



Public Consultation External Financing Instruments of the European Union

PLATFORMAMA Contribution to the EC Consultation

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I - Evaluations – Looking at past experience

Development Cooperation Instrument (DCI)

7) How well do you think the DCI has addressed its objectives? The main assessment criteria for the evaluation are: relevance; effectiveness, impact and sustainability; efficiency; EU added value; coherence, consistency, complementarity and synergies; and leverage. Feel free to comment on the findings, conclusions or recommendations for any/all of the criteria.

Recommendations:

1. Multi-stakeholder strategic and political dialogues must be regularly organised by European Union Delegations in partner countries so as to better design, implement and monitor EU development programmes at all level.
2. For these dialogues to be meaningful EU delegation staff must be capacitated to enhance their understanding and knowledge of local stakeholders; on the other hand local stakeholders (civil society organisations, local governments) must be capacitated to be able to participate in a meaningful way in EU programmes and national development policy dialogues.
3. Mainstream the Territorial Approach to Local Development (TALD) - understood as a strategy to position the local governments to coordinate all development players on their territory - as a methodological approach in all country and regional programmes, as well as in the two thematic programmes. EU delegations must prioritise in their evaluation criteria the proposals that would include the participation of a variety of territorial stakeholders; and particularly for the CSO-LA: both CSOs and Local and Regional Governments (LRGs)
4. Re-consider the modalities of call for proposals targeted to LRGs, as well as grant sizes. According to national contexts, other modalities could be privileged, for instance increased support to national and regional associations of local and regional governments as umbrella organisations, federating all LAs in a partner country. Sectoral budget support for decentralisation (where the central governments would devolve the funds received to the LRGs, in the

country); support to consortium of European local and regional governments for their external, peer to peer action for development in partner countries

Rationale:

The DCI includes the thematic programme CSO-LA, the main financing programme for local and regional governments. However, many other EFIs, and other components of DCI could also be relevant for local and regional governments. Indeed, in addition to the focal sector of decentralisation; many other focal sectors decided in geographical programmes (at country or region level) such as health, agriculture/food security and roads/energy include a “hidden local dimension” (*European Commission, DG DEVCO, Tools and Methods Series Reference Document N°23 “Supporting decentralisation, local governance and local development through a territorial approach, November 2016, p137*). In this respect, the following answer will mostly focus on the CSO-LA component of the DCI but will not be limited to it.

As highlighted in the draft evaluation there is clear **relevance** of the thematic programmes under the DCI, as well as **complementarity and added value** with geographical programmes. In particular, working directly with local development agents such as civil society organisations and local and regional governments allows EU development actions to reach citizens more directly. **Ownership** is a criteria that should apply at all levels, and especially at the local level, the closest possible to the citizens. In highly centralised partner countries, this approach is even more appropriate to ensure that development policies and funds reach local and regional governments and doing so, ensure a truly equal development, reducing poverty disparities within country.

However, the **relevance of a single thematic instrument** for both CSOs and LAs could be questioned: both are local actors, closer to the citizens, but the comparison stops here. Local and regional governments are public entities, participating in state building. They are entrusted with a democratic mandate to represent the interests of the population living within the territory under their authority (they can be directly or indirectly elected or appointed by the central government). As such they are not only the “natural” public service provider, they are also political institutions, with their own development priorities. Civil society organisations undeniably also contribute to state building and the democratisation process in a country; however, they are not accountable to the totality of the citizens. CSOs often compensate the lack of capacities, or financial, human and technical means of local governments to ensure basic services delivery, but if the EU is to promote its value of democratic systems, with accountable institutions and ownership of partners, the respective role and functions of CSOs and LAs should not be confused. And where local governments lack capabilities to fulfil their mandate, it is even more relevant to invest in building their governance capabilities to engage, interact, self-renew and deliver to and with citizens.

In this respect, however, **the Territorial Approach to Local Development** is a promising approach as it would build on the added value of all stakeholders, ensure inclusivity and appropriation at the local level and clearly positions the local government at the heart of development strategies and pivot of all the players on the territory. This approach would also drastically improve the **sustainability** of EU engagement at the local level through better cooperation of local actors and enhanced synergies in their different but complementary activities.

However, the evaluation revealed that the budget line allocated for local and regional governments under the CSO-LA programme faced a lack of sufficient disbursement rate. This **insufficient efficiency** of the programme can be explained by different factors:

- lack of strategic engagement of EU development policy with local government (*Particip, “Evaluation of the Development Co-operation Instrument, draft main report, January 2017, p.10*)
- lack of time and resources in EU delegation to get to know and understand the realities of local governments (*ibid, p.47-48*)
- Modality of call for proposals unsuited to the nature of local and regional governments. (*ibid, p.11*)
- insufficient capacities of local and regional governments in partner countries (as well as for European LRGs) to bear the administrative weight of an important European grant (*ibid, p.11*)

The identified reasons should be addressed when reviewing the EU-internal procedures (strategic dialogue in design phase) and rules (see Common Implementation Regulations) and through targeted support to the local and regional governments in countries where the CSO-LA thematic program is programmed. In this, the **added value of decentralised cooperation should be recognised and its’ use intensified**. Working with a European partner has been recognised as instrumental for successful project design and implementation by a large number of EU delegations in a survey conducted by PLATFORMA

(<https://www.dropbox.com/s/v533z3mpxiquejw8/EU%20Delegations%20survey%2027.10.15.docx?dl=0>); and in some calls for proposals issued under priority 1 of CSO-LA has been explicitly mentioned as modality.

This should be emphasised in the next programming period. **EU added value** relies also on the variety of European players such as European local and regional governments, who can share their experience of local public policies and development, accessing and managing EU funds. The EU should not shy away from its *acquis* and recognise subsidiarity and local self-governance as one of its core values. Europe's towns and regions have a long history in facilitating European integration and peace processes.

8) How well do you think the DCI has addressed the objectives of development co-operation more specifically in Least Developed Countries? To what extent has the DCI had an impact on poverty reduction and sustainable development in Middle Income Countries, where pockets of poverty persist and which may play a critical role to tackle regional and global challenges?

Recommendations:

1. Maintain a multi-stakeholder political dialogue at all levels, particularly in countries where the EU would financially withdraw.
2. Build on the thematic programmes GPGC and CSO-LA to continue different kinds of cooperation with graduated, soon to graduate or middle income countries.

Rationale:

The DCI programming has well respected the principle of differentiation of the Agenda for change, and most of the funding is now targeted to least developed countries, as well as fragile states. It is expected that the next programming will continue that trend of aid efficiency: investing where aid is most needed and where it will truly have an impact. However, if the EU reduces its financial contribution to CSO-LA in countries where – because of a non-conducive national environment, the action of EU wouldn't reach the local governments, it is even more crucial that multi-stakeholder political dialogue at state and local level (as referred to in answer 7) is maintained in all countries; as well as a particular effort on capacity building in order to fulfil the EC's commitment made in the Agenda for Change and the 2013 Communication on "Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes".

