



PLATFORMA position paper on the future MFF

The following messages have been elaborated in consultation with PLATFORMA networks¹: cities, regions and their associations involved for decentralised development cooperation between Europe and partner countries. PLATFORMA calls on the European Union **to maintain the budgets level dedicated to development cooperation in general and support to local and regional governments and decentralisation reforms in particular, and to increase their efficiency by simplifying procedures and targeting stakeholders (among which local and regional governments) more directly.**

A) Where should funds be targeted?

- Maintain the level of ODA, increase the efficiency of thematic programmes for development through an inclusive territorial approach that mobilises the potential in the territory with the subnational government in a coordinating role.
- Invest in sustainable urban development, in articulation with rural development, in cities and territories of all sizes, by mobilizing the experiences and knowledge nested in European towns and regions.
- Invest in Global Citizenship Education at the level closest to the citizens
- Allocate sufficient resources to the management of thematic instruments in delegations
- Maintain cooperation with Middle Income Countries
- Increase support to Local and Regional Governments' initiatives to maximise the development impact of migration through coordination of diaspora initiatives, peer-to-peer learning on hosting migrants, sharing of best practices and maximisation of the development impact of remittances.
- Continue the promotion of European values of democracy and human rights, especially through support to non-state actors and local and regional governments

B) How should funds be used?

- Common Implementing Regulations should be simplified to facilitate local governments' access to funding. It should favour direct grants to (associations of) local and regional governments whenever there is a monopoly situation, and avoid as much as possible call for proposals.
- The design of Common Implementing Regulations and the awarding and managing modalities of programmes must be discussed with the representative regional and national organisations of local and regional governments to verify not only the de jure but also de facto accessibility of the financial instruments to the targeted subnational governments²
- Program smaller grants, lower co-financing for Local and Regional Governments, for more beneficiaries and more adapted to the capacities of local and regional governments.
- Budget Support should be reformed to be better tailored to the specificities of Local and Regional Governments and to promote qualitative decentralisation reforms that are necessary to ensure no one is left behind.
- The EU should provide technical assistance to Local and Regional Governments, including through facilitating peer-to-peer learning trajectories between European and partner countries' towns and regions, so that they can better access innovative instruments funding.

¹ This first draft to be discussed internally is based on PLATFORMA answer to the open public consultation on EFIs

² To this day 5 associations have signed a Framework Partnership Agreement with the European Union: Association Internationale des Maires Francophones (AIMF), Commonwealth Local Governments Forum (CLGF), United Cities and Local Governments (UCLG) and its African section (UCLG-A), and PLATFORMA/Council of European Municipalities and Regions (CEMR)

- Improve monitoring of innovative instruments
- EFIs' procurement rules should rely on country systems when they are compatible with EU's standards.
- Significantly consolidate European Union funds for capital investments in local and national infrastructure

A) Where should funds be targeted?

- **Maintain the level of ODA, increase the efficiency of thematic programmes for development through an inclusive territorial approach that mobilises the potential in the territory with the subnational government in a coordinating role.**

We call on the EU and its Member States to keep up with their international commitments of the 0.7% ODA/GNI target. Beyond maintaining a sufficient level of development aid, the EU must ensure the external financial instruments are used more efficiently, in line with the Development Effectiveness Agenda. In this respect, special emphasis should be put to local ownership by supporting local and regional government levels. Those are indeed the levels closest to the citizens. Most precisely, we advocate for a Territorial Approach to Local Development³ - with a local or regional government in the leading seat with its knowledge of the territory, its stakeholders, its strengths and weaknesses – to underline development projects. Such a comprehensive approach will ensure that the resources are used more efficiently and benefit directly the local populations.

- **Invest in sustainable urban development in cities of all sizes, by mobilizing the experiences and knowledge nested in European towns and regions.**

The achievement of most of the Sustainable Development Goals will take place in urban areas, as was demonstrated by the United Nations conference on housing and human settlements, resulting in the New Urban Agenda (NUA) in October 2016. The European Commission has committed to supporting the NUA objectives. Most of urban growth will take place in what are today medium-sized and intermediary cities. The focus on sustainable urban development should therefore not be limited to the mega-cities but include specific attention to the secondary cities. These cities also have the optimal size to engage with their European counterparts to boost the development of governance capabilities necessary for sustainable and democratic urban development, including a positive engagement with the private sector.

- **Invest in Global Citizenship Education at the level closest to the citizens**

Development education, awareness raising or Global Citizenship Education is an essential part of the development paradigm brought by the Agenda 2030 for Sustainable Development: sustainable development is a global and complex phenomenon, where actions in Europe can impact sustainable development in partner countries. More precisely, it is one of the SDG targets: 4.7: *“By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture’s contribution to sustainable development”*. GCE has a strong potential towards behavioural changes. The local and regional governments of Europe have been very active in this field, as it is closely linked with the international strategies of local governments or with the global challenges that affect local governments everywhere (e.g. climate change). We therefore encourage the EU to maintain a budget line for the DEAR/GCE activities of local governments within Europe. In this respect it is worth noting that inclusive city-to-city cooperation can also have among the results to raise European citizens awareness of the challenges or living style of the partner country’s populations.

