Executive summary

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

Main findings

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

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

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

Recommendations

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

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

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

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

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

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

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

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

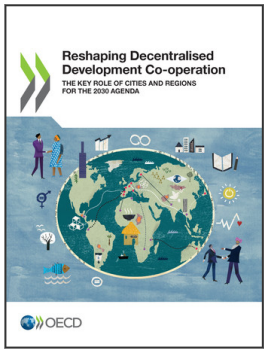
National and sub-national governments, as well as global networks and national associations of local and regional governments, have an important role to play to facilitate the coordination and exchange of information, knowledge and experience across DDC players, but also to take stock of what, where,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

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

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

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

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



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