As identified in the draft evaluation, the set of EFIs together (with the exception of the Partnership Instrument and the thematic instruments) fail to address cooperation in graduated or soon to graduate countries as they are no longer eligible to ODA. However, it is in Middle Income Countries that one can find the harshest inequalities within country: three quarters of the world's poor live in middle income countries (*Sumner, A. (2012). Where will the world's poor live? An update on global poverty and the new bottom billion. Washington, DC: Center for Global Development*). In this respect, territorial approach to development cooperation, and in particular building on the thematic programmes CSO-LA and GPGC to continue cooperation on global challenges (e.g. climate) and with local stakeholders should be strengthened in order not to lose cultural and development links with these countries that are neither eligible to geographical instruments nor to the PI.

9) The evaluation has found that many partner countries often disagree on the place and weight to be given to human rights issues and governance, which are part of the principles that guide the external action of the EU, including the DCI. Has the DCI enabled the EU to project its principles and values (e.g. democracy, the rule of law, human rights and fundamental freedoms)?

Recommendation:

1. Build on local actors (civil society organisations; local and regional governments and their associations) to create a new canal for EU development cooperation in countries where principles, values and priorities differ between the European Union and the partner central government. As such recognising local and regional governments as the interface between direct, participatory democracy at grass-roots level and the national state structures.

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The geographical programmes under DCI are negotiated with the central governments (for instance the definition of the three focal sectors in the national indicative programmes). This necessarily raises the question of ownership and priority of the partner government beyond the institution that interfaces directly with the EU. Here again, working with local actors and local and regional governments more directly can prove an efficient way to have a different, bottom-up approach of development cooperation, and another canal for EU principles and values that might be more difficult to include in country programming (for instance gender and climate mainstreaming).

10) The DCI accommodates internal EU policy concerns, such as migration and climate change, in external action. To what extent do you think the DCI has been able to adapt to shifts in policy and the external environment?

Recommendation:

1. It is essential to maintain a long-term perspective of development policy so as to ensure that short-term internal concerns do not contradict the principal focus of EU development policy as established in the Lisbon Treaty i.e. poverty eradication.
2. Most of the global challenges such as migration and climate change have local roots and must be addressed at the local level in partner countries as well.

Rationale:

This approach (accommodating internal concerns in external action) may risk to be in contradiction with both the main objective of EU development cooperation as stated in the Lisbon Treaty and in the European Consensus on Development i.e. reducing poverty. Indeed, the concept of “Policy Coherence for Development” was developed precisely with the opposite logic: ensuring that other policies (including internal) do not play against the achievements of the development policy.

It is important to keep in mind that (as an example) climate change impacts are most felt at the local level, in urban and rural areas in both Europe and partner countries. It is therefore critical to address these challenges at the local level and through exchanges between European local and regional governments and their partners in developing countries when they face similar challenges. For instance, through the development of regional covenant of mayors, building on the European model, and through exchanges between European cities and partner countries cities.

European Development Fund (EDF)

12) How well do you think the 11th EDF has addressed its objectives? The main assessment criteria for the evaluation are: relevance; effectiveness, impact and sustainability; efficiency, EU added value; coherence, consistency, complementarity and synergies; and leverage. Feel free to comment on the findings, conclusions or recommendations for any/all of the criteria.

Recommendations:

1. Step-up efforts to make the political dialogues at all levels a reality, including through targeted capacity building support for national and local governments (and their associations) to engage in meaningful multi-stakeholder governance. Particularly in those countries where these structures are not yet in place or empowered.
2. Facilitate direct access to EDF funding for subnational governments through drastic simplification of procedures and structural dialogues at EU Delegation level with all relevant stakeholders. Build the necessary capacity within the delegations to do this in an effective manner.
3. Include local and regional government associations in the governing structures of Trust Funds and blending instruments.
4. Guarantee that EDF and DCI funds captured in dedicated trust funds remain targeted for the same purposes with the final goals of poverty alleviation and that they remain ‘de facto’ accessible for multiple stakeholders – such as local and regional governments (and their associations) – and are not only implemented through large international or national implementation agencies.
5. Carefully and transparently assess impact of blending facilities on development overall and on the respect for development effectiveness principles such as ownership and accountability. Pay particular attention to the local and regional governments that face a double challenge of (a) coordinating new investments on their territories along the

local development priorities and (b) managing additional debt on municipal budget if they participate in a blending or PPP scheme. Both challenges need strong governance capabilities at local level that need to be invested in.

Rationale:

The importance given to political dialogues in the EDF remains insufficient when seen from the level of local and regional governments, as they have not been able to participate enough in EU-ACP political dialogues at national or ACP level and not enough in projects funded under the EDF that could have reinforced their capabilities and modalities of dialogues at national or supra-national level. This is particularly inefficient as local and regional governments are organised in national, regional (UCLG-Africa) and global (UCLG, AIMF, CLGF) associations that should be the natural counterparts for such dialogues at all levels.

As actors of local governance and democracy, local and regional governments must be ever more recognized in their unique role to be the interface between direct citizens' participation in government and national representative political systems.

There is a lack of coordination between goals and (more importantly) methodologies of interventions. As a result, EDF funding has been seen to contradict internally between supra-national initiatives and nationally defined priorities and in some cases with DCI-funded projects (Evaluation of 11th European Development Fund (EDF), Draft Final Report: Main Report, January 2017, p.51).

Particularly, the interventions to support decentralisation have had contradictory approaches and/or results. This is due to the absence of good coordination and structural dialogue with multiple stakeholders when designing interventions. The evaluation suggests to step-up coordination at EU Delegation level to avoid contradictions and mentions the flexibility of DCI thematic instruments to mitigate blind spots. This, however, will only be effective when the EU Delegations are sufficiently resourced in staff and knowledge to engage the multiple and diverse stakeholders in a structured dialogue at national level.

One of the challenge in this regard is the “top-down” nature of the EDF: its implementation is negotiated at central government level which can hinder true empowerment of local governments. Similarly, when EDF funds are contracted (as it happens very often) with consultant firms or agencies, these programmes only consider (when at all) local governments as beneficiaries and not as policy makers, with a public legitimacy and whose empowerment is critical to any efficient decentralisation process.

For example: a successful decentralisation process needs well empowered associations of local and regional governments and well capacitated political leadership – both of which do not necessarily exist in all EU partner countries. Where these conditions are not met, the EC should set-up support to build these capacities as they are prerequisites to reach the final objectives of the programmes and instruments.

The increasing scale of projects and programmes financed through EDF is creating new stumbling blocks for direct participation by local and regional governments. Local governments are bound by strict legal and constitutional mandates, as well as by financial regulations, and many countries have no flexibility to adapt to Rules and Regulations of specific calls, limited financial capacities to co-finance large scale projects and/or limited competencies to engage in international cooperation – making accessing large-scale funding schemes de-facto impossible.

Another stumbling block is the diversion of EDF funds towards trust funds as this makes the funds even less accessible. Trust funds' governance puts in question the respect of accountability, transparency and ownership principles. The fast-paced decision making procedures and tendency to aggregate funds into large calls for proposals make these trust-funds 'de facto' inaccessible for local and regional governments. At best, they are beneficiaries of implementation done through large international agencies – thus they find themselves at the end of a process and not in a position to take on their legitimate mandate to set priorities for local development and to coordinate the interaction of multiple stakeholders within their territories.

