

TRANSLATED FROM THE ORIGINAL FRENCH

CONTRIBUTION OF PLATFORMAMA TO THE GREEN PAPER

EU development policy in support of inclusive growth and sustainable development

Increasing the impact of EU development policy

PLATFORMAMA, the European platform of local/regional authorities for development, gathers the main national, European and international local government associations involved in development cooperation :

- Council of European Municipalities and Regions
- United Cities and Local Governments
- Spanish Federation of Municipalities and Provinces
- French Section of CEMR
- Central Union of Municipalities and Communities of Greece
- CEMR Italian Section
- Association of Netherlands Municipalities
- Romanian Municipalities Association
- Local Government Association
- Swedish Association of Local Authorities and Regions
- Latvian association of local and regional governments
- Cités Unies France

- Conference of Peripheral Maritime Regions
- Association of European Border Regions
- Assembly of European Regions

- International Association of French-Speaking Mayors
- Commonwealth Local Government Forum
- Forum of Global associations of Regions

- Greater Lyon
- City of Paris
- City of Bucarest (district 2)
- City of Stuttgart
- Province of Barcelona
- Tuscany Région

This large and representative network allows PLATFORMAMA to bring at the European level a coordinated voice of local/regional authorities involved in development cooperation.

More information: <http://www.platforma-dev.eu>

PLATFORMA welcomes the fact that the Green Paper, based on article 208 of the Lisbon Treaty, reaffirms the commitment of the European Commission to development policy and the link between development and EU external policy.

The four strategic points outlined in the Green Paper correspond to global issues: an extremely fast growing demography in less developed countries, increasingly dense territories and rapid urban growth in the majority of developing countries, climate change that affects the level of resources available and growing population movement. In its report "Cities and Climate change" published in November 2010, the OECD indicated that, "**roughly half of the world's population lives in urban areas, and this share is projected to reach 60% by 2030.** Cities consume between 60 to 80% of energy production worldwide and account for a roughly equivalent share of global CO2 emissions. Cities are also highly vulnerable to climate change. Many of the world's largest cities are located in coastal areas. This increases their vulnerability to rising sea levels and storm surges, risking livelihoods, property, and urban infrastructure."¹

Such challenges have repercussions on all continents, and call as much for global responses as for local ones.

Implementing these responses does require a clearly defined **actor-based approach** and a **division of labour** which corresponds to the recognised mandates of each of the actors. It is unfortunate that this approach has not been mentioned in the Green Paper.

Consequently, we would therefore like to highlight the institutional context that has led the European Commission to support this actor based approach, in particular the specific role of local/regional authorities. In the first instance, the Cotonou agreement, revised in 2005, recognises local governments as essential actors in development and opens the way for new opportunities to support democratic decentralisation reforms in the ACP countries (article 33) and acknowledges decentralised cooperation (article 70-71).

The Parliamentary report on local authorities as development actors from Pierre Schapira, deputy Mayor of Paris responsible for international relations and MEP from 2004 to 2009, was adopted unanimously by the European Parliament in 2007. This report allowed for the introduction in the Development Cooperation Instrument (DCI) of an annual budget of 30 million Euros dedicated to local/regional authorities in the Non State Actors and Local Authorities programme.

Lastly, in its communication dating 2008 entitled, "local authorities: actors in favour of development," the European Commission recognised the weight and potential of the actions conducted by local/regional authorities in the development field: their substantial financial contribution to official development assistance – 15% of the ODA in Spain for example; and also for the added value and expertise linked to their legal competencies (civil registry, health, education, sanitisation issues, urbanisation, transport...).

Through their competencies established by the laws on decentralisation, local/regional authorities have key responsibilities in all four of the strategic areas outlined in the Green Paper: economic, social and environmental development as well as ensuring food security in their territories. They are therefore an undeniably valid actor for the development of their territories.

¹ Report of the OECD published on 29 November 2010. Available via the following:
<http://browse.oecdbookshop.org/oecd/pdfs/browseit/0410081E.PDF>

In view of this, **we propose to include decentralisation as another transversal priority of the European development policy.** Although the Green Paper does not explicitly refer to this, support to decentralisation is nevertheless a fundamental component of inclusive growth, sustainable development and food security.

