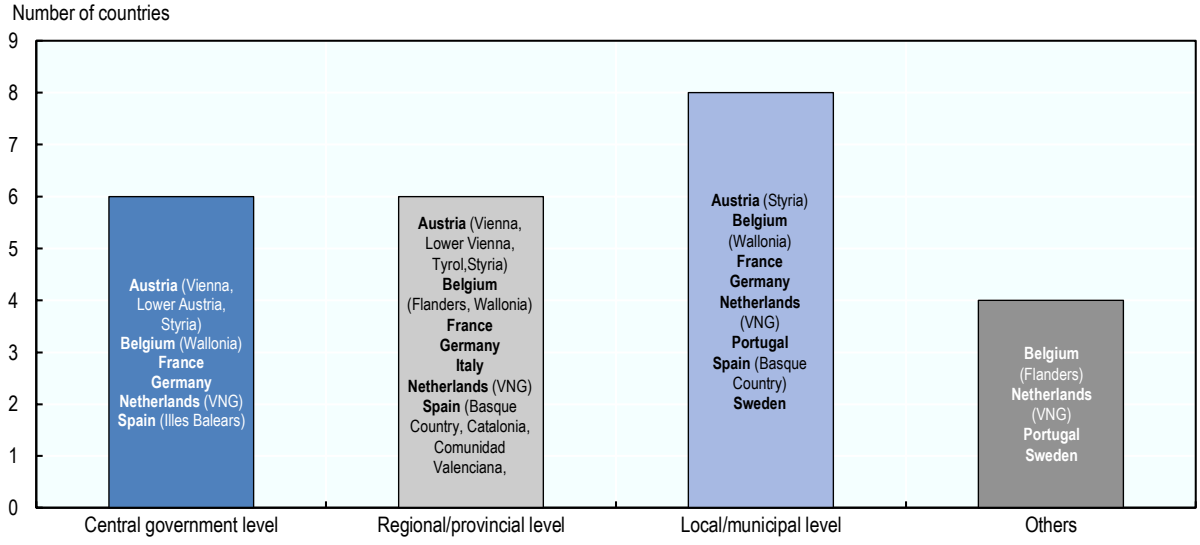
Note: Eight countries replied to the question "Which challenges hinder the efficiency of DDC in your country, meaning the extent to which DDC activities are implemented at the least cost for society?" (N/A for Hungary, Greece, Netherlands and Switzerland nor Wallonia).
Source: OECD 2017 Survey to DAC members.

Figure A.14. Challenges that hinder inclusiveness of DDC interventions



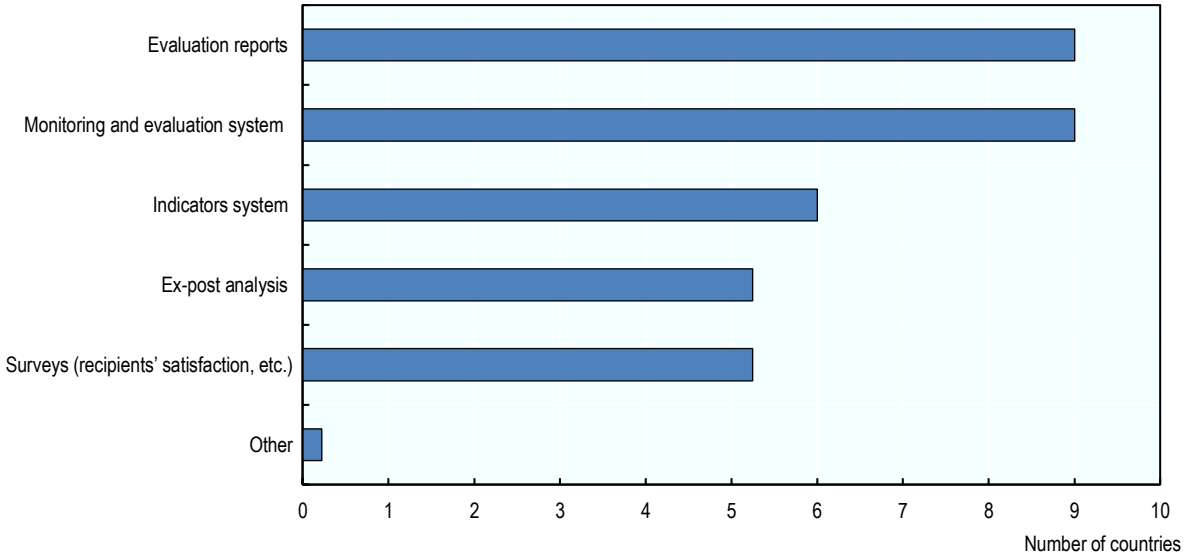
Note: Eight countries replied to the question "Which challenges hinder the inclusiveness of DC in your country, meaning the extent to which trust and engagement are secured?" (NA/ for Hungary, Greece, Netherlands and Switzerland nor Wallonia, and Lower Austria).
Source: OECD 2017 Survey to DAC members.