The evaluation shows that there is insufficient evidence of the actual contribution of blending as a tool for leveraging investment. Existing data and information systems are not adequate to assess that leveraging is actually happening.

In addition, blending facilities have modalities that undermine fundamental principles and strengths of the EDF. They have adopted governance and decision-making structures that contradict EDF's principles of partnership, ownership

and result. ACP countries are not represented in the decision-making structures of the blending facilities. Overall, EDF's allocations to blending facilities question the respect of the Aid Effectiveness Agenda by the EDF.

At the same time, there are important weaknesses in the operation of these facilities when it comes to demonstrating development results. It is one thing to demonstrate financial additionality through leverage mechanisms but it is another to demonstrate that additionality contributes to development impacts in terms of poverty eradication.

The relation to local and regional governments' participation in EDF financing is largely unexplored but is clearly more complex than accessing traditional grants as it creates new debt burden on the local budget. Governance and decision-making in EU TFs and blending facilities should include ACP countries and involve consultation of LRGs.

LRGs' access to EU TFs and blending facilities should be monitored to ensure that their particular role in local development is respected in the utilisation of those facilities

13) Has the 11th EDF, for which partner country ownership is a specific feature, reflected the views of beneficiary countries and the full range of their constituencies (including civil society organizations)? Please feel free to provide some specific examples.

Recommendations

1. Work with ACP national governments to establish structured national multi-stakeholder fora to guarantee diversified input from all relevant stakeholders and to increase ownership over priorities.
2. Develop good practice pilots of direct financial support into local and regional governments overall budgets – applying the principles and guidelines already established in EC staff working documents and assessing their impact in close coordination with the subnational governments involved to assess the need for accompanying measures.

Rationale:

The 11th EDF has not delivered on its promise to include all relevant stakeholders. Particularly, local and regional governments have not benefited from this promise in a large majority of ACP countries. As such, the practice in EDF roll-out is not aligned with its political and strategic priorities towards inclusive policy dialogues.

Programming might be increasingly based on national plans and/or programming seminars, as the evaluation clearly shows how limited the impact of CSO/LRG is in programming. This is further reinforced in the UCLG-CiB survey (www.cib-uclg.org > *policy brief on Development Effectiveness and Local Governments*) on local government participation in national development planning (survey conducted in 37 Countries worldwide) where a clear lack of inclusion of local policy priorities in national planning and in joint-programming with donors is made evident – showing important gaps in meeting the development efficiency agenda. Programming should not only be a top-down approach, but a bottom-up one too. Only as such the local and regional governments can be included in a relevant manner, guaranteeing that national plans and the programming tailored to those plans provide an answer to the multiple layers of national societies.

The role of National Authorisation Officers (NAOs) should be drastically reviewed so as to overcome the de-facto bottlenecks described in the evaluation. As demonstrated by the European Partnership for Democracy publication “Who owns the EDF” (<http://www.epd.eu/wp-content/uploads/EPD-Input-Paper-EDF-2017.pdf>, p.17), the fact that EDF implementation depends mostly on NAOs, i.e. central government, can be problematic in countries where political opposition have only limited or no space for expression. Programme Steering Committees should be strengthened as structured dialogues with the multiple stakeholders at national level, this would create an important added value to guarantee ownership of strategic decisions taken and to guarantee diversified inputs when setting priorities.

As local and regional governments, we concur with the evaluation's conclusions that more inclusive multi-stakeholder partnerships should be fostered to align with the EU's new European Consensus on Development. However, the evaluation mentions national government, CSOs, the private sector, trade unions, religious leaders and representatives of political parties, but not local and regional governments. This should be corrected as they should be recognised as major players in those partnerships.

The modality of budget support has the theoretical and legal potential to reach local and regional governments. The European Commission has published three guides to step-up the inclusion of local and regional

governments in budget support implementation. With limited impact. Budget Support should recognise and support LRGs' role in local development by increasing their access to direct funding and by supporting decentralisation processes.

European Instrument for Democracy and Human Rights (EIDHR)

16) How well do you think the EIDHR has addressed its objectives? The main assessment criteria for the evaluation are: relevance; effectiveness, impact and sustainability; efficiency; EU added value; coherence, consistency, complementarity and synergies; and leverage. Feel free to comment on the findings, conclusions or recommendations for any/all of the criteria.

Recommendations:

1. Enhancing support to local and regional governments, through capacity building actions and more political dialogue would increase the effectiveness of actions undertaken within the EIDHR framework.
2. Providing training to EU Delegation staff on the modalities and measures available under the CIR would allow for more actions being implemented.
3. More political dialogue with graduated countries would enable the sustainability of actions that were implemented under other programmes.

Rationale:

The EIDHR seems successful in addressing specific objectives related to human rights, especially as it provides support to human right defenders operating in hostile environments. The Electoral Observation Missions are also successful. However, in specific objective 3 “support democracy”, effectiveness of actions would be increased if support to local and regional governments was enhanced, with capacity building actions notably.

Increasing political dialogue with local authorities would also enable EU Delegations to receive more valuable data to design effective actions towards beneficiaries. Indeed, information provided by CSOs and other stakeholders is already recognised as providing key data for headquarters and delegations to use in political dialogue and diplomacy. Deepening the dialogue with local authorities should be sought, as they would also help in providing data, notably for the democracy part of the instrument.

Moreover, for results to be sustainable in terms of democracy and human rights, it is important for local actors to take ownership of the actions. Thus, it is important that Delegations deepen the dialogue with all stakeholders, including local authorities, to define the best strategies, and to design the best modalities to monitor and report progress.

Improvements can also be made in terms of efficiency: The new CIR introduced measures to increase efficiency, but they are not always used. Therefore, more training for EUDs' staff is necessary to make sure they are aware of the options available to them and that they use them correctly.

The instrument complements the CSO-LA programme by granting support to CSOs even when government doesn't approve. But it should also give support to local authorities that are active in promoting democratic values without the support of their national government.

Furthermore, the “universal” scope of the instrument ensures that graduated countries, that are no longer eligible to geographical programmes, still receive support in terms of democracy and human rights. For the instrument to show sustainable results, more political dialogue is required with graduated countries.

17) Are the current scope and components of the EIDHR (Human Rights, Democracy, Electoral observation) appropriately balanced to meet the beneficiaries' needs? Please explain your view.

Recommendation:

1. To effectively meet beneficiaries' needs, and ensure the sustainability of democratic values, more partnerships with the institutional actors that are closest to the citizens, i.e. local governments, should be built.
2. Think of ways to alleviate the Call for Proposal system

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Rationale:

In its current form, the instrument is valuable in providing support to human right defenders, notably those operating in hostile environments, and is unique in its electoral observation missions programmes. However, there is room for improvement in strengthening the democracy cycle and enhancing participatory and representative democracy, especially in making use of local authorities that represent the first layer of democratic rule for citizens. Support to citizens' participation in the democratic processes should start at the local level, where citizens can see more specifically the impact of their participation and take ownership of the democratic process.

