



## **CONCLUDING PAPER**

### **MAY 2011**

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## Acronyms

AAA	Accra Agenda for Action
ACP	African Caribbean and Pacific countries
AE	Aid Effectiveness
AIDCO	EuropeAid Cooperation Office
CoA	European Court of Auditors
CISOCH	Civil Society Helpdesk:
CONCORD	European NGO Confederation for Relief and Development
CS	Civil Society
CSO	Civil Society Organisation
CSP	Country Strategy Paper
DCI	Development Cooperation Instrument
DEAR	Development Education and Awareness Raising
DEVCO	Development and Cooperation DG – EuropeAid (European Commission)
DoL	Division of labour
EC	European Commission
ECA	European Court of Auditors
EEAS	European External Action Service
EFC	European Foundations Centre
EIDHR	European Instrument for Democracy and Human Rights
ENoP	European Network of Political Foundations
ENP	European Neighbourhood Policy
EP	European Parliament
EU	European Union
EUD	European Union Delegation
EUROCHAMBRES	Association of European Chambers of Commerce and Industry
EYF	European Youth Forum
HRDN	Human Rights and Democracy Network
HRD	Human Rights and Democratization (Supporting Initiative)
IFRC	International Federation of Red Cross and Red Crescent societies
INGO	International NGO
ITUC	International Trade Union Confederation
LA	Local Authority (EC definition includes Regional Authority)
MS	European Member States
NGO	Non Governmental Organisation
NGDO	Non Governmental Development Organisation
NIP	National Indicative Programme
NSA	Non State Actors
PD	Paris Declaration
PLATFORMA	European Platform of Local and Regional Authorities for Development
RI	Right of Initiative
SD	Structured Dialogue
SI	Supporting Initiatives
UN	United Nations
WG	Working Group

## Introduction

Since about a decade after the so-called Palermo process culminated in substantial improvements of European Commission (EC) procedures allowing Civil Society to be better involved in development aid implementation, other important advancements took place. The role of EU Delegations in partner Countries has been enhanced, new relevant aid instruments have been introduced and new regulations allowed eligibility for direct access to EC funding to stakeholders from EU partner countries. At the same time, Civil Society Organisations (CSOs) have grown exponentially worldwide and local authorities (LAs) have consolidated, manifesting themselves increasingly as relevant development and governance actors.

EU Member States and the EC recognized this emerging trend and embraced participatory approaches and innovative ways to support CSOs and LAs. On a global scale, a number of landmarks have been defined (Millennium Development Goals, Monterrey consensus, Paris Declaration, Accra Agenda for Action, Doha Conference) while debates are taking place on the way global aid architecture should be reshaped to increase relevance, effectiveness and sustainability of development interventions. Among those, the Accra Agenda of Action (AAA), supported by the EC and several EU Member States among others, set a more inclusive framework where the roles of CSOs, LAs and Parliaments are duly recognized; yet debates needed further elaboration to improve consistency to reconcile requirements of the Aid Effectiveness Agenda and the participation of CSOs and LAs in development.

In this context, the *Structured Dialogue (SD) for an effective partnership in development* represents one of the EC answers to the Aid Effectiveness Agenda, and more particularly, to Articles 13b and 20 of the Accra Agenda of Action<sup>1</sup>.

Conceived as a confidence and consensus-building mechanism, the *Structured Dialogue* aimed at increasing the effectiveness of all stakeholders involved in EU development cooperation by finding a common understanding on the main issues linked to Civil Society organisations (CSOs) and Local Authorities (LAs) involvement in EU development cooperation. The Structured Dialogue worldwide process, launched at the initiative of the European Commission in March 2010, is a year long window of opportunity for dialogue with a broad variety of development actors.

### **Stakeholders involved in the Structured Dialogue**

The word "**Quadrilogue**" is frequently used to qualify the four main categories of SD stakeholders: (i) the European Parliament, (ii) EU Member-States, (iii) Civil Society Organizations and Local Authorities and (iv) the European Commission, both in Headquarters and in EU Delegations (51 EUD involved). More specifically, on the side of CSOs and LAs, European and International platforms and networks of CSO and LA<sup>2</sup> have been proactively engaged in the process. All in all, it is estimated that more than 700 CSO and LA representatives coming from Europe and 65 EU Partners countries have been involved in the initiative.

### **Themes**

Debates, clustered into three working groups, revolved around the (a) role and added value of different categories of development actors (b) Complementarity and Coherence within the Aid Effectiveness Agenda and (c) Aid Delivery mechanisms. Discussions took place both in Brussels

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<sup>1</sup> <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

<sup>2</sup> The European NGOs platform CONCORD, the COOPERATIVES EUROPE, the European Foundation Centre, European Network of Political Foundations, EUROCHAMBRES, the Environmental Network GREEN 10, Human Right and Democracy Network, the International Trade Unions Confederation, the RED CROSS EU office (including the IFRC) and the YOUTH FORUM, together with PLATFORMA, the European network of Local and Regional Authorities.

sessions and in four Regional Seminars covering African, Latin American, Asian and EU Neighbourhood countries.

In addition, three supporting initiatives (SI) tackled specific themes of the European Union cooperation: (i) Local Authorities in development, (ii) Development Education and Awareness Raising and (iii) Human Rights and Democratization, the latter with a focus on ENP region.

### ***Rationale of this document***

This paper, drafted by the European Commission with the support of a Technical Assistance Team, aims at presenting the main conclusions of fourteen months of multi-stakeholders dialogue, summarizing participants' consensual understanding of key topics on the agenda. It is organized around two main parts: (i) synthesis of discussions and key messages; and (ii) recommendations per categories of Stakeholder.

The final conference of the Structured Dialogue in May 2011, co-organized by the EC and the Hungarian Presidency of Council of the European Union, is the occasion to officially present this document, which represents the Appendix II of the Final Statement and is available in English, French and Spanish.

This concluding document is based on the final reports of each session (including regional Seminars) summarized in the Wrap up documents of working groups 1, 2 and 3. The entirety of reports and the Wrap up documents do constitute the 'memory of the process'. Reporting has been commented and validated by stakeholders at all stages.

Furthermore, this document includes inputs and recommendations elaborated in the three above-mentioned supporting initiatives. Their respective key messages are duly integrated and mainstreamed in the text. All specific outputs elaborated by each component of the SD (reports, Technical Briefs etc) are available on the Civil Society Helpdesk CISOCH as recalled in this table<sup>3</sup>:

<b>Reports of the Structured Dialogue</b>	<b>WG1 and WG2 (Policy-oriented WG)</b>	- Wrap-up Document WG 1 and 2
	<b>WG3 on EU Aid Delivery Mechanisms</b>	-Wrap-up Document WG3 - Needs Table -12 Technical Fiches
	<b>For all sessions</b>	- <b>Reports of the 4 Regional Seminars</b> (Bamako, Asunción, New Delhi, Baku). - <b>Reports of the 4 Brussels-based Sessions</b> (April, July and November 2010, January 2011).
<b>Reports of Supporting Initiatives</b>	<b>Local Authorities in development</b>	- Reports of the 4 Regional Seminars - Wrap-up document
	<b>Development Education and Awareness Raising (DEAR)</b>	- DEAR Study
	<b>Human Rights and Democratization (HRD)</b>	- Report of the Amman Seminar

<sup>3</sup> Please visit CISOCH to download supporting documents and reports of Structured Dialogue sessions: [https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/Structured\\_dialogue](https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/Structured_dialogue)

## Part I: Synthesis of discussions and key messages

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The following 9 chapters summarize discussions held in the 3 different Working Groups of the Structured Dialogue. They have been drafted on the basis of wrap-up documents and integrate perspectives coming from both the four regional seminars and Brussels-based sessions. Topics addressed are those which framed debates during the whole process. The first 4 topics are related to the role and added value of different categories of development actors while chapters 5 to 8 focus on some of the key principles of the Aid Effectiveness Agenda. Finally, chapter 9 is a synthesis of discussions held concerning EC Aid Delivery mechanisms.