1- High impact development policy

Promoting governance as a priority for international action

The members of PLATFORMA underline the absolute necessity to have a high impact development policy, in particular regarding the question of governance within this objective.

They call for an integration of questions of governance and, more precisely, local governance as a specific element of the EU external action strategy, as outlined in point 2.4 of the Green Paper.

In this matter they refer to article 21-1 of the Lisbon Treaty which defines the fundamental principles of EU action on the international scene, with particular reference to democracy, legally constituted State, human rights and fundamental liberties.

Democratic governance being one of the shared values of the EU, we thus fully support point 2.3 on the promotion of governance as a catalyst for efficient development. In order to use this catalyst, it is vital for all levels of governance to be taken into account: larger regional levels (continent) as well as national, regional and local levels.

Effectiveness and local governance

Although the Paris Declaration and the Accra Agenda for Action proposed a strategic framework for aid effectiveness, **local/regional authorities call for a review of the principles promoted in these documents, in particular, with a local and regional approach to coordination, ownership and alignment.**

Furthermore, a debate on aid alone does not allow the global challenges of development to be taken into account, among which governance can be included.

Annexed with the European Commission's communication on "local authorities: actors for development" in 2008, the **European Charter on development cooperation in support of local governance** opened this discussion at the European level.² The Charter recognises the importance of decentralised governance in constructing an inclusive development, closer to the needs of citizens, as well as promoting greater political coherence at all State levels. It is essential to reinforce public capacities to such a point that it is suitable for creating a general enabling environment for sustainable development. Public administration at all levels and therefore including the local level is responsible for planning and implementing "investments in people"³ (modernisation of agriculture, urban planning, infrastructure and public services) in order to overcome the challenge of economic recovery despite complex contexts, in particular in Africa.

² This Charter was adopted by the EU Council at the end of 2008. It can be consulted at <http://www.charte-coop-gouvernancelocale.eu/>

³ *Le Temps de l'Afrique*, Jean-Michel Severino et Olivier Ray

Bringing the policy decision making closer to citizens, decentralisation is instrumental for State building. Through the application of the subsidiarity principle,⁴ it allows for better interaction between public policies implemented at different levels and more informed responses and decision making based on the needs of local communities.

Therefore in the framework of its support to governance reforms, we call upon the EC to reinforce its support to decentralisation in partner countries. **As a recognised transversal priority of the EU in its bilateral cooperation agreements with Southern States, support to decentralisation could also be a targeted financial sector of the European Commission.** It should then target three objectives: decentralising competencies, decentralising taxes and resources and building human capacities.

It is therefore necessary to **give local authorities the necessary means** to implement the required infrastructure for economic development. Local authorities in developing countries are often limited by structural weaknesses (reduced tax resources, shortage of human and technical resources and few donors investment programmes for infrastructure), which generates a gap in terms of legitimacy towards their citizens and the donors as well as in terms of effectiveness of their local public policies. The decentralisation policies should thus be a transversal priority for development policy: not as an end in itself but as a more inclusive development tool.

Coordination of aid and local governance

In decentralised States, the activity of **local governance contributes to better coordination of aid**, an issue discussed in point 2.5 of the Green Paper. Several circles of political coordination could thus be foreseen.

Local/regional authorities are in a position to act as a catalyst for cooperation between different types of actors involved in their region. They promote a **territorial approach to development**.

Their presence in the territory, their knowledge of local needs and their legal competencies in accessing basic services, to name a few examples, mean that they are **responsible for ensuring a strategic framework for local action** for development partners (central States, civil society organisations, the private sector and international partners). They bring together these diverse stakeholders when elaborating strategic development plans, supporting economic development of their region and setting up public-private partnerships. They contribute to maximising the effects of development cooperation.

Budget support and local governance

Budget support, be it general or sector-based, is one of the instruments most used by the European Commission for the implementation of its development policy. It will remain an important tool in the years to come.

Up to now, this instrument has only been used to reinforce central governments. It could also be an efficient tool for financing local/regional authorities in coherence with its rules and regulations. Decentralising budget support would thus help strengthen decentralised ownership.

⁴ The subsidiarity is a principle aimed at ensuring the decisions are made at the level closest to citizens, excluding only those decisions which are unable to be carried out efficiently at the lower level to be passed to the higher level. The subsidiarity principle is written in article 5 of the European Union Treaty.