Delegations and HQ should increase their dialogue with local authorities and further recognise local and regional governments as actors to include in designing programmes to promote democratic values in the most adapted way.

The Call for Proposal system is not necessarily appropriate for all stakeholders wishing to apply to receive funds from the instrument, as it is lengthy and complicated. Some stakeholders thus miss out on opportunities to promote democracy and human rights in their region because the application system is burdensome.

18) Are the current priorities of the instrument appropriate? In particular, do you think that those countries where democracy and human rights are most under threat are appropriately supported? Please provide reasons to support your view

Recommendation:

1. To effectively meet beneficiaries' needs, and ensure the sustainability of democratic values, more partnerships with the institutional actors that are closest to the citizens, i.e. local governments, should be built.

Rationale:

The EIDHR's primary focus is on human rights, good governance, rule of law and support for democratic institutions. Countries where democracy and human rights are most under threat would receive increased support if dialogue was reinforced with local and regional governments that know the population's needs and can help in designing and implementing strategies to promote democratic values.

European Neighbourhood Instrument (ENI)

20) How well do you think the ENI has addressed its objectives? The main assessment criteria for the evaluation are: relevance; effectiveness, impact and sustainability; efficiency; EU added value; coherence, consistency, complementarity and synergies; and leverage. Feel free to comment on the findings, conclusions or recommendations for any/all of the criteria

Recommendations:

1. Enhance political dialogues with local and regional governments to establish scenario planning and conflict sensitivity analyses, to help predict crises and be prepared to address them or even prevent them.
2. Increase efforts in local institutional building to ensure political stability and the ownership of actions by local actors.

Rationale:

The main objective of the ENI is to foster cooperation with neighbouring countries on priority fields: good governance, democracy, rule of law, human rights, economic development, security, and migration. Because the rules and procedures of the ENI do not lie in a single document, the instrument benefits from flexible operating conditions, and is accompanied by a large range of tools.

Results are limited, especially as it seems that the ENI was not ready to address major crises happening relatively suddenly: the instrument, while flexible, lacks in terms of preparation, forecasting and situation assessment. The instrument would become more effective if scenario planning and conflict sensitivity analysis took place. Key information can be gathered by strengthening the dialogue with local and regional governments, as they represent the first contact point between citizens and other layers of government and are directly involved in local life, thus possessing knowledge of the current situation and environment. A new forecasting indicator tool would also be necessary to monitor local needs.

The principle of “differentiation”, while quite successful, would gain from reinforced dialogue with local and regional governments, as they can bring their expertise and own analysis to help establish tailored approaches to different situations. The ENI should therefore further its commitment to differentiation.

The objective of establishing political stability cannot be said to have been achieved, as political crises can be found (Syria, Libya, and Ukraine). In order to better address this objective, decentralised cooperation and local institutional capacity building should be priorities, as it is necessary that local stakeholders (citizens, decision makers, influencers) take ownership of the strategies to ensure change is sustainable.

21) Is the incentive-based approach under the ENI regulation a sound framework for fostering further reforms in partner countries in the neighbourhood? Does it suit the present regional context and did it induce a measurable change in depth or rhythm of structural reforms? Please provide reasons in support of your view

Recommendation:

1. Fostering the relationship between EUDs and local and regional governments would allow for bottom-up democracy to spread, even in countries where the central government is not complying with EU values

Rationale:

When partner countries show their goodwill in establishing reforms that mirror EU values, it is only natural that they receive the support that matches their ambition. However, when central governments in partner countries are not complying and not willing to bring positive changes, the budget allocated through the ENI is in theory distributed to NGOs. Yet, EUDs find it difficult to identify and involve umbrella organisations that represent civil society at large. In this case, the ones penalised are first and foremost the citizens since they do not benefit from programmes that foster stability.

A way of addressing this issue would be to build upon local and regional governments that are willing to implement the changes that reflect EU values. By fostering partnerships between EUDs and local governments that operate in hostile environments, the ENI would establish political stability through a bottom-up approach. This would help build democratic practices from the bottom, where citizens can require accountability and see concrete results, and then spread to other layers of government.

22) Does the European Neighbourhood Instrument, as it stands, in association with other EU external action financing instruments, have the capacity to contribute to the stabilisation of the region? Please provide reasons in support of your view

Recommendation:

1. It is necessary to enhance policy dialogue at all levels of government for sustainable and tailored strategies to emerge, and for local decision makers (local governments, CSOs and citizens) to take ownership, thus not only allowing for objectives to be achieved, but also giving more legitimacy to the instrument.

Rationale:

In its current form, the European Neighbourhood Instrument does not have the capacity to contribute to the stabilization of the region, as events from the previous years and months have shown that political instability remains a threat. To stabilise the region, it is necessary to ensure the institutions are present and stable. This requires more dialogue with all relevant actors, including local governments.

Instrument contributing to Stability and Peace (IcSP)

27) How well do you think the IcSP has addressed its objectives? The main assessment criteria for the evaluation are: relevance; effectiveness, impact and sustainability; efficiency; EU added value; coherence, consistency, complementarity and synergies; and leverage. Feel free to comment on the findings, conclusions or recommendations for any/all of the criteria.

Recommendations:

1. Regular multi-stakeholder political and strategic dialogues should be organised by EU delegations in order to better understand the realities and specificities of territories and communities
2. Capacity building for improved resilience of local and regional government should be included as eligible activity in IcSP

Rationale:

The evaluation showed good complementarity between IcSP and other programmes, in particular DCI. However, it also revealed that while consultation of local stakeholders should be organised by delegations, this happened only in a limited number of cases due to lack of time (the IcSP being one of the most rapidly deployable instrument). One way of avoiding this would be that all delegations organise regular multi-stakeholder political and strategic dialogues on various issues, involving different focal points of the delegation, which would allow EU delegation staff to have better knowledge (mapping) of the various local and regional stakeholders, and therefore better understand the challenges and specificities of each territories and communities.

Involving local and regional governments in the implementation of an action for security and preservation of peace is essential to ensure sustainability of actions (*Landell Mills, Midterm evaluation of the Instrument contributing to Stability and Peace (IcSP), draft report, January 2017, p. 26-27*). Strengthening resilience through capacity building for local and regional governments for instance is a key element of state building and stability in a country. For example, when Ansar Dine was taking over Mali, the only public authority to stay in place was local and regional governments.

As the European Commission is currently drafting a Joint Communication on Resilience, the role of LRGs in this agenda should be carefully taken into consideration. EUs' policies and the IcSP in particular, could contribute to partner countries' resilience. This could imply support to LRGs capacity building for resilience activities. LRGs are specific and fundamental actors in the resilience agenda but they often lack capacity to play this role. This is why it is crucial that the EU support their capacity building.

28) Do you think the IcSP is able in its current format to work on crisis response, address global threats to peace and to seize windows of opportunities to build peace? Please give reasons for your views.

Recommendation:

1. The IcSP could be increasingly mobilised at the local level, to deal with urban crisis, urban violence and localised conflicts.