### 1. Promoting an enabling environment for CSOs and LAs

An enabling environment is a **functioning democratic legal and judicial system** that ensures in law and practice the right to organize, the right to expression and information, and the right to participate in public affairs. Ensuring such conducive conditions remains the primary responsibility of partner governments that are bound to protect and promote an environment that maximises CSOs and LAs contributions. Moreover, security is needed for operating and delivering sustainable results. The openness of government and donors to engage with CSOs and LAs, as well as the transparency and accountability with which information is shared are also crucial elements. On the side of CSOs, their legitimacy and representativeness, as well as their collective mechanisms for self-monitoring, accountability and collaboration, are deemed equally fundamental. Established by law and deriving from democratic elections, LAs have political legitimacy and are also bound to accountability and full transparency to their constituencies in implementing their democratic mandate.

Some positive developments can be observed, in line with Article 20.c of the Accra Agenda for Action (AAA). They include examples of rights-based CSO recognition deriving from the UN Universal Declaration on Human Rights qualifying the freedom of association. There is also an increased awareness that the Paris Declaration principle of ownership should be broad-based and democratic (going beyond Governments only). Thirdly, it is noticed that the credibility of CSOs is enhanced by strengthening their autonomy, transparency and self-regulation (i.e. via the implementation of the 'Istanbul CSO Development Effectiveness principles' and other self-certification schemes and code of conducts). Finally, the progressive institutionalisation of spaces for multi-stakeholders dialogue, particularly at the local level but also at regional and global level, is also deemed a positive development.

Nonetheless, as discussed within the Structured Dialogue, a number of **challenges** remain. Restrictive environments for CSOs and LAs to operate currently prevail. Unwarranted political interference, lack of information on government decisions and on EU-partner country agreements, the absence of adequate legal and institutional frameworks or the existence of coercive ones are among the common problems faced by CSOs and LAs. On the side of donors, short-term thinking and discontinuation of efforts over time hamper collective efforts to promote an enabling environment.

On the side of CSOs, their role and credibility may be hindered by the existence of *governmental NGOs* (the so called GONGOs) and *ad hoc* civil society organizations. Weak cooperation and coordination among CSO that prevents the development of a common vision and long term strategic thinking (often resulting from lack of resources) may also act to their own detriment, particularly in the field of social and economic development. Finally, the weakness of institutional and financial frameworks of LAs related to non-adapted fiscal regimes that undermines LAs capacities, and the insufficient political sustainability (deriving from changing political coalitions), are also obstacles when promoting an enabling environment.

Thus an enabling environment needs to be promoted as part of a **joint and broader democratic governance agenda**. Efforts should be particularly addressed towards six key aspects:

- The improvement of CSO legislation (incl. awareness raising on it) in line with internationally agreed commitments concerning the right to organise, the right to expression and information, the right to assembly and international affiliation, and the right to participate in public affairs, whilst striving for a functional, legal and judicial system in law and practice that ensures all these rights;

- The mainstreaming of human rights, including economic, social and cultural rights, democratisation and governance questions in the policy dialogues with a human-rights based approach to development;
- The deepening of policy dialogue with CSOs, on one hand, and with LAs, on the other hand;
- The development of a common understanding on the role of CSOs and on the role of LAs in development, human rights, democratization, governance and conflict transformation, on the basis of their distinct added-value within their respective mandates;
- The deepening of political and administrative decentralisation efforts and the respect for local autonomy with an true devolution of political, administrative and fiscal decision-making within the broad context of decentralisation;
- Finally, the strengthening of CSOs and LAs autonomy, transparency, accountability and internal governance through self-regulatory standards and tools as to improve, among other things, their credibility *vis à vis* governments and donors.

## 2. Political multi-stakeholder dialogues

Multi-stakeholder dialogues between institutional and non-institutional actors, conceived as a **democratic tool that favours transparency, public participation and inclusion**, can play a decisive role in improving the quality, effectiveness and broad-based ownership of public policies, considering their potential to articulate the roles of the different actors, and build confidence and accountability among engaged actors.

The EU policy frameworks recognize this and call for a comprehensive involvement of CSOs and LAs throughout the development process. They are development actors in their own right whose roles are complementary to those of partner governments. The deconcentration of aid to EU Delegations represents a major opportunity to foster dialogue in Partner Countries. In the international arena, the Accra Agenda for Action has set a more inclusive framework in which the roles of CSOs, LAs and Parliaments are duly recognized.

Notwithstanding all these progresses, inclusive political dialogue still **needs to be strengthened**. Conditions for effective and inclusive engagement are often missing (e.g. lack of adequate information flows, absence of structured mechanisms for dialogue, etc.) and national contexts are too diverse to develop uniform approaches. Furthermore, political contexts frequently interfere and CSOs and LAs participation is often regarded as a sensitive and problematic issue<sup>4</sup>. Moreover, CSOs and LAs do not always have the capacity or the resources to invest in policy debate, and sometimes the same happens to Donors and Government Officials. In addition, the representativeness and legitimacy of CSO and LAS platforms/networks is not always ensured.

To tackle these challenges, the following six **governing principles appear essential to implement effective and inclusive dialogues** (EU and donors/CSO and LA/governments):

- Develop result-oriented dialogues, with clear objectives , to ensure collective ownership over the process and achieve win-win results for all actors;
- Ensure political will and leadership, together with a reinforced commitment to transparency and accountability, whilst warranting coherence throughout the different phases, from convening to implementation and follow up;
- Ensure an adequate understanding of context, interests, and correlation of forces (e.g. through strategic mapping exercises, etc)
- Guarantee actors' relevance, representativeness and inclusiveness, so that participants are valid and representative interlocutors of concrete sectors/actors with specific demands<sup>5</sup>; make sure to include political society as a relevant dialogue actor;
- Make sure that there is sufficient capacity of all actors involved. This is particularly relevant for local CSOs and LAs in local dialogues, which could require enhanced capacity building support from their International counterparts. European actors, whilst sharing their experiences and expertise on

<sup>4</sup> This holds particularly true for countries with fragile democratic traditions, where the national authorities may consider CSOs, as well as LAs, as "opposition forces" rather than partners that can be consulted.

<sup>5</sup> When embracing participatory approaches, it is fundamental to avoid the risk of "elite capture", which may happen when time is not spent to ensure that the most vulnerable groups acquire real bargaining power, and consequently the required capacity to engage.

- dialogues, should be attentive not to endanger the legitimacy of locally owned processes ;
- Finally, allocate sufficient resources and ensure an adequate degree of institutionalisation of dialogues.

### 3. Partnerships and complementarities between actors

CSOs and LAs, both in Europe and partner countries, have taken on expanding developmental roles and responsibilities. Whereas European development NGOs have historically been the EC and EU MS main implementing partners, other CSOs and LAs have increasingly been recognized in all their diversity as important drivers of change in development and governance processes. The EC and MS have recognised this trend and progressively embraced **participatory development approaches** to ensure their involvement in the European policies, dialogue processes and funding instruments.

About CSOs and LAs roles	
<p>Article 20 of the Accra Agenda for Action (AAA) explicitly refers to <b>CSOs as independent development actors</b> in their own right, whose efforts complement those of national authorities and the private sector, on the basis of their manifold potential (not excluding) roles as actors of social change. These are<sup>6</sup>:</p> <p>(i) <b>Mobilisation and organisation of grass-root communities</b> for social, economic and political development; (ii) <b>Development Education, Awareness-raising and social empowerment</b>; (iii) <b>Monitoring of governments and donors</b>; (iv) <b>Service-delivery and development programming</b> (filling gaps, when needed); (v) <b>Building coalitions and networks</b>; (vi) <b>Mobilisation and leverage of EU resources</b> in partnerships (particularly for European partners); (vii) <b>Involvement in the Governance agenda</b>; (viii) <b>Advocacy</b>; (ix) Promotion of <b>democratic ownership</b>; (x) Involvement in the <b>Human Rights agenda</b> and (xi) Provision of <b>humanitarian assistance</b> (post crisis).</p> <p>Besides, CSOs can bring a <b>distinct added value</b> on the basis of their nature as <b>self governing and voluntary organisations</b>, through: (i) their right-based approach to development; (ii) their outreach capacity to the most marginalised and their ability to empower them; (iii) their capacity to react rapidly and flexibly; (iv) their links of local needs with global issues, and (v) the power to promote and trigger social innovation.</p>	<p>On the basis of their legal competences, their legitimacy through elections and the recognition of the subsidiary principle, LA are responsible for implementing local/regional development strategies, including planning and delivering basic services. <b>LAs play a political and cornerstone role</b> in the promotion of <b>local development and governance</b><sup>7</sup> and in the delivery of <b>public services</b> to its citizens and management of <b>external aid</b> (through decentralized cooperation).</p> <p>Among others, LAs:</p> <p>(i) <b>Link decision-making more closely to local priorities</b> and thus bring processes of planning, implementation, monitoring and accountability closer to the population; (ii) <b>Implement territorial development strategies</b>; (iii) Ensure an equitable <b>delivery of basic services to fight against poverty and support environment protection</b> and <b>implement local democracy and local governance</b>, involving a shift to downward accountability through participation and transparency; (iv) <b>Bring together all relevant development stakeholders</b> and create synergies between actors from private and public sectors; (v) <b>Replicate successes for community-wide benefit</b>; (vi) <b>Foster dialogue between different tiers of government</b> thus ensuring coherence between national, regional and local strategies; (vii) Contribute to an <b>enabling environment for local CSOs</b> to operate and; (viii) <b>Raise citizens' awareness and foster development education</b>.</p>