³ European Commission, Directorate General for International Cooperation and Development, Supporting decentralization, local governance and local development through a territorial approach, Tools and methods series, Reference document n°23, November 2016 [available on line: <https://europa.eu/capacity4dev/t-and-m-series/document/supporting-decentralisation-local-governance-and-local-development-through-territorial-appr>]

➤ **Allocate sufficient resources to the management of thematic instruments in delegations**

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 delegations⁴. 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. It will therefore contribute to an improved understanding of the Territorial Approach to Local Development and how local or regional governments can contribute to most of the development objectives (65% of SDGs targets need an action to be taken at a local or regional government level).

➤ **Maintain cooperation with Middle Income Countries**

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 programmes to continue political dialogue and cooperation, especially with countries where it engages less or not anymore through development aid (i.e. middle-income countries). When assessing the development of a country through “national” lenses MICs 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.

➤ **Increase support to Local and Regional Governments’ initiatives to maximise the development impact of migration through coordination of diaspora initiatives, peer-to-peer learning on hosting migrants, sharing of best practices and maximisation of the development impact of remittances.**

The EU approach to migration is mainly a “state-to-state club”, with little support to city-to-city or region-to-region partnerships. This comes despite the fact that 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 (diasporas). Supporting these initiatives could strengthen them and unleash other projects

➤ **Continue the promotion of European values of democracy and human rights, especially through support to non-state actors and local and regional governments**

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, as 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.

⁴ European Commission, External Evaluation of the Development Co-operation Instrument (2014 – mid 2017), Final Report, June 2017 [available online: https://ec.europa.eu/europeaid/sites/devco/files/dci-final-report-vol-i-main-report_en.pdf]

B) How should funds be used?

- **Common Implementing Regulations should be simplified to facilitate local governments' access to funding. It should favour direct grants to (associations of) local and regional governments whenever there is a monopoly situation, and avoid as much as possible call for proposals.**

One of the main hindrances to further involvement of local and regional governments in European funded programme is that these programmes are not designed for them but on the basis of the approach used for CSOs. Local and regional governments are public authorities, and part of the state governance building. They have to abide by national legal frameworks and follow the democratic mandate dictated by citizens when they elect their local or regional government (or in few cases by the central governments when it appoints the executive mayors or presidents). In addition, European local and regional governments often do not have the sufficient material and human resources to apply to European calls of proposals. This can prevent them to collaborate with humanitarian NGOs working in an urban environment. This was the case with the Urbayiti call of proposal in Haiti in the framework of the 11th EDF. French municipalities were providing technical support to Haitian beneficiary cities in terms of waste management systems but were unable to participate in the call of proposals due to its financial amount requirements that were too important for French municipalities. As a consequence, partnership between local governments and humanitarian NGOs as not possible in this context. Therefore, answering External Financing Instruments' call for proposals is alien to daily practice of most local and regional governments in Europe and in partner countries. We call on the EU to favour the use of Framework Partnership Agreements and direct grants at country level whenever it is possible (e.g. when only one association represents all local and regional governments in a partner country). As demonstrated in the evaluation of the DCI⁵, call for proposal is to be avoided if the EU is serious about involving local and regional governments.

- **The design of Common Implementing Regulations and the awarding and managing modalities of programmes must be discussed with the representative regional organisations of local and regional governments to verify not only the de jure but also de facto accessibility of the financial instruments to the targeted subnational governments⁶**

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, ruled by national laws and European regulations.

- **Program smaller grants, lower co-financing for Local and Regional Governments, for more beneficiaries**

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. 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, and large size grants means that only few regional governments (even less cities and towns) can be able to undertake to co-financing required. We also call on the EU to consider European local and regional governments, engaging in cooperation with EU partner country as a vector of European diplomacy and stakeholder of EU External action. As such and to encourage their participation, the co-financing rate for European LRG should be the same than for LRGs in partner countries (i.e. 10% of the total grant, versus 25% today).

- **Budget Support should be reformed to be better tailored to the specificities of Local and Regional Governments and to promote qualitative decentralisation reforms that are necessary to ensure no one is left behind.**

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

⁵ European Commission, External Evaluation of the Development Co-operation Instrument (2014 – mid 2017), Final Report, June 2017 [available online: https://ec.europa.eu/europeaid/sites/devco/files/dci-final-report-vol-i-main-report_en.pdf]

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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 a dedicated 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.

- **The EU should provide technical assistance to Local and Regional Governments, including through facilitating peer-to-peer learning trajectories between European and partner countries' towns and regions, so that they can better access innovative instruments funding.**

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 capabilities 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 this respect, considering their long experience in developing complex projects within their own territories, often in partnership with the private sector, European local and regional governments should be encouraged to implement technical assistance in this area with partner countries.

- **Improve monitoring of innovative instruments**

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 and local development. 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.

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

Many EU's partner countries 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 or the legal competences 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.

Significantly consolidate European Union funds for capital investments in local and national infrastructure.

Local governments need investment capital to help the towns evolve and upgrade the living and business environment. Investing in the built environment is key to sustainable urban development in cities of all sizes. The investments need to be framed in long term processes of continuous improvement of governing capabilities at all tiers of government as investment choices are never neutral: they affect citizens in different ways. The investment trajectory must be accompanied to simultaneously boost management capabilities that can then be further used in future projects and guarantee transparency in the long term.

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.