Rationale:

As demonstrated in the evaluation (p. 11) conflicts are increasingly fragmented, and wars have become highly localised, often involving local communities within a country. In this respect, it will be essential that the IcSP also contribute to strengthening local and regional governments' capacities as vector of stability and as peace keepers or mediators.

29) To what extent have the means provided by the IcSP to-date proven effective in strengthening civil society and international organisations in their capacity to contribute to global peace and security?

Recommendation:

1. Invest in unlocking the potential of local and regional governments to contribute to peace and stability

Rationale:

Local and regional governments are very different from civil society organisation and yet are sometimes the only representatives of public authority remaining in crisis or conflict situation. In addition, the evaluation showed that the nature of conflicts and violence is changing, evolving towards new, territorialised conflicts that can manifest themselves between localities or communities. It will therefore be crucial for the EU to consider more seriously these actors and the role they can play in maintaining stability when they are sufficiently capacitated.

31) Do you think that the focus of dialogues between the IcSP and other relevant donors has been appropriate to improve the global donor approach to stability and peace? Please give reasons for your views and/or suggestions.

Recommendation

1. Involve local stakeholders in the dialogues between IcSP and other international donor, to ensure that interest of crisis/conflict affected population remains at the centre of stability and peace programmes.

Common Implementing Regulation (CIR)

45) *Your views on the findings, conclusions and recommendations of the CIR evaluation are welcome here.*

Recommendation:

1. EFIs' provision should be simplified to facilitate local authorities' access to funding.
2. The CIR should call for the consultation of Local and Regional Governments in the definition of modalities of financing, types of modalities, award modalities, and the administration of grants of the different EFRs.

Rationale:

The evaluation shows that the CIR has not achieved its goal of simplifying rules of External Financing Instruments as the implementation system remains complex. Despite its objectives of better involvement of Local and Regional Governments and consideration of their specificities when designing financing provisions, the evaluation has not found evidence that CIR's provisions had influenced or modified interfaces with local authorities. Consulting LRGs in the definition of modalities would allow their simplification and tailoring to LRGs' particularities, as described here below.

As public authority, LRGs have formal procedures to follow in decision making. In most countries, entering into formal commitments (as is the case for applying to external funding) requires approval of the city council. These specificities make LRGs' access to EFIs' funding more complex and less flexible compared with other actors.

In addition, the audits of EU-funded projects, although a legitimate practice, should take into consideration the fact that European LRGs already undergo very strict scrutiny of their revenues and expenses, scrutiny rules defined by national laws and European regulations.

Finally, the current trend of the European Commission to increase the financial values of grants creates problems of absorption and co-financing with Local and Regional Governments – particularly for European local and regional governments engaging with peers outside of the EU. While it is true that local and regional governments have considerable overall budgets when compared to the size of EC grants, it is not correct to assume these overall budgets can be mobilized to co-finance EU project grants. This generally falls into much more limited policy budgets.

Additional comments

46) *If you have any other views common to several or all instruments you would like to share, they are welcome here.*

Below are recommendations that would be applicable throughout all instruments:

- **Regular multi-stakeholder dialogues with EU delegations in country.**
- **Strengthen capacities of EU delegation staff**
- **Innovative mechanisms** should ensure to demonstrate financial and development additionality. They should include strong safeguards in terms of investments' impacts on the people and the environment, promoting poverty eradication, the preservation of the environment, and gender equality. In addition, the majority of development aid should continue to target the public sector, most notably local authorities, as its investments in education and health are crucial for the development of a safe environment. In terms of governance, innovative mechanisms should ensure the respect of transparency, accountability and ownership principles. This should notably include the involvement of local authorities in the design, implementation, monitoring and evaluation of investment projects. In particular, local authorities are in an ideal position to identify infrastructure needs that require private investments and can closely collaborate with the private sector for those projects.
- **Decentralised cooperation** and local institutional building will enable political stability and sustainability of results, since citizens and local actors can more easily take ownership of actions that are led with the first layer of government.

II - Looking forward to arrangements for the External Financing Instruments post 2020

47. Considering the evolving EU policy framework (such as the EU Global Strategy for the European Union's Foreign and Security Policy and the 2030 Agenda and its Sustainable Development Goals) and key global challenges (such as sustainable growth and jobs creation, migration, security, peace-building, crisis response, environment and climate change), what kind of External Financing Instruments are needed after 2020 in terms of structure and content, bearing in mind the possible future of the European Development Fund? If relevant, justify the level of financial assistance needed compared to the current instruments.

Recommendation 1:

EU should promote and apply Aid Effectiveness principles as well as the principles outlined in the Agenda for Change at all level of governments that engage in international cooperation for development, including local and regional.

Rationale:

Ownership: Local authorities have a central role in the design and implementation of development strategies, they are in an ideal situation to understand and identify local development needs and, as the public authorities closest to their citizens, are best placed to involve stakeholders in the formulation of policies and projects. However, in current practices, local authorities rarely have access to budget support modalities. They are, at best, consulted during political dialogues. Considering their ideal position to implement local ownership principles, local authorities should benefit from direct transfers from the European Union.

Differentiation: the principle of differentiation between countries is not so relevant in the current context of increasing inequalities within countries. The principle of differentiation should go beyond, prioritising not so much the least developed countries but the least developed territories and localities. This is even more critical when one knows as the evaluation of IcSP demonstrated that conflicts and instability are more and more localised. Differentiation at local level also means that the EU must ensure that the funds allocated to national governments through budget support do reach the most vulnerable territories.

Focus on result: 65% of SDGs cannot be completed without involving the local level. This means that the Sustainable Development Agenda must be localised in order to be achieved. The focus on result principle must therefore address results at the local level, through data disaggregated geographically within countries.

Concentration: In addition to the focal sector of decentralisation, many other focal sectors decided in geographical programmes (at country or region level) such as health, agriculture/food security and roads/energy include a "hidden local dimension" (*European Commission, DG DEVCO, Tools and Methods Series Reference Document N°23 "Supporting decentralisation, local governance and local development through a territorial approach, November 2016, p137*). The Territorial approach to local development seems a very promising approach as it would build on the added value of all stakeholders, ensure inclusivity and appropriation at the local level.

Coordination: While the principle of coordination of the EU and its Member States through joint programming is perfectly valid, this principle should be reinforced by the inclusion of EU LRGs in joint programming as well. This would translate EU and international's recognition of the role of LRGs in development cooperation as well as bring more efficiency to EU's, EU Member States and European LRGs' development cooperation policies and projects.

Inclusive multi-stakeholder partnerships: Both the Busan High Level Forum on Aid Effectiveness and, more recently, the Sustainable Development Goals, and most notably SDG 17, recognises the importance of inclusive multi-stakeholder partnerships to implement the SDGs agenda. In the context of the Policy Forum on Development civil society and local governments have agreed on a common understanding of the values and modalities of multi-stakeholder participation. Time now for the EU to adopt this approach.