However, the rapid expansion and **diversification of actors**, coupled with the emergence of a global civil society and LA aggregations, together with the challenges posed by the aid effectiveness agenda, compel all stakeholders to rethink and adapt their working methods taking into account the diversity and specificity of different actors. This should lead to a more strategic “use” of the added-value of each category of CSOs and LAs whilst, at the same time, avoiding fragmentation and revisiting the conventional **divide between North and South**.

<sup>6</sup> These roles identified are in line with the outcomes of the country and sectoral consultations of the Open Forum for CSO development effectiveness. Please consult: [http://www.cso-effectiveness.org/-global-report\\_052-.html?lang=en](http://www.cso-effectiveness.org/-global-report_052-.html?lang=en)

<sup>7</sup> See “Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee and Committee of the Regions. Local authorities: actors for development.” SEC (2008)2570.

As regards the "North-South" divide, a number of evolutions challenge this traditional split, namely the growing emergence of **global partnerships** based on shared visions and objectives, which create solid, effective and sustainable bonds and results. Also, the consolidation of international, regional and national membership-driven CSOs and LAs networks that can foster capacity building, capitalize on experiences, engage in advocacy work and participate in political dialogues, are important developments. They include a number of pilot experiences with phased approaches to partnerships<sup>8</sup>.

Nonetheless it must be acknowledged that the **imbalance between northern driven and local CSOs and LAs persists**. Differences in capacity are apparent and **responsiveness to local priorities, of communication/coordination and of truly joint decision-making, project development and implementation should still be further enhanced**. Besides, "fake" or "silent" partnerships are sometimes the result of the donors' timelines, which leave insufficient time for project preparation and full-fledged partnerships.

Hence there is need to continue redefining the specific added-value of European CSOs and LAs in the **multi-actor partnerships** that have emerged.

The added value of European CSOs lies in their capacity to carry out Development Education and Awareness Raising actions, to advocate for just and sustainable international policies and public goods, to mobilise citizens and support the capacity development of local CSOs, but also and importantly, it includes the capacity to put forward innovations and to start up development solutions in partnership with their counterparts. The added value of European LAs lies with their ability to reinforce the capacity of LAs from Partner Countries to participate in their own national dialogues on strategies and policies and in the programming phases.

Stakeholders need to recognise the global dimension of CSOs and LAs movements and gain a better understanding of international actors and sector-based networks and of their development impact both in Europe and in partner countries. **Dialogues** between Northern and local CSOs should be promoted to foster peer learning and co-responsibility, especially among member-based social movements.

There is also a need to acknowledge the **political importance of supporting CSOs and LAs** beyond the financial dimension of the support (i.e. especially on Human Rights and governance issues and/or in fragile states) or in the promotion of devolution of political and fiscal powers to LAs. **Demand-driven partnerships**<sup>9</sup> should be further encouraged; in this sense, while the right of initiative remains with all CSOs, local actors should be guaranteed the initiative in the identification of local development needs; their Right of Initiative should be hence respected while ensuring the opportunity for them to express necessary improvements<sup>10</sup>. Better use should be made of existing CSO and LA platforms.

#### Development Education and Awareness Raising (DEAR)

Sustainable development needs DEAR: tackling global challenges requires public engagement and active citizens. DEAR can be instrumental in fostering this engagement and the EC has added value in facilitating it.

Fostering active citizenship and empowerment for social change through DEAR should be a worldwide endeavour, not limited to Europe. It should be based on mutual and participatory learning, linking of individuals and communities, as well as complementarity and partnership between formal state education systems, CSOs and LAs as the institutional level closest to the people. Citizens' empowerment for change would contribute to the emergence of a Global Civil Society.

The European community of stakeholders in Development Education elaborated in 2007 "The contribution of Development Education & Awareness Raising". This document proposes a common DE strategy framework towards a more co-ordinated, coherent and complementary work of the different European actors in Development Education.

<sup>8</sup> They revolve around 3 major phases (i) an initial focus on capacity building; (ii) a transition towards the exchange of experiences; and (iii) a progressive division of labour that is clear and mutually beneficial and that preserves an on-going and active dialogue between the engaged parties.

<sup>9</sup> See Open Forum for CSO development effectiveness Istanbul principle n 6 'Pursue equitable partnerships and solidarity'.

<sup>10</sup> This should be a dialectic process between the defined needs of the local partners and the contribution of European actors.

#### 4. Territorial approaches to development and LAs and CSOs articulation at the local level

A territorial approach to development puts **the territory** (understood from a two-fold perspective, the space but also the actors interacting in the space) **at the heart of local development and governance** efforts. This ambitious approach, which can be seen as one of the possible expressions of the multi-stakeholder approach at local level, has the potential to enhance the ownership of local development strategies and strengthen coordination of development efforts, in line with the Paris Declaration's Principle of harmonization and division of labour (via local development plans). The approach puts the emphasis on the **cooperation among all relevant actors** (i.e. local authorities, civil society, private sector<sup>11</sup>, but also local committees, traditional representatives, etc.). They are mobilised on the basis of their **distinct mandates** and in line with the principle of "different visions and expertise but shared interests", around a **local development strategy**<sup>12</sup>.

Various actors play a crucial role in territorial approaches to development (private sector, national authorities, universities etc.) but debates within the Structured Dialogue focused on relations between LAs and CSOs at the local level, particularly in conducive environments where their articulation is feasible. LAs play a catalyst role for local governance, deriving from their democratic legitimacy, proximity to the citizens, mandate to deliver basic services and ability to replicate successes for community-wide benefit. By promoting an inclusive, democratic and effective decision-making framework for establishing local development priorities, LAs can foster an environment of collaboration and dialogue with their citizens and relevant stakeholders. CSOs also play a cornerstone role in local social and economic development and governance. Thus, their proactive participation in the definition and implementation of local development plans should be seen as a mean to mobilize local resources and social capital (existing in the territory), to spread information as to increase the effectiveness of local public policies and related services and to allow the inclusion of grass-roots and potentially marginalised groups in the local development agenda.

However, **conditions for effective LAs and CSOs articulation are often missing** and a number of relevant challenges remain. To start with, the absence of an enabling environment allowing for institutionalised participation at the local level, mainly in non conducive environments for Human Rights, and the prevalence of top-down models of governance hamper LAs and CSOs articulation efforts. Often, there is not sufficient trust between CSOs and LAs, as well as recurrent communication deficits and insufficient capacity and resources on both sides. Furthermore, local CSOs often face problems of coordination and some opportunistic CSOs may weaken the image of the whole CSO movement. On the side of LAs, there is the risk of neglecting advocacy and watchdog oriented local CSOs for fear of criticism and of neglecting minorities and non-mainstreamed CSOs. Allegedly, there is also an inherent tension between local and national levels of governance and thus a consequent need to reconcile the existence of a strong national strategy with its adaptation to the diversity of local contexts. Finally, the short-term vision of donors, the support to ad hoc mechanisms of project implementation that act in parallel undermining local institutions and the absence of a results-oriented and multi-stakeholder approach often act to the detriment of long-term processes of social and economic change.