Figure A.15. Main level of government involved in evaluation and monitoring of DDC projects



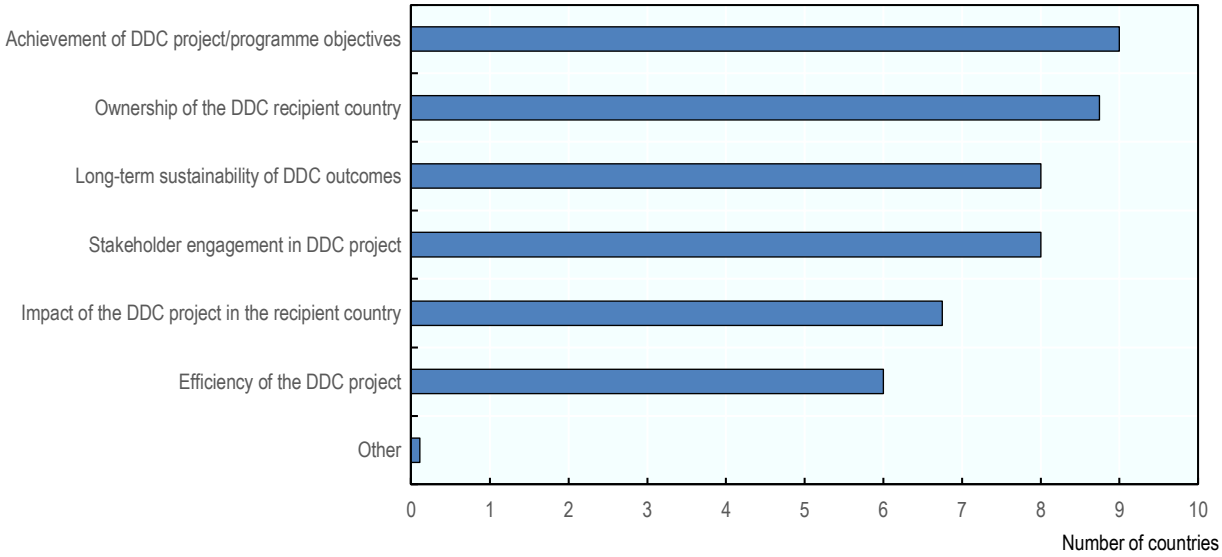
Note: Ten countries replied to the question "Overall in your country, would you say that the evaluation and monitoring of DDC projects are mostly carried out?" (N/A for Hungary and Greece; For Spain only Catalonia, Basque Country, *Comunidad Valenciana* and *Comunidad Autónoma de las Illes Balears*; for Netherlands, VNG).
Source: OECD 2017 Survey to DAC members.

Figure A.16. Mechanisms to assess the impact of DDC interventions in donor countries



Note: Nine countries replied to the question "Which mechanisms are in place to assess the impact of your DC interventions?" (N/A for Hungary, Greece, and Switzerland; For Spain only Catalonia, Basque Country, *Comunidad Valenciana* and *Comunidad Autónoma de las Illes Balears*).
Source: OECD 2017 Survey to DAC members.

Figure A.17. Scope of evaluation mechanism in place



Note: Nine countries replied to the question "What is the scope of the evaluation mechanism in place?" (N/A for Hungary, Greece, and Switzerland; For Spain only Catalonia, Basque Country, *Comunidad Valenciana* and *Comunidad Autónoma de las Illes Balears*).
Source: OECD 2017 Survey to DAC members.

Annex B. Selected DDC Best Practices

Best practices in the implementation of DDC activities were collected through the OECD Survey, which shows that there is a diversity of practices reported by the respondents as "success stories" or relevant cases for replication or transfer in other contexts. Table A B.1. shows that the majority of the DDC programmes and projects reported by DAC countries are concentrated in Africa, followed by Latin America and Asia. Only a few initiatives are located in Eastern Europe and Middle East. The best practices presented often target education, water and/or environment issues.

While education has been a longstanding sector for DDC projects, water and environment are a new and incremental area of intervention, except for countries such as France, which have long counted with conducive frameworks (see case study on water DDC in France). Local governance and health are commonly present in various activities as well. Key success factors underlying these different examples include knowledge and best practices sharing, raising awareness, building capacities, advocacy, collaboration and engagement amongst stakeholders.