Transparency and accountability: on the ground LRGs are accountable to their citizens (opposite to CSOs) to ensure accountability EU must make sure that accountable public authorities are involved eg. at local level, LRGs must be involved (at least consulted) by the NGO or IO in charge of implementing

Recommendation 2:

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The EU should reform Budget Support to better tailor it to the specificities of Local and Regional Governments and to promote decentralisation reforms that are more effective in delivering good democratic governance.

Rationale:

In its current conception, Budget Support can already benefit LRGs. It can notably support decentralisation processes and reforms, help designing and implementing sectoral policies relying on decentralisation and even support LRGs to plan, finance, and implement their own strategic territorial development plans. However, LRGs are in reality very rarely benefiting from Budget Support. This modality tends, to the contrary, to reinforce the role of central governments, which can be detrimental to local governments.

Mainstreaming decentralisation reforms through Budget Support would be a first step to empower Local and Regional Governments. Emphasising the importance of decentralisation in the context of political dialogue would be a crucial step. This will notably require that EU delegations' staff prioritise decentralisation reforms in their exchanges with partner countries' governments' representatives. In addition, Budget Support should be used for LRGs' capacity building, notably to reinforce accountability, transparency and public finance management at local level. This would create the conditions for LRGs to access direct financing through Budget Support.

Finally, the EU should enable LRG's access to direct budgetary support, either through existing Budget Support or by creating a new modality for that purpose. The conditions established for LRGs to directly receive EU Budget Support are extremely difficult to meet in many contexts. This is problematic as LRGs need support to implement local development strategies and to localise the SDGs' agenda. The EU could address this by providing capacity-building to LRGs and their associations and by adapting the conditions to access Budget Support to the local context. However, even if those reforms were implemented, LRGs' access to Budget Support would remain dependent on the willingness of central governments. To address this, the EU could create a specific modality for LRGs with the same logic of existing Budget Support, contributing to the local ownership of development processes, alignment with local priorities, improved capacities of public finance management and increased transparency and accountability. This would also allow the EU to support local communities and population in territories that need it the most, creating a differentiated approach within countries. This would reduce inequalities, especially in contexts where some territories are not as much prioritise as others by the central government.

Recommendation 3:

The European Commission should develop the use of Framework Partnership Agreements with associations of local and regional government at regional and country level.

Rationale:

Strengthening cooperation between the European Commission/EUD and associations of LRGs could be a solution to the difficulty faced when using call for proposals (see Recommendation 4 below). For instance it would then be easier to design bigger projects with important grants (to which individual cities or region often cannot apply), to support associations whose mandate is by definition to empower local authorities – therefore fulfilling the commitments of the 2013 communication (COM(2013)280). The associations could act as umbrella organisation to support their members directly or strengthen their internal governance, accountability and political independence *vis à vis* the central government. It would also open doors for cooperation between associations of LRGs in partner country and in Europe, the latter could share their technical know-how, project management expertise and advocacy strategies with the counterpart.

Finally, framework partnership agreements allow for the European Commission/EUD to adopt a strategic approach to collaborating with local governments. It would improve the programming and facilitate the identification of true challenges that LRGs face in a country, while increasing the understanding within EUD on the specificities of local governments (administrative and accountability obligations, role of policy maker and service provider, place of exercise for local democracy, etc.)

Recommendation 4:

The modalities of call for proposals must evolve if the EU is to support effectively local and regional governments and their contribution to sustainable development.

Rationale:

As demonstrated in the evaluation of the DCI, one of the reasons why the EU delegations experienced difficulties in contracting grants with the “local authorities in development” budget line is the modalities of call for proposals that are

designed similarly for CSOs and LRGs. This reveals that despite political commitments from EU institutions to empower LRGs in partner countries, the European Commission/EUDs still largely fail to understand the specificities of local and regional governments compared with NGOs: A city or region is a political player, mandated by its own citizens or appointed by a central government to design and implement local development policy. Which means that local governments have their own strategic and political priorities. EU instruments can be useful for LRGs when they can support their policies – but contrary to NGOs – LRGs cannot frame their policies around donor’s priorities nor can they change their financial processes that are set by law to accommodate grand conditionality.

In this perspective, EU delegations must understand that it would be mutually beneficial to design EU programmes with LRGs, and adjust their modalities to the constraints of local democracy (longer time is needed than for CSOs due to mandatory approval by the local council, staff that is not dedicated only to EU programme, limited flexibility in the local budget available for co-financing EU programme, etc.).

To ensure a consistent approach, calls for proposals should include the conditions of a coherent territorial approach, and plan for the participation of local governments even in programmes managed by NGOs, Member States’ agencies or international organisation, at least through consultation in project design and whenever possible in implementation when it is the competence of the local or regional government.

Partnerships with European LRGs could also be included since the capacity building potential that decentralised cooperation offer is a great asset in terms of sustainability and long term approach to development.

48. Do you see room for EU external assistance initiatives beyond the scope of the existing instruments, and if so in what fields?

Recommendation:

The EU should ensure the continuation of political dialogue with all stakeholders in graduated countries regardless of their strategic interest for the EU.

Rationale:

While the vast majority of the poor live in middle-income countries, EU’s development aid now largely focuses on low-income countries. Those countries, that rely more on external assistance in their budgets, account for around 75% of EU’s development aid. This means that when a low income country graduates – becomes a middle income country, it loses de facto access to most of EU’s development aid.

The Partnership Instrument partly compensates graduating countries in providing them financial resources. However, the objectives of the Partnership Instrument are quite different compared with other EU development instruments. First, in terms of content, the Partnership Instrument focuses on promoting EU’s economic interests and notably EU’s companies’ access to Partnership Instrument’s countries’ markets. In addition, the Partnership focuses on countries that represent a strategic interest for the EU.

This situation creates an unfair division among graduated countries. The EU should consider an alternative approach that considers each country’s specific needs and circumstances. The EU should notably maintain political dialogue with all stakeholders in graduated countries. The level of poverty in middle income countries illustrates the inequalities present in those countries. Those inequalities are territorial, illustrating different level of economic development within countries. This is why a political dialogue with Local and Regional Governments is essential in understanding and tackling inequalities and promoting local economic development dynamics.

49. How can the EU increase the coherence between its external financing instruments and programmes supporting internal policies, notably those with a strong external dimension (e.g. migration, research, higher education)?

Recommendation 1:

The EU delegations must systematically involve Local and Regional Governments, through their representative platforms, in the consultations, stakeholder engagement, and ex-ante impact assessments and ex-post evaluations of EU policies that have direct or indirect consequences at the local level.

Rationale:

Through the article 208 of the TFEU, the EU Consensus on Development and the Agenda for Change, the EU and its Member States have repeatedly committed to take into account the objectives of development cooperation in policies which are likely to affect developing countries. This has been notably translated in the *Better regulation for better results* EU Agenda that calls SDG implementation through consultations and stakeholder's engagements for major policy initiatives.

Local and Regional Governments have been increasingly recognised by the European Union, and also by the United Nations as development actors. As such, they participate in policy coherence for sustainable development. The international action of European local and regional governments (LRGs) is one component of the EU external action. In addition, LRGs in EU partner countries, as entities in charge of basic services delivery, are key stakeholder for the implementation of development policies and in particular the Sustainable Development Goals at the local level.