To counterbalance these challenges, a number of **conditions and mechanisms need to be promoted**:

- Political will on the side of LAs and a confirmed interest and demand on the side of CSOs, resulting into a coordinated agenda of shared interests, facilitated by a constant, transparent and mutual exchange of information; a clarification of the respective roles of LAs and CSOs according to mandates, added value, and specific contexts, in order to address potential tensions;
- A thorough understanding of the actors and their dynamics (e.g. through strategic mapping exercises);
- More in-depth discussions on the inter-linkages and synergies between LAs and CSOs work at the local level, particularly with CSOs active in the field of social and economic development;

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<sup>11</sup> A sound local private sector (for instance Small and Medium Enterprises) can represent an important source of local and regional dynamism. Intermediary Business organizations have an increasingly critical role in the direct delivery of social and economic services, and in fostering local economic growth.

<sup>12</sup> In politically restrictive environments, the principle of "different visions but shared interests" might not apply and special attention must be given to grass-roots organizations and individuals advocating for human rights and democracy and to potentially marginalized groups.

- An institutionalised participation framework at the local and/or regional level throughout the public policy cycle (from assessment of needs and policy design to implementation and evaluation), on the basis of a process of dialogue and negotiation<sup>13</sup>;
- Finally, a consistent results-oriented and multi-stakeholder approach amongst all development partners (including donors) to avoid fragmentation and reinforce local institutions and governance.

## 5. The ownership and alignment principles

**Ownership**, according to the Paris Declaration (PD), means that partner countries exercise effective leadership over their government-defined policies and strategies and co-ordinate development actions.

In the framework of the Structured Dialogue, CSOs & LAs welcome this commitment but claim that debates need to move forward, and shift from a technical focus (on cost-effective aid delivery mechanisms) to **development effectiveness** (focussing on the impact of development actors' actions on the lives of poor and marginalized populations). Such shift **broadens the scope of country ownership to democratic local ownership**: stakeholders share responsibility for development by negotiating a broad consensus to promote and implement development strategies. If translated into practice, the principle of democratic local ownership means an enabling environment for CSOs & LAs to act according to their added value, and encourages the **active participation of groups often excluded from decision-making**. Regrettably, as it can be drawn from discussions, often restrictive environments for CSOs and LAs prevail.

The PD commits also donors to **'align'** their overall support with priorities and strategies set by partner countries, rather than imposing their own priorities or putting parallel systems in place for the implementation of projects. Accordingly, donors have worked towards an increased use of sector wide approaches and budget support modalities (the so called "New Aid Modalities") in line with national budgets. At the same time, partner countries undertake greater efforts to improve their own public financial management systems and develop result-oriented strategies to enable donors to rely on their country systems (including enhanced public services and governance structure).

Discussion within the Structured Dialogue stress that there is a **risk** that alignment is understood in a mechanistic manner, only in relation to central government development priorities (via National Development Strategies). Such restrictive interpretation would limit the complementary and innovative role of CSOs and LAs, especially when they deal with **unanswered needs** or specific target groups not benefiting from government priorities. It could also encourage the **misuse** of the 'alignment principle' to recentralise aid or even prompt co-option and politicisation of funding, particularly in non-enabling environments. For LAs, alignment may pose a major threat of re-centralising aid and the risk would be that of undermining the principle of subsidiarity and the respect of LA autonomy (also from a financial perspective).

When considering CSOs and LAs' involvement, democratic local ownership & alignment principles can foster an **inclusive multi-stakeholders dialogue at country level**. They can, for instance, prompt participation of relevant CSOs & LAs in the planning, governance and monitoring of aid, which leads to their greater autonomy and capacity of action. Enhanced ownership and alignment require, as a pre-condition: (i) the respect of the local autonomy of LAs and (ii) the possibility for CSOs to operate freely from government and donor influences so that to act as a critical voice, when needed.

To do that, **CSOs and LAs capacities** (e.g. policy analysis skills, language, understanding of macro-economic mechanisms) **and means** are to be strengthened to allow them to significantly contribute to policy dialogue and aid programming. At the same time, sustained efforts are required to trigger CSOs and LAs' capacity at national level through strong coalitions/networks, while connecting these processes down to the local level, in order to set common agendas and develop effective interaction with government (at different levels).

Three key areas for action emerge, with a view to **establish an enabling environment to enhanced ownership and effective alignment**. These are:

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<sup>13</sup> Ideally, such frameworks should be created beforehand but experience shows that even in their absence, local spontaneous initiatives of LA and CSO articulation can take place.

- A shared will to move multi-stakeholder processes forward and to invest in building a consensual approach on the national and sector strategies with the diversity of development stakeholders (including CSOs and LAs);
- More systematic mappings<sup>14</sup> that reflect power relations between CSOs, Government (at different levels) and other institutions, as a basis to define the most suitable modalities and/or instruments to support CSOs and LAs participation;
- Continuous investment in CSOs and LAs capacity-strengthening for research and advocacy, including support for marginalized groups, on how to influence policy, to monitor budget support, and to hold government to account more effectively<sup>15</sup>.

## 6. The Right of Initiative of CSOs and LAs

The notion of Right of Initiative (RI) acknowledges the **diversity and autonomy of CSOs as actors for development in their own right**. According to the Accra Agenda for Action (AAA), the right of initiative is **intrinsic to CSOs** and must be guaranteed in order to safeguard their added value and effectiveness. It creates space for creativity and innovation, and offers them a considerably degree of freedom to complement government programmes and pursue their own agendas for change<sup>16</sup>.

In the framework of the Structured Dialogue (and especially during regional seminars), CSO representatives recalled that the initiative of the identification of local development needs should rely primarily on local CSOs, with the support of their European CSO partners.

On the side of LAs, the self-government principle should be preferred to the notion of Right of Initiative. Based on the principle of subsidiarity, it should be understood as both the respect of their autonomy in fulfilling the powers LAs have been given by the law and the right to initiate public policies supportive of local development needs yet not covered by state interventions or central policy priorities.

Experience shows that CSOs and LAs' autonomy is not always sufficiently safeguarded. In general, CSOs and LAs remain cautious about compromising their independence (particularly in the name of **harmonization and alignment** under the Aid Effectiveness Agenda), with the fear of seeing their role reduced to helping government and donors to improve their own performance. Hence, a number of manifest **challenges** remain. To start with, conditions for effective and inclusive CSOs and LAs involvement are often missing and CSOs and LAs do not always have the possibility to monitor and influence governments' strategies and policies. In addition, political and financial support is not always secured, particularly for organizations working in difficult situations and/or working on sensitive issues. Furthermore, as regards the provision of basic services, there is a risk of undermining the legitimacy of the State and of LA (or substituting their responsibilities) when CSOs provide such public services outside of an agreed cooperation with public authorities.

Upholding the Right of Initiative requires a set of **principles and conditions**:

- Complementarity between public authorities and CSOs is to be sought on the basis of the specificity, legitimacy, representativeness and added-value of both.
- The Right of Initiative comes with responsibilities. On the one hand, financial viability and sufficient capacities are key to enable CSOs to put forward alternative visions, innovative actions and offer a long-term development perspective. These features are equally important to empower LAs to play their role and endorse their mandate in an autonomous way. On the other hand, sound accountability and full transparency towards their targeted constituency is required from CSOs

<sup>14</sup> Including an analysis of key change agents in the country (the so called drivers of change)

<sup>15</sup> E.g. in enabling them to proceed according to these steps: (i) identify key decision-making processes, (ii) collect public information and lobby for greater access to information where necessary, (iii) identify opportunities for influence, (iv) consider strategic alliances and opportunities, for example, alliances with Parliaments and audit institutions.

<sup>16</sup> The Right of Initiative needs to be conceived both as autonomy in terms of choosing the priority areas for activities but also a broader autonomy in the CSO role as watchdog vis-à-vis the public authorities, and the capacity to act without aligning when needed.

acting on the basis of their Right of Initiative. Equally, LAs should ensure accountability and full transparency to their constituencies in implementing their democratic mandate in the framework of a sound internal governance system.