Table B.1. Examples of DDC best practices

Donor country	Programme/project	Key success factors	Sector	Partner country
Austria (Vienna)	Education and income generation for Batwa people	Fostering capacity and training in agriculture and culture-related issues, raising awareness activities towards the national administration	Education, Economic development, culture, agriculture	Uganda
Austria (Vienna)	Several projects on social integration	Improving Austrian and Moldovan stakeholder engagement and co-operation	Social inclusion	Moldova
Austria (Vienna)	Humanitarian Aid for Eastern Ukraine Hospitals	Fostering medical capacity by providing sophisticated hospital equipment	Humanitarian assistance, health	Ukraine
Austria (Styria)	NEED-Scholarships for literacy training for girls in the school year 2015/16	Fostering capacity and training	Education, gender	Region of Yatenga/Burkina Faso
Austria (Styria)	Regional development co-operation to protect the Amazonas rainforest	Fostering sustainable management on river basin	Environment, water	Province of Guaviare/Columbia environment
Austria (Styria)	Reconstruction of the local "Shree Ganesh Higher Secondary School in Yamuna Danda	Fostering capacity and training of young people	Environment, education	Nepal
Belgium (Flanders)	""Strengthening Health System Management of Healthcare Service of province Tete in Mozambique"	Fostering capacity of the healthcare system of Tete	Health	Mozambique (Tete)
Belgium (Flanders)	Sustainable Enterprise Development Facility (SEDF)	Sharing knowledge around job creation	Economic development	South Africa
Belgium (Flanders)	Development Corporation Projects - Malawi	Fostering capacity at the local level project implementation; Technical assistance to the district staff	Local governance	Malawi
Belgium (Wallonia)	"Support to the agricultural training centre for vulnerable young people in Koubri"	Fostering capacity and training for young people coming from rural areas	Agriculture, Education	Burkina Faso
Belgium (Wallonia)	"Social and socioeconomic support for young people living with HIV/AIDS" project	Fostering capacity and training on small-scale project implementation	Health, social inclusion	Rwanda
Belgium (Wallonia)	"Raising awareness on drinking water consumption, infrastructure and supply (adductions) costs" project	Raising awareness, advocacy and fostering training on water-related issues.	Water	Benin
France	"Eau Sans Frontieres" programme - Department of Meurthe-et-Moselle	Sharing information on best practices; fostering institutional and management capacities; improving stakeholder engagement (local communities); Raising awareness	Water, social inclusion	Ecuador (Loja), Peru (Liuja), Italy (Viterbo)
France	"Adapting to climate change with urban	Enhancing synergies with other policy areas that integrate	Climate change, food	Madagascar

Donor country	Programme/project	Key success factors	Sector	Partner country
	agriculture and organic waste" - Region of Hauts de France	urban agriculture into their frameworks of action	security, agriculture	
France	"Jeunes sans Frontières" programme - Department of Loire-Atlantique	Fostering capacity and training among young people through international learning experiences	Education	Tunisia
Netherlands (DWA)	Water Governance Programme for the Awash River	Fostering capacity and training in monitoring and information systems; sharing information and actions to strengthen water governance	Water	Ethiopia
Netherlands (DWA)	Professional exchange Programme for the Steering Centre for Flood Control (SCFC)	Fostering planning and management capacities and training of SCFC staff; enhancing co-operation with other authorities	Water	Ho Chi Minh (Viet Nam)
Netherlands (DWA)	Banger Polder Project	Fostering management and technical capacities solve the problem of flooding in low-lying urban deltas	Water	Indonesia
Netherlands (VNG)	"Improving Local Taxation and Services to the Public" (2015-16)	Fostering fiscal and service-delivery capacities; Improving stakeholder engagement; Fostering training of staff	Local democracy	Ghana
Netherlands (VNG)	Co-operation with Palestinian Territories	Fostering capacities to boost the local economic development	Economic development, local democracy	Israel
Netherlands (VNG)	LOGOReP programme	Fostering capacity on issues like waste collection, water and infrastructure; Sharing information through the local government unions.	Environment, migration, water	Jordan, Lebanon
Italy	"Milan Urban Food Policy Pact"	Sharing information, commitments and actions related to sustainable food systems	Food security, education, environment	Milan
Portugal	"Increasing policy coherence awareness in Cabo Verde"	Fostering capacity in monitoring	Agriculture, environment	Cabo Verde
Portugal	"National Strategy on Development Education"	Improving stakeholder engagement	Education	
Portugal	"Capacity Building for Developing Low Carbon Resilient Strategies in Cape Verde, Mozambique and S. Tomé e Príncipe"	Fostering capacity and training (design, implementation and evaluation of Low Emissions development strategies)	Climate change	Mozambique
Spain (Catalonia)	Co-operation with Inhambane province	Improving stakeholder involvement	Health, gender	Mozambique (Inhambane province)
Spain (Catalonia)	Co-operation with Bolivia	Sharing information, actions on waste Catalan management programme; Technical assistance	Environment	Bolivia
Spain (Catalonia)	Co-operation with Guatemala	Improving stakeholder involvement to help Guatemala rebuild their records on missing persons	Local governance	Guatemala
Sweden (Vara Municipality)	"Care for left-behind children"	Raising awareness of local authorities on importance of left-behind children	Education, social inclusion, health	China (Huangshan City)