Given that decentralised budget support is currently not used by the Commission, we request that **the possibilities and associated risks of such a practice be studied** in view of a possible implementation.

2. Development policy as a catalyst for inclusive and sustainable growth

Among the large number of actors involved in the economic development of a territory, we consider it essential that local/regional authorities are taken into account during the reflection on the introduction of “partnerships for inclusive growth”.

Local/regional authorities are driving forces for the economy of their region.

As employers, responsible for large scale public spending, receiving tax income from businesses and the handling of numerous investments, local/regional authorities have substantial influence on the growth and economic/social repercussions at local level.

Through the tasks with which they are entrusted, they tie together numerous partnerships with private actors, starting with those of their territory: chambers of commerce, cooperatives, micro-companies and small to medium sized business.

The role of political coordination with these different actors, as mentioned above through the territorial approach to development, is therefore equally as important in terms of economic development. The responsibility of local/regional authorities is to define, plan and implement the local development strategy and consequently to give a guiding framework to the businesses and the non-state actors who are present in their territory.

Further to the “multiple roles” accorded to non-state actors, it is important that the Green Paper takes note of the coordination mission ensured by local/regional authorities⁵.

Local/regional authorities also **help ensure a enabling endogenous environment** for growth in a territory: economic development, in particular for small and medium sized businesses with the local market, basic infrastructure requirements, which is often the responsibility of local/regional authorities.

In order to ensure these services, local/regional authorities need to both **mobilise stable financial resources** and **reinforce their financial governance**.

The European Charter on development cooperation in support of local governance proposes orientations for fiscal decentralisation and local authorities financing:

Strengthen mobilisation and the nature of local governments' resources

⁵ In the framework of the **Structured Dialogue** launched by Commissioner Andris Piebalgs in March 2010, presented in point 3.1, local/regional authorities' representatives have long debated with non-state actors representatives on the need for an enabling environment for inclusive growth, through its legal, economic, social and political dimensions.

- Foster the sustainable mobilisation of their own resources by local authorities, in connection with the relevant services. Encourage the development and the setting up of a sustainable and flexible local tax system using different types of resources adapted to territorial specificities and new economic realities, consistent with national tax system.
- Strengthen local governments' ability to negotiate external resources: development projects, implication in sectoral programmes, access to financial markets. Take into account, within the framework of local budget elaboration, the forecasting of project support led by all the development partners.
- Contribute to ensuring financial transfer mechanisms from the State to sub-national governments in a regular, transparent and foreseeable way; and to support equalization modalities aimed at reinforcing balance and solidarity between territories.

Strengthen financial local governance to increase transparency in the management of local resources

- Support the local governments' capacities to settle expenditure priorities developed on the basis of information and dialogue among local actors.
- Strengthen a transparent mechanism of local governments' engagement and expenditure payment channels by setting up accounting engineering and developing capacities of skilled staff.
- Strengthen the role of civil society and especially women in the management of local finance

To realise these objectives we call for an increased contribution of the EU development policy through a transversal strategy in support of local governance.

Development banks can have an important role to play in this domain. These banks, be they from donor countries, regional or multilateral institutions, increasingly give financial assistance to local/regional authorities to support infrastructure building, public transport development, and development of the region. **We encourage the European institutions to study the impact of these initiatives and to support them when they allow local/regional authorities to diversify their sources of funding and better support their region.**

3. Sustainable development, a new driver

We welcome the proposed efforts that aim to include the commitments taken by the EU at the Copenhagen Climate Conference in December 2009, into its development strategy. However, we call the EU to guarantee that funds dedicated to protecting the environment are clearly distinct from the Member States' commitments to raise their Official Development Assistance target to 0.7%/GNI.

According to the International Energy Agency, cities accounted for 67% of the world's primary energy demand and more than 70% of global CO₂ emissions in 2006. With continued urbanisation and urban growth, energy use in cities is projected to increase to 73% of the global total, and CO₂ emissions to 76%, by 2030. **Local/regional authorities can and have to address these challenges in a comprehensive way, facilitating the conciliation between public and private interests and the integration of sustainable energy into universal local development goals.**

Local/regional authorities decide and implement policies in areas that suffer as a result of climate change or where adaptation to its consequences is necessary, notably in terms of the environment, transport, sanitation, infrastructure, aggregation systems for agriculture and disaster risk management.