- It is important to articulate and find a balance between the recognition of and commitment towards the RI by donors and their wish to finance CSOs and LAs initiatives in a more effective and strategic way. Hence, while respecting their commitments on the principles of ownership and alignment, donors are also responsible to ensure enough flexibility in their funding modalities in order to support CSOs right of initiative and LAs autonomy deriving from their legitimate mandate. This flexibility is crucial to support issues and themes<sup>17</sup> that are not grounded in national policies but are key to development and governance.
- Finally, when considering the collaboration between European and local CSOs, partners should acknowledge and respect the RI and the distinct role and responsibility of the other and avoid imposing its views and plans. This is valuable for the whole range of civil society activities from policy to implementation. In the area of advocacy in particular, CSOs rooted in the local society have the primacy in influencing their own policy makers and governments<sup>18</sup>.

## 7. Accountability

The PD principle of Mutual Accountability means that **donors and partners are accountable for development results**. So if aid relationships are to be further developed into ‘partnerships’, then reciprocal commitments between donor and recipient governments, need to be put in place, as well as mechanisms to monitor those commitments. In the framework of the Structured Dialogue, discussions on this principle transcended the bilateral relation between donors and partners governments, in order to **include CSOs and LAs, as key actors in the accountability chain**. Therefore, the scope of the principle has been broadened to **multiple/social accountability** so as to involve all development stakeholders and to question the role of CSOs and LAs in this dynamic.

**Multiple accountability**, rather than mutual accountability, lies at the heart of democracy. As a principle of good governance that relies on **civic engagement**, it aims at **promoting a system of checks and balances among all relevant development stakeholders**. In context of decentralization, elected LAs add to these layers of governance as they are accountable (i) downward towards citizens, element at the core of democratic decentralization; (ii) upward towards central Governments.

The concept of multiple accountability also acknowledges that joint actions between LAs and CSOs have the potential to make positive contributions to sustainable local development. In various countries, decentralised cooperation has been successful in supporting implementation and design of participatory budgets and policies aimed at strengthening LAs accountability towards their citizens. In addition, by guaranteeing internal accountability systems, CSOs and LAs' legitimacy is strengthened and these actors are able to require more transparency from governments and donors.

One of the **main challenges** for the full-fledged implementation of the accountability principle is that the aid effectiveness agenda focuses on accountability in a **too restrictive way**. Often it relates to disbursement procedures and financial accounting and reporting, rather than **impact and results** on the ground. In addition, access to information (i.e. on public policy, resources, decision-making and institutions), albeit being an essential condition for monitoring, is not always put in place. Finally, progress on accountability for CSOs and LAs is often hampered by structural weaknesses.

In order to accompany societal change, a **vision of "accountability" that transcends accountancy** is needed. This requires a new mindset with shared commitments for all stakeholders. To support a strong involvement of CSOs and LAs throughout the whole public-policy cycle, a number of prerequisites are

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<sup>17</sup> For example, in fragile states, where Human Rights issues are concerned (for instance freedom of press and watchdog role).

<sup>18</sup> EU CSOs can play a significant supporting role in strengthening CS capacities and networking, facilitating access to funding, to information and to policy makers from donor countries and by pushing their governments to put in place and to promote an enabling environment and political space for CSOs.

essential, ranging from a right-based approach to multi-stakeholder dialogue<sup>19</sup>, sufficient resources to strengthen actors' capacities to play their role, to the establishment of mutually agreed goals between partners.

CSOs and LAs enhanced stance in accountability implies that they **progress in the establishment and application of self-managed standards and mechanisms**<sup>20</sup>. This is done to improve their accountability and transparency vis-à-vis donors and governments but also vis-à-vis their constituencies and beneficiaries. Finally, moving beyond a **technocratic and cost-oriented approach to measure development outcomes** and impact requires **developing new tools**. Those latter should **give more room to CSOs and LAs-driven research and knowledge** as they are often underestimated and insufficiently used, particularly by governments and donors.

## 8. Division of labour (DoL) and Harmonisation among donors

Some donors' national interests may influence the agenda of official development aid. This situation is one of the factors that causes imbalances in aid repartition ("darlings and orphans" at country and sector levels). Evidence also shows that *"aid is becoming deeply fragmented and it is not distributed evenly"*<sup>21</sup>. For that reason, **enhanced harmonisation - and consequently, better division of labour (DoL) among donors** is one of the priorities of the international reform agenda and is prominently featured in the Paris Declaration.

In line with commitments endorsed by donors on the basis of the AAA, some **positive developments** can be expected. To start with, an improved donor harmonisation results in reduced transaction costs in the beneficiary countries for all parties concerned, better use of financial/human resources and enhanced complementarity. Secondly, harmonisation increases dialogue between donors and other relevant stakeholders, contributes to knowledge sharing, and promotes joint initiatives and funding modalities. This is particularly important to enhance impact in the areas of democratisation, human rights and governance.

In the context of the structured dialogue, discussions widened the scope of Division of Labour among institutional donors to consider **all relevant development stakeholders** engaged in specific sectors of cooperation (traditional donors but also local authorities and CSOs in their donors' role).

In terms of **challenges**, it has been recalled that multi-stakeholder coordination and division of labour cannot be conceived globally and has to be context-driven. DoL requires significant coordination and self-assessment of the individual comparative advantages of each actor. Besides, some donors may be reluctant to implement the division of labour agenda because they wish to remain in politically attractive sectors for visibility reasons. They do not want to lose direct interaction with relevant actors in the field<sup>22</sup>. When considering European CSOs & LAs, they want to continue and deepen privileged and old standing relationships with specific Southern counterparts. Furthermore, combining harmonisation and other Paris principles such as alignment and management for results can result into less flexibility and limited space to support innovative approaches or sensitive projects. The limited variety of support models, the restricted scope of actions and the concentration of funding can also result in higher competition between CSOs.

To **overcome these challenges**, a number of conditions and principles could be promoted:

- When the provision of basic services is concerned, the comparative advantage of each actor has to be clear in view of the coordination and complementarity of all development actions;
- A strong political articulation is needed from donors, especially from the EU (i.e. in the framework of the European Code of Conduct on Complementarity and DoL), to improve coherence between the different actors' inputs. In relation to this, different stakeholders (including also governments,

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<sup>19</sup> Including through a stronger dialogue and interrelation between CSOs and LAs and Parliaments, audit institutions, academia, media and private sector.

<sup>20</sup> As clearly defined in the Istanbul principle 5: as development actors in their own right, working for the public realm, CSOs have a corresponding obligation to demonstrate leadership in being fully accountable for their development actions.

<sup>21</sup> AidWatch Report 2009.

<sup>22</sup> For instance, when they delegate their cooperation to other Donors.

CSOs and LAs on top of donors) would gain in systematically sharing lessons learnt on what works, what does not and why;

- The programming of aid is a key moment to involve CSOs and LAs in the DoL agenda. It is therefore necessary to move from ad-hoc consultations to institutionalised, regular and flexible multi-stakeholder dialogue;
- The harmonization agenda of donors cannot be automatically transferred to CSOs. Plurality and heterogeneity need to be accepted as assets, whilst harmonization cannot be seen as a means or an objective in itself. The question should thus be framed more in terms of coordination and partnership among actors to avoid fragmentation and duplication of efforts.
- Finally, a balance between harmonisation and flexibility is needed to guarantee that CSOs and LAs are properly represented and involved in their full diversity within development dynamics.

## 9. EU aid delivery mechanisms

In the framework of the Structured Dialogue, stakeholders reached a consensus on the most pertinent needs<sup>23</sup> of CSOs and LAs to be supported by Donors. Consequently discussions focused on how to **best adapt existing EU delivery mechanisms** (i.e. aid modalities<sup>24</sup> and selection procedures<sup>25</sup>) and on **alternative or innovative mechanisms that could be used in the future**. The aim was to identify a set of conditions and criteria for the **different possible support models** in order to determine the most promising and feasible mechanisms for effectively supporting CSOs and LAs in their respective roles and ambitions as development actors.

While the feasibility of using certain mechanisms was analysed in light of both the existing Financial Regulation of the EU and the EC-proposed future legal framework<sup>26</sup>, discussions were not limited to the EC's use of aid modalities but included references to practices of EU Member States. A short technical brief<sup>27</sup> was prepared for each of the 12 delivery mechanisms in order to provide relevant background information and focus discussions (see annex 2).