Donor country	Programme/project	Key success factors	Sector	Partner country
Sweden (city of Borås)	Municipal partnership project with Da Nang	Sharing information and actions on waste management	Environment, Gender	Viet Nam (Da Nang)
Sweden (Gothenburg)	Municipal partnership project with the Nelson Mandela Bay	Building capacity and exchange of knowledge; Fostered co-operation across levels of government; enhancing synergies with other policy areas	Environment, climate change, transport and mobility	South Africa (Nelson Mandela Bay)

Annex C. List of stakeholders

Table C.1. List of stakeholders consulted during the process

	Institution	Name
Austria	City of Vienna, Department 27	Bernhard Bouzek
	Office of the State Government of Lower Austria	Martha Holz
	Province of Tyrol	Fritz Staudigl
	Office of the State Government of Styria, Dep. A9-Unit European affairs and External Relations	Maria Elßer-Eibel
	State of Burgenland, Office for European and International Affairs	Mag. Monika Lämmermayr
Belgium	Flanders Department of Foreign Affairs	Jorg Vereecke Sander Spanoghe
	Government of Flanders	Simon Calcoen
	WBI - Wallonie-Bruxelles International	Alain Verhaagen Danielle Moreau
	VVSG - Association of Flemish Municipalities and Cities	Bert Janssens Betty De Wachter
	City of Sint-Niklaas	Anja De Wachter
	City of Ghent	Christophe Ramont
	City of Oostende	Peter Vanslambrouck
	Municipality of Essen	Kirsten Vanhooydonck Frans Schrauwen
	Municipality of Roeselare	Delphine Lerouge
	Municipality of Zoersel	Koen Paredaens Erik Fuhlbrügge
	Municipality of Heist-op-den-Berg	Hans Welters
	Municipality of Bornem	Kathy Bernaerts
	Province of Antwerp	Dieter Goossens
	Province of West-Flanders	Jan Dessein
	Province of East-Flanders	Marie-Paule De Wael
	Municipality of Mol	Lief Tips
Benin	City of Roeselare met Dogbo	Vincent Acakpo Bourgia N'Bouke
Costa Rica	UNGL - National Union of Local Governments	Karla Rojas Luis Araya Margarita Torres
Czech Republic	SMOCR - Union of Towns and Municipalities of the Czech Republic, Section of Projects and External Relations	Šárka Řechková
France	Ministry of Europe and Foreign Affairs of France, Delegation for the External Action of Local Government (DAECT)	Bertrand Fort Lisa Bonnet Hélène Hampartzoumian
	PS-Eau –Water Solidarity Programme	Christophe Le Jallé Adeline Mateus Beatrice Tourlonnias
	OIEAU	Eric Tardieu
	Suez	Joannie Leclerc