Given the recognition of Local and Regional Governments' role in development in the 2013 EC Communication on "Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes", the inclusion of LRGs in PCSD related stakeholders engagement is crucial.

Recommendation 2:

The EU should support increase its support to Local and Regional Governments' initiatives to maximise the development impact of migration. This includes initiatives for LRGs' support to development projects through diasporas, peer-to-peer learning between LRGs in Europe and in partner countries on hosting migrants best practices and the maximisation of the development impact of remittances.

Rationale:

The EU approach to migration remains an exclusive "state to state club", with no hint of supporting city to city or region to region partnerships. This comes despite the fact that Europe's towns and regions have an established tradition of working with their counterparts in third countries, creating employment opportunities, building local resilience, and improving governance. In particular, Europe's towns and regions have ample experience to share with their peers in partner regions on: Building capacity and sharing technical expertise in local management and planning, facilitating integration in host communities, and creating conducive conditions for migrants' voluntary return. An example of this cooperation is UCLG's project city-to-city learning on migration (<https://www.uclg.org/en/media/news/knowledge-dialogue-and-action-three-pillars-mediterranean-city-city-migration-mc2cm>).

In addition, many European LRGs support development initiatives of their citizens with their countries of origins. Supporting these initiatives could strengthen them and unleash other projects. Finally, LRGs in partner countries should be supported, most notably through European LRGs, in their capacity to better manage remittances. In 2012, \$350 billion were transferred as remittances by emigrants' workers of developed countries to developing countries. This accounted for 7% of GDP in low income countries. These transfers could be better coordinated by LRGs to maximise their development impact.

Recommendation 3:

Continue support to local initiatives contributing to global citizenship education and awareness raising on global public goods and challenges of sustainable development

Rationale:

As the 2030 agenda demonstrates it, sustainable development is a global and complex phenomenon, where actions in Europe can impact sustainable development in partner countries. In this respect, it is critical that European citizens understand global challenges of sustainable development and how development policy of the EU, their Member States, or their local governments, as well as their individual behaviour can contribute to the sustainable development goals.

In this regard, European local and regional government are key actors to conduct awareness raising activities towards their citizens. Decentralised cooperation for instance, can be a way to inform European citizens on development challenges faced in partner countries, and how local action can contribute to sustainable development. Through their public procurement policies (e.g. fair trade cities) European LRGs can also led by example and encourage sustainable behavioural changes. It is therefore essential that the EU continues to support this kind of activities conducted by local and regional governments – currently supported by the Development Education and Awareness Raising (DEAR) priority under the CSO-LA thematic programme. In addition, awareness raising on global public goods and challenges could also be included as component of development cooperation in partner countries at the local level.

50. How to improve the complementarity between the EU's external assistance and the external assistance of its Member States, as well as the right articulation with other actors' cooperation (e.g. third countries, international organisations, private sector, development banks)?

Recommendation:

The EU should include European Local and Regional Governments in Joint Programming.

Rationale:

EU Joint Programming aims at bringing more coherence between EU's development partners' activities and less fragmentation. This is supposed to create a higher impact for EU's aid, in line with the Aid Effectiveness Agenda. However, so far, European Local and Regional Governments have been completely ignored by this initiative. Joint Programming only calls for the consultation, in partner countries, of local authorities, among other stakeholders during the planning process.

This situation contradicts the recognition made by EU's institution of the role Local and Regional Government's play in EU's external action. In particular, the 2013 EC Communication on "Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes" calls them to "bring together their expertise to engage in more systematic cooperation activities, in order to enhance the impact of this cooperation at local level (...).

European LRGs are well placed, through their long-term relationships and partnerships with LRGs in partner countries, to help them dialoguing with EU's institutions during planning, implementation, monitoring and evaluation processes. Involving European LRGs, for instance through their regional associations, in Joint Programming would therefore bring more coherence to EU's external.

51. To what extent and how best should the EU leverage additional funds (public and private) through innovative mechanisms, like blending, guarantees and trust funds?

Recommendation 1:

The EU should ensure that innovative financing instruments contribute to the 2030 Agenda.

Rationale:

The Addis Ababa Action Agenda highlighted the need to dedicate new financial resources to finance the implementation of the Sustainable Development Goals, as well as achieve the 0.7% target for ODA. Innovative financing instruments can contribute to this ambitious agenda by leveraging resources from the public and private sectors, notably through blending, trust funds and public guarantees.

However, to ensure that those mechanisms do indeed contribute to the SDGs, strong safeguards must be put in place so that investments decisions are made with the main purpose of contributing to the SDGs. So far, the low level of transparency in the governing bodies of blending facilities and trust funds have created some doubts around the development relevance of grants provided in the framework of those instruments. The improvement of transparency and accountability in the governing bodies of blending facilities and trust funds would improve the situation. In addition, the creation of strong safeguards to ensure that investments projects contribute to poverty eradication and the SDGs and that the investment take local specificities (including local governance) into account are essential to make those instruments fit for purpose.

Recommendation 2:

The EU should provide technical assistance to Local and Regional Governments so that they can better access innovative instruments funding.

Rationale:

Local and Regional Governments can be empowered through innovative financing mechanisms such as blending and trust funds. The 2013 EC Communication on empowering local authorities in partner countries (COM (2013) 280 final) states that “the use of innovative funding modalities [...] at local level should be explored.” The 2016 EC’s document on supporting decentralisation, local governance and local development through a territorial approach (EC Reference Document n°23) explicitly identifies blending and trust funds as two types of instruments that should be used by EU delegations to support local and regional governments. This is particularly important for two reasons. First, local and regional governments’ access to innovative financing mechanisms would contribute to localisation of SDGs by empowering them to deliver SDGs. Second, LRGs’ access to innovative financing mechanisms would ensure that investments projects developed through those mechanisms are aligned with local development strategies and reinforce the local ownership of development cooperation. This would thus be in line with the aid effectiveness principles.

However, for many local governments, the access to EU innovative finance mechanisms remains complex due to technical constraints. Accessing those instruments requires strong capacities to develop quality projects that can demonstrate sound financial management and efficiently contribute to SDGs. This is why, providing technical assistance to local governments and/or their associations will empower them and increase their capacity to access EU’s innovative funding mechanisms. In particular, the newly created European External Investment Plan’s second pillar, should explicitly identify local governments as priority targets for technical assistance activities.

52. Should the instruments be geographically or thematically structured, or is a mix of both more convenient? What delineation should there be between the corresponding instruments/programmes?

Recommendation: Additional efforts and resources should be put on thematic programmes, especially supporting local players (CSO-LA) to address geographical gaps (e.g. MICs) or thematic gaps (e.g. climate change, democracy, decentralisation reforms, etc.). A comprehensive and territorial approach should be maintained when designing country or regional policy priorities and programmes – especially using the 2030 programme as an overall framework for development cooperation.