A number of overall trends emerged during discussions on the features aid support models for CSOs and LAs should have. For example, the importance of being able to draw from an **appropriate mix of aid modalities** so as to reach and best respond to the widest possible range of actors, needs and contexts was repeatedly highlighted both in regional seminars and Brussels-based working sessions. Similarly, the different **modalities themselves should be sufficiently flexible** in order to be adaptable to different contexts and actors. The choice of the delivery mechanism would also need to be based on **considerations of cost-effectiveness**.

A shift in EC financing from focusing on projects to **supporting programmes and processes, coupled with the possibility for longer-term support**, was strongly advocated for by many actors in order to strengthen impact and sustainability, while also allowing for greater predictability of funds. Participants also favoured concrete measures that would **facilitate the funding access for local organisations** and better enable them to be the driving force in the implementation of development initiatives (e.g. simplification of processes, ringfencing of funds, use of regranting as well as better valuation of an organisation's active local presence in selection procedures). An apparent tension should be noted between different support models in view of the limited resources available for development cooperation, with **funding increases in favour of one modality necessarily requiring reductions for other support models**.

### *Analysis of aid support models*

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<sup>23</sup> The list of identified needs can be found in Annex 1.

<sup>24</sup> i.e. the type of funding that is provided.

<sup>25</sup> i.e. the way beneficiaries are selected.

<sup>26</sup> The EC-proposed revision of the Financial Regulation can be accessed at the following site:

[http://ec.europa.eu/budget/library/documents/sound\\_fin\\_management/financial\\_regulation/com\\_2010\\_815\\_revision\\_triennale\\_en.pdf](http://ec.europa.eu/budget/library/documents/sound_fin_management/financial_regulation/com_2010_815_revision_triennale_en.pdf)

<sup>27</sup> The 12 technical briefs can be found in Annex 2.

In the framework of EC development cooperation, **calls for proposals** are currently the main mechanism through which financial support in the form of grants is provided to civil society organisations (CSOs) and local authorities (LAs). Originally conceived as the fairest and most transparent mechanism for delivering aid, the calls mechanism has been linked to a number of shortcomings by stakeholders, ranging from the complexity of the application process and limited cost-effectiveness<sup>28</sup> to the difficulty of effectively engaging and building the capacities of small local organisations with limited resources or proposal-drafting expertise.

While there is a generally-acknowledged need for simplifying the application process for calls (encompassing eligibility criteria, guidelines, applications forms) it should be noted that simplification may entail the risk of resulting in an even more over-subscribed system. To continue to be viable as an effective delivery mechanism in the future, calls for proposals will therefore need to be more focused regarding their specific objectives and better targeted, with calls adapted to the specific needs of, for example, local authorities (technical brief 11), smaller local CSOs (technical brief 12) or CSOs engaged in particularly difficult or volatile sectors such as human rights, requiring additional flexibility through, for example, the use of permanently open calls for proposals.

Since CSOs of all sizes and backgrounds are currently competing against each other for the same funds, the concept of setting aside funds for specific actors (the so-called **ringfencing**) has been viewed favourably by participants as an effective means to promote the involvement of certain actors (e.g. local organisations or CSOs from the 12 'new' EU Member States) by establishing a more level playing field, thereby minimizing unbalanced competition between small/large, local/international, well-resourced/poor organisations (see technical brief 10). Participants highlighted that ringfencing can be pursued through calls for proposals (e.g. by creating specific lots to differentiate actors) or within any other given aid modality, subject always to the objectives to be reached.

*Since not all of the identified weaknesses of the calls mechanism can be addressed solely through improvements in the way calls are designed and organised, a majority of discussions focused on alternative aid modalities that could effectively respond to the diversity of development contexts, actors and needs.*

As an alternative to the EC's current focus on project funding, **programme-based funding**<sup>29</sup> would be welcomed by many CSOs and local authorities given the greater flexibility, longer timeframes and better strategic focus such funding can allow for (technical brief 3). Such funding would require a clear vision and definition on part of both the EC and partner organisations concerning the aims and objectives of the programmes to be funded and the setting-up of an appropriate selection mechanism. It would also require a clear definition of what such a longer-term partnership entails, and should be based on a set of prerequisites which beneficiary organisations would need to meet (e.g. sound internal governance, existence of a strategic plan/local development strategy, etc.) It needs to be recognised though that the use of programme funding would imply a smaller number of beneficiary organisations and lead to a greater concentration of funding, which could however be counterbalanced through an appropriate mix of modalities in order for the EC to continue to support a wide range of actors.

Smaller or grass-roots organisations could, for example, benefit from an increased use of **regranting**, which due to current strict limits concerning the maximum allowable sums that can be sub-granted has so far not been widely used by the EC but enjoys strong support from participants to this working group (see technical brief 2). Provided that the revised financial regulation would increase the flexibility offered for the provision of sub-grants, regranting could act as an effective mechanism to engage smaller organisations on the ground and strengthen their capacities. Regranting could also serve to overcome the language barrier often referred to by participants to the regional seminars of the Structured Dialogue, preventing many small organisations from applying to calls given their inability to draft proposals in one of the mandated (EU) languages. Local intermediary organisations managing regranting schemes could accept submissions in the local language as they would normally possess the necessary language capacities. Participants further emphasised that regranting should remain part of a programme and not become a stand-alone mechanism or be the final objective of a programme or project. Questions concerning the responsibility of the primary beneficiary as regards the liability for

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<sup>28</sup> Reflecting the often intense competition, success rates for proposals submitted through global or local calls are on average around 10%. For some calls, however, the success rate has been as low as 2-3%.

<sup>29</sup> This is referred to as framework partnerships in the terminology used by the Financial Regulation.

sub-granted funds and reporting requirements will require further analysis. Finally, care should be taken that regranting would not undermine the political independence of the benefiting organisations, notably in the area of human rights.

For organisations with limited resources, eased **co-financing** requirements and the acceptance of in-kind contributions were also deemed to be particularly relevant (technical brief 8). While the requirement that part of the cost of an action is to be covered by sources other than the EU budget is generally supported as a means to promote ownership, a flexible approach adjusted to the needs of different contexts and actors is called for. Participants to regional seminars repeatedly highlighted the significant challenge of mobilising the funds required for the own contribution, in some cases effectively preventing them from applying for funding in the first place, or diverting too many of their resources away from their core mandate. Full financing therefore should be considered as a possible option for local organisations and in situations where the co-financing requirement may represent a real obstacle to the achievement of aid objectives. The acceptance of in-kind contributions (e.g. in the form of volunteer work or donated goods) as co-financing could also serve as an effective means to ease the potential burden of the co-financing requirement, although clear criteria for the valuation of in-kind contributions would first need to be established and agreed upon.

With a view to increasing aid effectiveness, **pool funding** presents an option that can serve to counteract aid fragmentation and harmonise procedures (see technical brief 4). While the EC would be able to manage trust funds following the adoption of the revised financial regulation, its capacity to engage in pool funding is to remain restricted to agencies of EU Member States or international organisations. In this context some participants underlined the potential risk of recentralising EU funds at the level of a national or international agency. Yet this should not prevent the EC from further engagement with this modality given its obvious strengths. In order to be effective, the establishment of pool funds requires a strong dialogue between donors, a significant overlap in their priorities, a common understanding of the context as well as a demonstration of its added value and cost-effectiveness given the potentially high initial costs to set up the fund. When being set up, pool funds should also provide for an appropriate involvement of stakeholders in the process, i.e. the local authorities concerned and/or CSOs active in the respective regions or cooperation areas. Participants noted however that pool funds should not negatively impact the diversity of funding opportunities available and result in the exclusion of certain sectors or regions due to greater concentration of funding. The potential for further flexibility in pool funding, allowing in particular for the involvement of Southern organisations, should continue to be explored in the context of the post-2013 financial perspective.

A number of aid modalities specifically targeting local authorities were discussed as part of the Structured Dialogue. **Twinning** or city-to-city partnerships are a well-established and much appreciated mechanism in the view of participants and do not require substantive changes in their setup (see technical brief 7). Nevertheless, the EC could further contribute to the effectiveness of this modality by supporting the dissemination of best practices and strengthening existing mentorship mechanisms through which experienced cities that have participated in twinning projects help to identify and build collaboration with new cities, with particular attention to enhancing South-South cooperation. **Calls for proposals** specifically adapted for local authorities were also welcomed, with further adjustments envisaged to better take into account specific elements related to e.g. the organisational calendar of local authorities and the need to promote the accessibility of calls to a wide range of local authorities.