	Cités Unies France	Nicolas Wit
	Independent Expert	Mary Gely
Germany	German Association of Cities and Municipalities	Jonas Wiggers
Greece	Ministry of Foreign Affairs of Greece, Directorate General of International Development Co-operation	Hellenic Aid
Hungary	Ministry of Foreign Affairs of Hungary, Department for International Development and Humanitarian Aid	Anna Kalászi
Italy	Ministry of Foreign Affairs and International Co-operation of Italy, Directorate General for Development Co-operation	Grammenos Mastrojeni
	Oxfam	Silvia Testi Lorenzo Paoli
	Municipality of Capannori	Luca Menesini
	Healthcare Department of South Tuscany	Luigi Triggiano
	Cispel Toscana – Regional Association of Tuscan Public Companies	Andrea Sbandati
	ANCI Toscana – Association of Italian Municipalities	Simone Gheri Alice Concari
	Region of Tuscany	Monica Barni Maria Dina Tozzi Flavia Donati Monica Renna
	Friuli Venezia Giulia Autonomous Region	Rafaella Viviani
	Emilia-Romagna Region - EU Delegation	Graziana Galati Anna Carla Di Sario
	Tuscany region EU Liaison Office	Mariachiara Esposito
	Autonomous Region of Sardinia	Simona Pilleri
	Cospe	
	Medina	
	Water Right Foundation	
	ARCI - Italian Cultural Recreational Association	
	Municipality of Florence	
	FAIT - Forum for international activities of Tuscany	
	Municipality of Carrara	
	Municipality of San Casciano Val di Pesa	
	Municipality of Poggibonsi	
	CNR-IBIMET - Institute of Biometeorology - National Research Council	
	Global health Centre	
	Italian Agency for Development Co-operation	Mario Beccia
Latvia	Ogre Municipality, Development Department – Project Division	Sanda Zemite
Netherlands	Dutch Water Authorities	Paul Langeveld
	VNG International - International Agency of the Association of Netherlands Municipalities	Renske Steenbergen
Nicaragua	Xochitl Acatl	Mertxe Brosa
Portugal	Ministry of Foreign Affairs of Portugal, Co-operation Programming Unit	Odete Serra
South Africa	Municipality of Witzenberg	Ronald Visagie Hendrik Smit Cobus Kritzinger Joseph Barnard
Spain	Community of Madrid, Sub-Directorate General for Volunteering, International Co-operation and Corporate Social responsibility	Cristina Pérez Arancón
	Andalusian Agency for International Development Co-operation	Carmen Vélez Méndez Alberto Santiesteban
	Region of Catalonia, Directorate General for Development Co-operation	Javier Sanchez Cano
	Municipality of Bilbao	Itziar Urtasun Miguel Pérez
	Majorcan Fund for Solidarity and Co-operation	Francesca Campana
	Provincial Council of Barcelona, Directorate of International Relations, Office	Guadalupe Moreno

	for Development Co-operation	Iturriaga
	BADC - Basque Agency for Development Co-operation	Paul Ortega Noemí de la Fuente Edurne Bengoetxea Marlen Eizaguirre
	Emakunde-Basque Institute for Women	Ander Bergara
	Provincial Council of Gipuzkoa	Ainhoa Gainberri
	Provincial Council of Bizkaia	Josu Basozabal Idoial Aldama Jokin del Hoyo
	Provincial Council of Araba	Mamen Díaz de Sarralde Josu Oscoz
	Municipality of Vitoria-Gasteiz	Aitor Gabilondo
	Municipality of Donostia- San Sebastián	Silvia Carballo
	Euskal Fondoa	Juanma Balerdi
	Basque Federation of NGOs	Silvia de Gregorio
	Mundubat	Arantza Larizgoitia
	Mugarik Gabe	María Viadero
	Setem	Alberto Cereijo
	Pikara Magazine	June Fernández
	Marienea	Anabel Sanz
	Basque Government/ Delegation of the Basque Country to the EU	Camila De Epalza Azqueta Marta Marín
	EU Balearic Islands Office	Kristiyana Stancheva
	Comunidad Autónoma Región de Murcia	Remedios Viviente
	Independent expert	Natalia Navarro
	Independent experts / former Directorate for Co-operation of the Basque Government	Gonzalo Fernandez Silvia Piris
	Independent expert	Itziar Hernández
	Independent expert	Clara Murguialday
	Independent expert	Gemma Pinyol Puig
	Independent expert	Amaia del Río
Sweden	SALAR - Swedish Association of Local Authorities and Regions	Carl-Henrik Olaison
Switzerland	SDC – Swiss Agency for Development and Co-operation	Flavien Breitenmoser
International	EU Committee of Regions	Silke Toenshoff Victor Tilea Igor Matusek, Gudrun Niedorf, Alfonso Alcolea Martinez
	European Commission	Barbotte Daphne Cauli Barbara Ciccarelli Paolo Laloge Michel Lixi Anna
	European Parliament	Thibaut Caulier Himaya Djebouri
	Nrg4SD - Network of Regional Governments for Sustainable Development	Natalia Vera Rodrigo Messias
	Platforma	Wouter Boesman Thiago Stichelmans
	UNDP ART – United Nations Development Programme	Johannes Krassnitzer Luana Natali
	UCLG - United Cities and Local Governments	Edgardo Bilsky Luc Aldon
	UCLG Africa- United Cities and Local Governments	Claire Mandouze

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