The draft evaluations of External Financial Instruments assessed overall good complementarity between the thematic and geographic instruments. In view of the next programming period, the EU should particularly make use of the thematic approach to continue political dialogue and cooperation with countries where it does not anymore (or less) engage through development aid (i.e. countries graduated from ODA, middle income countries, etc.). When considering the development of these countries at national level they might fulfil the criteria to graduate from development aid, however when disaggregating development indicators at local level, it is in middle income countries that development inequalities are most important. Thematic instruments can ensure that EU continues to support these countries and in particular their local actors (civil society and local governments) who are both key players to ensure stability and democracy in a bottom-up approach.

In particular, we emphasis the role of decentralised cooperation between European local governments and their partner to continue EU diplomacy at the local level and foster exchanges between citizens – contributing to global citizenship education. The EU institutions should therefore recognise and support the international action of local governments through its various thematic instruments.

One main challenge observed regarding the implementation of thematic instruments (and particularly the CSO-LA) is the lack of resources and staff shortage experienced in some delegations. Since the choice of allocating a CSO or LA envelope in a country is at the discretion of the delegation, the risk is that this kind of programme will be the first impacted by insufficient EU delegation capacities. Engaging with local governments through this thematic programme also help EUD staff to have a better understanding of LRGs functions, specificities, potential as development players, as well as their role in state building and national politics.

In addition to this thematic approach, EU development policy should adopt a comprehensive cooperation framework at country and regional level in order to contribute to the 2030 Agenda. Indeed, the SDGs represent a coherent, interlinked and universal approach that shouldn't be segmented in practice. National Indicative Programmes should therefore be used towards the achievement of this agenda. A territorial approach to development will be particularly efficient to address SDG implementation: instead on focusing on focal sectors (risk of segmented approach), the EU should adopt a territorial approach, focusing efforts on most vulnerable territories within a country, and working through a comprehensive approach, involving all relevant stakeholders (CSOs, local and regional governments, local private sectors, academics, etc.)

53. To what extent should the External Financing Instruments ensure more flexibility (currently limited, for example, through long-term, ring-fenced envelopes), in order to better respond to evolving challenges – while preserving predictability and long-term engagement with partner countries (where the latter is needed)?

Recommendation:

The EU should increase the level of flexibility in its instrument, relying on stronger capacities in EU Delegations, while developing strong mechanisms to ensure the predictability of development aid flows, most notably in countries most dependent on those flows.

Rationale:

In a fast evolving world, with shifting priorities, six years long programmes can be challenging for donors as well as for recipients. This is why a higher degree of flexibility in EU's aid should be encouraged. An efficient flexibility of EU's aid relies on EU Delegations with stronger capacities to consult and dialogue with local actors, and notably Local and Regional Governments. EU Delegations have the capacity to understand well the needs of partner countries but are often lacking resources to properly assess the situation on the ground with the help and contribution of LRGs.

At the same time, the EU should not forget that development aid accounts for more than 50% of government's budget in many countries, most notably the poorest. Those countries, and others, need EU's aid to remain predictable in order to better design their development plans. Rapid shifts of financial flows can be detrimental to the implementation of development plans in partner countries, with negative effects, notably on poverty eradication. In addition, the existence of gaps between financial frameworks is detrimental to the predictability of aid flows. The EU should address this issue to ensure the sustainability of development programmes.

54. Should EU external assistance focus more on approaches based on incentives?

Recommendation:

The EU should continue to promote its values of democracy and human rights through its External Financing Instruments but ensure that when central governments do not respect those values, their citizens receive an equivalent level of financial support through non-state actors and local authorities.

Rationale:

Although it is legitimate and recommendable for the EU to promote political and institutional reforms that strengthen European values of democracy, rule of law and human rights, the incentive based approach can sometimes be counterproductive.

Countries that do not make sufficient progresses in terms of political and institutional reforms should be encouraged through other means. In particular, the empowerment of Local and Regional Governments can contribute to an enabling environment for those reforms. This is why the EU should support citizens through non-state actors and local authorities in countries where central governments are an obstacle to this enabling environment. This was already acknowledged in the EU's Agenda for Change.

In addition, in the pursuit of political and institutional reforms should mainstream decentralised reforms, in line with Territorial Approach to Local Development agenda endorsed by the EU. Decentralisation reforms empower Local and Regional Governments and allow them to contribute to democratic processes as they reinforce transparency and the accountability of public actors to their citizens.

55. Should the design and delivery of EU external assistance be further simplified, and if so, how could this be achieved?

Recommendations:

- EFIs' provision should be simplified to facilitate local authorities' access to funding.
- EFIs simplification should take place through the CIR. It should ensure that each EFIs' definition of modalities of financing, types of modalities, award modalities, and the administration of grants is fed by the consultation of Local and Regional Governments in the definition.

Rationale:

Consulting LRGs in the definition of modalities would allow their simplification and tailoring to LRGs' particularities. As public authority, LRGs have formal procedures to follow in decision making. Entering into formal commitments (as is the case for applying to external funding) in most countries requires approval of the city, provincial or regional council. These specificities make LRGs' access to EFIs' funding more complex and less flexible compared with other, non-public, actors.

In addition, the audits of EU-funded projects, although a legitimate practice, should take into consideration the fact that European LRGs already undergo very strict scrutiny of their revenues and expenses, scrutiny rules by national laws and European regulations. Finally, the tendency of the European Commission to increase the financial values of grants poses problems of absorption and co-financing with Local and Regional Governments – particularly for European local and regional governments engaging with peers outside of the EU. While it is true that local and regional governments have considerable overall budgets when compared to the size of EC grants, it is not correct to assume these overall budgets can be mobilized to co-finance EU project grants. This generally falls onto much more limited policy budgets.

Recommendation 2:

EFIs' procurement rules should rely on country systems when they are compatible with EU's standards.

Rationale:

Many EU's partners have developed strong country systems in the field of public procurement and accountability. Those country systems should be systematically used unless the European institutions consider that they not match sufficient standards. This will decrease the administrative burden implied by the current system. This is particularly true for Local and Regional Governments that are compelled by national systems but lack the administrative capacity to match both country systems and EU's standards.

In addition, implementing country systems, and reinforcing them where it is necessary, contribute to the Aid Effectiveness agenda. This was acknowledged in the Paris Declaration and the Accra Agenda for Action, which are both calling to make greater use of national procurement systems. In many developing countries, public procurements account for more than 20% of GDP and are therefore an important tool to promote development. This is particularly true in countries that are the biggest recipient of development aid in share of GDP.

PLATFORMA is the network of local and regional governments (LRGs), and their associations, active in the field of development cooperation between Europe and partner countries. PLATFORMA has 34 members: national, European and international associations, as well individual local and regional governments. The Secretariat is hosted by the Council of European Municipalities and Regions (more information on www.platforma-dev.eu).

Since its launch, PLATFORMA has actively engaged with the European institutions to inform and constructively participate in shaping the EU development policy with two main objectives; i. strengthening EU support to local governance in partner countries and, ii. strengthening EU support to decentralised cooperation as an implementation means of development cooperation.

In 2015, PLATFORMA signed a Strategic partnership with the European Commission Directorate-General for International Development and Cooperation, whereby signatories commit to take actions based on common values and objectives to tackle global poverty and inequality, and to promote democracy and sustainable development.