Obstacles were in contrast identified as concerns the possible provision of **budget support to local authorities** (technical brief 6). The feasibility of such support model is circumscribed by the preconditions that would need to be met, particularly the necessary financial autonomy from the central government which is lacking in many developing countries. As such it currently does not appear to be a feasible support model for the EC to use but already existing experiences of EU Member States in the realm of budget support to local authorities merit further analysis.

The **direct award of grants** (technical brief 9) on the other hand was identified as a relevant and feasible modality when working with local authorities, given that their unique political and administrative powers could justify the award of direct grants under the financial regulation in cases where the programming priorities and respectively defined interventions have a clear geographical focus. For CSOs and associations of local authorities the use of direct awards should however remain

limited to de facto monopoly and exceptional situations such as crises (including where human rights are threatened) or emergencies.

In order to promote the spread of best practices and reward high performance during implementation, participants considered the concept of **follow-up grants** as an important performance incentive and means to strengthen sustainability (technical brief 5). Such follow-up grants, which could be anticipated as part of a performance reserve included in the budget of the initial funding opportunity, would require the elaboration of clear performance indicators and an objective and transparent assessment mechanism. Given the limited duration of many projects and the need to avoid funding gaps between the initial and follow-up grant, it may however prove to be difficult to reliably measure the performance and results of a given project after a potentially very short period of implementation. The cost-effectiveness and feasibility of an appropriate evaluation mechanism would thus need to be further analysed before considering the inclusion of this mechanism in a future operational toolbox, despite its clear conceptual merits. It should also be noted that the need for follow-up grants to strengthen sustainability may be reduced by an increased focus on longer term projects and programmes.

In contrast to most of the modalities hereto mentioned, **core funding** (technical brief 1) does not only cover specific activities but subsidises core organisational and administrative costs of an organisation, thereby helping to strengthen capacities and better enabling organisations to focus on their primary mission or area of activities. As such, core funding is particularly relevant for networks, umbrella and advocacy organisations and considered as a very useful and important modality by many actors (e.g. to fund institutional development and capacity building efforts), the use of which could be broadened. Competing demands for increasing the amount available for core funding while not reducing the funds available for action grants would however need to be balanced when considering a possible increase in the use of this modality.

### **Final observations**

The above represents a catalogue of delivery mechanisms (i.e. aid modalities and selection procedures) that, with the exceptions identified, could usefully become part of an operational toolbox that could allow the EC or also other donors to flexibly respond to the needs of a wide range of contexts and actors and facilitate the promotion of multi-stakeholder partnerships. Ongoing dialogue with CSOs and local authorities should accompany this process. If adopted in its current form, the EC's proposal for the next financial regulation, which foresees greater flexibility for *inter alia* regranting, pool funding and co-financing and is expected to come into force in the second half of 2012, would constitute an essential step towards the creation of such toolbox.

The decision on which modality to use should be based on a **thorough mapping of the combination of development needs, skills and capacities available per country/region or sector** and should also respond to the **programming priorities and considerations of the likely cost-effectiveness of the different support model options**. This requires a clear vision on the part of the EC and other donors for the objectives to be achieved, and through which actors the effectiveness and sustainability of actions can be best promoted. The choice of modality is to be reflected in the annual programming and to be determined following consultation with stakeholders.

It also requires an acknowledgment from partner organisations that **trade-offs will need to be made** and that not every type of actor can expect to benefit from every modality included in the operational toolbox. In the absence of a boost to the overall aid budget or an increase in the proportion of funds available to support CSOs and LAs, the introduction or greater use of some modalities (such as programme or core funding) therefore necessarily implies reductions to the funds that, for example, are available to finance project proposals submitted to calls for proposals. Furthermore, considering that donors' use of flexible and differentiated support models presupposes the availability of appropriate resources and skills, the question of what additional capacities may be required on the side of the EC and other donors to effectively manage a more complex aid delivery portfolio needs to be further explored.

It should also be recalled that the above modalities and mechanisms **do not stand isolated from one another and can be used in conjunction** in order to reinforce the support provided to organisations in the pursuit of common development goals.

The right mix of aid modalities, incorporating sensible actor differentiation and a flexible set of responses adaptable to different local situations, should allow both donors and partner **organisations to pursue development objectives in a more strategic and effective manner**. In this way, the elaboration of an operational toolbox could make an important contribution to the strengthening of aid effectiveness in the long-term. **Ongoing dialogue** between donors, CSOs and local authorities should accompany this process which has been initiated with the present Structured Dialogue.

## Part II: Recommendations

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The following pages summarize the main recommendations addressed to various categories of stakeholders, as discussed during the Structured Dialogue, namely: Partner governments, CSOs, LAs and EU institutions. They have been identified all along the process in a consensual manner. However, it is important to notice that recommendations addressed to national authorities have to be taken cautiously as Partner States have not been involved in the Structured Dialogue Process.

### Recommendations to partner governments

- (i) Partner governments are called on to **respect international principles** embedded in international law<sup>30</sup> and other agreements and initiatives such as the Accra Agenda for Action (particularly article 20) protecting CSOs from **national government unwarranted interference**. To this end, they should not only withdraw coercive and restrictive laws but also adopt explicit policies for CSOs and strive for a democratic functional, legal and judicial system, with a view to **protect and promote an appropriate and conducive environment**.
- (ii) Partner governments are called on to **respect local autonomy, deepen decentralisation efforts** (from a threefold perspective: political, administrative and fiscal) and **strengthen the coordination between local and national development planning processes** in respect of local autonomy.
- (iii) Based on the conviction that CSOs and LAs can operate as **catalysts of development and governance** and as advocates for social justice and equity, partner governments should acknowledge and respect CSOs and LAs autonomous rights and mandates (the so-called “Right of Initiative”) and tap on the potential of the different CSOs and LAs present in the country, with a view to enhance the democratic dimension of ownership of public policies.
- (iv) Partner governments are encouraged to **institutionalise opportunities for regular inclusive multi-stakeholder dialogue** (involving CSOs and LAs, Parliaments and donors) throughout the programme cycle at the different levels of action (local, sub regional, regional and national). More specifically, such policy dialogues should be **results-oriented and reveal transparency of national development strategies**, enhancing mutual monitoring and accountability and promote partnerships.
- (v) Finally, and, to the extent possible, **resources need to be made accessible to local authorities and civil society**. This needs to be done in a predictable way so LAs and CSOs have a margin to match their local development plans with community needs, within the framework of national strategies.

### Recommendations to CSOs

- (i) CSOs should act as **legitimate and independent development actors**, putting a human rights based approach into practice in their own work, and help to ensure closer alignment of central governments and donors’ plans and programmes to community needs. In particular, CSOs are encouraged to look for opportunities and synergies to partner with state actors on common

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<sup>30</sup> Concerning the right to organise, the right to expression and information, the right to assembly and international affiliation, and the right to participate in public affairs.

national development objectives, when possible and deemed appropriate, while keeping their freedom to act according to their own specific added value and priorities (especially when dealing with issues related to Human Rights & Democratization).

- (ii) CSOs are called on to strengthen their ongoing efforts to implement and monitor self-regulatory standards based on the **Istanbul CSO development effectiveness principles**<sup>31</sup> with a view to enhance **multiple accountability, transparency and integrity** in their operations.
- (iii) As part of their contribution to the design, implementation and monitoring of national development strategies, CSOs are called on to contribute to **good governance of development plans and aid flows** by strengthening their own watchdog and advocacy roles. To this end, CSOs should invest in their own **capacity building** to effectively engage with national governments, LAs and donors. Especially in relation to budgetary processes and the implementation of "new aid modalities" (general and sector budget support), CSOs are prompted to improve their capacities to **monitor** authorities' financial commitments made to citizens.
- (iv) With a view to enhance democratic ownership over policies, CSOs are encouraged to focus on **people-centred empowerment** and promote **systematic and inclusive participation in multi-stakeholder dialogues**, with an emphasis on the poor and marginalized sectors of society.
- (v) CSOs are encouraged to strengthen their links with other relevant **development stakeholders** (including Parliaments, audit institutions, media and academia) to identify ways to better achieve and demonstrate development results and accountability, including through better **coordination of efforts and mutual learning**.
- (vi) CSOs are stimulated to build on successful **strategic partnerships at local, national and international levels in order to speak with a stronger voice** (e.g. a shared vision on national development priorities or solidarity and protection in case of human rights violations).
- (vii) CSOs should work on their **own structuring**, particularly at the national level, and adopt a membership-driven representation system of their organisations and constituencies that is agreed by all, based on their needs and particularities. A special effort is needed to improve the **feedback to constituencies** and consolidate inputs in a structured way.
- (viii) CSOs are invited to liaise and cooperate with LAs whenever they implement actions at the local and regional levels in a view of **better coordinating** their activities with existing public policies. In particular, CSOs can help to **identify innovative citizen engagement practices** at the local level.
- (ix) European CSOs should **increasingly strengthen local ownership and set up long-term and equitable partnerships**. In particular, European CSOs are called on to (i) acknowledge that the initiative of the identification of local development needs relies primarily on local CSOs, (ii) enhance their understanding of the mandate and priorities of local counterparts through research and dialogue, (iii) not to engage in "brain drain" at local level and (iv) be responsible to their local partners' priorities and accountable towards them.