Local and regional leaders are aware of such challenges and take action. Brought together in Mexico one week ahead of the negotiations on climate in Cancun, **138 mayors from the largest cities in the world signed the Mexico Pact⁶, committing to mitigating greenhouse gas emissions.** Regarding the regions, the R-20 Charter, bringing together regions from all over the world, was launched in November 2010, and promotes initiatives mitigating carbon emissions in the regions.

At the European level, the **Covenant of Mayors**, supported by the European Commission, is a commitment by signatory towns and cities to go beyond the objectives of EU energy policy in terms of reduction in CO₂ emissions. **The Covenant was signed by over 2000 European towns and cities. It has been extended to local authorities in Eastern Europe and it is to be extended to Mediterranean local authorities soon.**

Many partnerships of decentralised cooperation have been based on the objective of sustainable development, for instance increasing access to energy within a particular territory, protecting natural heritage, developing sustainable practices of agriculture, anticipating and managing natural risks.

Various international institutions have acknowledged this central role. With the Territorial approach to climate change programme (TACC) of the United Nations Environment Programme (UNEP), the United Nations for instance the support initiatives tackling urgent and collective needs at sub-national level.

We welcome such initiatives and would like to see them carried out coherently with the strategy as proposed in the Green Paper and in consultation with the European networks of local/regional authorities.

4. Agriculture and Food security

Responsibilities to be supported

The competencies that local/regional authorities have are key in helping to support sustainable and quality agriculture at local level, thus contributing to increased food security in territories:

- Responsibilities for building the basic infrastructures necessary for agriculture production and distribution: accessible market places, storage for stock, roads...
- Responsibility for access to water and sanitation, and maintenance of such services
- Responsibility for land management, particularly crucial in conflicts over land
- Coordination of the various actors involved in the area – cooperatives, sector-based organisations), promotion of short supply-chain at local level,
- health watch, respect of the sanitary rules, promoting labels
- Training responsibilities, peer-to-peer trainings, in particular in local administrations between Northern and Southern civil servants are common initiatives in decentralised cooperations.

Helping exercise such responsibilities cannot be achieved without technical and financial support which the European Commission could encourage as part of its agriculture development policy.

⁶ Further information on the Mexico Pact are available at : <http://www.wmsc2010.org>

Knowledge of the territory to be better used

The knowledge that local/regional authorities have of the local context is a strong asset:

- Knowledge of the territory : strengths and weaknesses, available land, geology, climate,
- Knowledge of the people: communities, needs, expertise available in the region.

Such knowledge makes local/regional authorities **relevant actors for disseminating information at local level** – on price changes, climate threats etc, and for **facilitating adaptation of producers and people to new situations**.

It should be better used, in particular when planning agriculture development strategies, fighting against desertification and erosion. In addition, collaboration between local/regional authorities and Ministries of agriculture is crucial for an efficient multi-level governance.

PLATFORMA calls for the European Commission to take into account the added value of local/regional authorities in the European programmes for building agriculture capacities and tackling food insecurity.

5. Conclusion

The members of PLATFOMRA remind the European Commission that they participate as representatives of local/regional authorities in the Structured Dialogue on the involvement of local authorities and non-state actors in the EU external cooperation.

This dialogue which was launched in March 2010 by Commissioner Piebalgs and will be concluded in May 2011 has opened a vast participatory reflection on development effectiveness and the division of labour by type of actor. Important consideration has also been given to the priorities of action as expressed by stakeholders in developing countries. The dialogue has lastly built consensus on the respective and complementary role of local/regional authorities and non-state actors in development.

The members of PLATFORMA acknowledge the quality and quantity of work conducted in this framework and call for an increased coherence between the reflection processes initiated by the European Commission. Consequently, the **members of PLATFORMA request that the results of the structured dialogue be better taken into account in the framework of the follow up to be given to the Green Paper.**

We ask, in particular, that **if the European Consensus on Development and the EU code of conduct on complementarity and division of labour are re-examined, the role of local/regional authorities be mentioned in a clear manner in the texts.** This consideration should equally be promoted by the European instances on the international scene, in particular in the framework of the Accra Agenda for Action during the high level Forum on aid effectiveness in Korea November 2011.