### Recommendations to LAs

- (i) According to their mandate and responsibilities, LAs should contribute to a **clear division of labour** at the local level that reflects the **complementarities** between the different development actors (i.e. decentralised authorities, donors, private sector, CSOs, communities, etc.) by encouraging and organising information-sharing and coordination between them.
- (ii) LAs should contribute to a **better 'fit'** of development plans **to community needs** by investing in a **meaningful dialogue with citizens** (on the basis of a better articulation vis-à-vis CSOs and the private sector). More specifically, LAs should embrace **participatory planning processes**, which allow for the effective participation of local stakeholders (i.e. through territorial approaches) in the design, implementation, monitoring and evaluation of local development plans and budgets.

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<sup>31</sup> Visit: [http://cso-effectiveness.mychacra.net/IMG/pdf/final\\_istanbul\\_cso\\_development\\_effectiveness\\_principles\\_footnote.pdf](http://cso-effectiveness.mychacra.net/IMG/pdf/final_istanbul_cso_development_effectiveness_principles_footnote.pdf)

- (iii) **LAs are encouraged to strengthen the national organization in their country** (or set it up when it does not exist) in order to **ensure representativeness towards governments and donors** in strategic dialogues, and to improve their internal capacity and collaboration with peers.
- (iv) LAs are called on to capitalise on successful and promising **multi-stakeholder experiences**, such as the European Charter on Development cooperation in support of local governance<sup>32</sup> and **strengthen strategic partnerships with CSOs at local and international levels in order to speak with a stronger voice** (e.g. a shared vision on national development priorities).
- (v) LAs are called on to contribute to **good governance of local development plans** through **more transparent and predictable decision-making and management processes**. To this end, LAs should be assisted and invest in their own **capacity building** to improve their planning, management, implementation and reporting prerogatives.
- (vi) LAs should strengthen the **coordination between the local level and superior levels of governance** (regional, sectoral and national) and **foster synergies** between their policies and actions, on the one hand, and **government and donor programmes**, on the other hand.
- (vii) LAs should plead and work for the **development of decentralised cooperation mechanisms** (e.g. peer-to-peer collaboration, twinning, networks, etc), which can play an important role in promoting mutual accountability and building capacities.
- (viii) LAs should also **strengthen the coordination of decentralized and other international cooperation** activities to enhance the impact and effectiveness of all interventions within their territories.
- (ix) Based on the conviction that the initiative of the identification of development needs lies with local authorities in partner countries, European LAs should **increasingly try to understand local LAs needs** through research and enhanced dialogue, and support local **LAs' self-efforts to demonstrate their own legitimacy (in terms of roles and practices)**.

### **Recommendations to the EU (European Commission, European External Action Service, EU Member-States and European Parliament according to their respective mandates).**

- (i) On the basis of the added-value of the diverse CSOs and LAs, the EU is called on to adopt a **differentiated strategy on CSOs and LAs engagement, outlining their respective multifaceted roles** in development, human rights and democratisation, governance, public awareness, peace and security. The EU could explicitly acknowledge the "Istanbul" CSO Development Effectiveness Principles (for CSOs) and the UCLG Position Paper on Aid Effectiveness and Local Government (for LAs). More particularly, EU Member States and the European Commission should strengthen their strategies for Development Education and Awareness Raising (DEAR), outlining concepts and objectives, and addressing questions of coherence, complementarity, coordination and the added value of different DEAR actors<sup>33</sup>.
- (ii) Despite the fact that an enabling environment **remains the primary responsibility of national executive and legislative powers**, the EU should commit to and promote an enabling environment for **CSOs as independent development actors**, both in law and practice, in line with **internationally agreed commitments** that guarantee fundamental rights, including freedom of association, freedom of expression, the right to operate free from unwarranted state interference, the right to communicate and cooperate, the right to seek and secure funding, and the state's duty to protect.
- (iii) The EU should respect and actively promote the **right of initiative of CSOs** avoiding unwarranted governmental interference in CSO internal affairs, particularly in non-conducive environments

<sup>32</sup> Visit the website: <http://sites.google.com/site/euchartercooplocal/>

<sup>33</sup> The EC could use the results and recommendations of the DEAR study as bases to develop its strategic policy statement. [https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/DEAR\\_Final\\_report](https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/DEAR_Final_report)

and/or where Human rights and Democracy promotion activities and labour movements actions are concerned. To this end adequate political and financial support (free from State control) should be provided to CSOs, including defending civil society's space when necessary. Additionally, support should be granted to CSOs to fund both their own priorities and initiatives, and their contribution to the implementation of programmes identified by government or donors.

- (iv) The EU is prompted to **attach a fundamental importance to decentralization** as an important building block for good governance and effective development assistance at the local level (e.g. by including indicators linked to local governance in the set of conditionalities to donors' partnerships with national governments). **Local governments and the associations representing local governments (LGAs)** should be recognised as legitimate development partners and should be systematically invited to engage in policy dialogues in order to positively influence public policies that have an impact in their territories. A more **integrated approach to strengthening local development and governance** that combines working locally, nationally, regionally and globally should be adopted, whilst efforts should be addressed towards supporting LAs own decentralised cooperation efforts.
- (v) The EU is called on to acknowledge and endorse a **human rights-based approach to development**, ensuring policy coherence (with other internal and external policies) and mainstreaming human rights, democratisation and governance questions in the political dialogue. In relation to this, and in the realm of New Aid Modalities, the EU is called on to **base budget support decisions** upon assessments of government commitment to respect and promote democratic values and practices, human rights, accountability and CSOs and LAs involvement, in respect of international commitments.
- (vi) On the basis of a country-driven consistent road map, the EU **should promote and support regular, structured and inclusive multi-stakeholder dialogues** to increase trust, complementarity and mutual accountability across stakeholders, including with the political society. Sustained efforts are required by the EC to **improve the quality of engagement/dialogue processes** at all governance levels (i.e. local, regional, national, global). Therefore: (i) long-term, predictable and independent funding (for research, advocacy and networking) should be envisaged to **empower CSO and LAs** (particularly their platforms and representative organizations) **to participate effectively in dialogues**; (ii) **EC guidelines** on dialogue and consultation should be followed and possibly redefined in order to ensure a coherent approach and; (iii) **more efforts should be made, including around consultations, so as to improve the accessibility and quality of information.**
- (vii) The EU needs to invest in **understanding the local arena**. To this end, **strategic mappings** should be regularly conducted and updated to identify the most relevant actors, yet going beyond the known beneficiaries (e.g. through sharing expertise among the EC, MS and International CSOs on credible local CSO/LA 'drivers of change'). Furthermore, the EU (particularly at the EUD level) is encouraged **to build in-house expertise** in local governance, decentralised cooperation, human rights and civil society. **Sufficient resources and guidance** should be made available so as to develop, apply and monitor CSO and LA engagement strategies and practices. In particular, networks of both CSO & LA focal points in EUD should be strengthened and developed.
- (viii) Concerning donor coordination, **a strong political articulation is needed from donors, especially the EU** (i.e. in the framework of the European Code of Conduct on Complementarity and DoL), to improve coherence between the different actors' inputs. In relation to this, the EU strategy should consist of strengthening the **exchange of information, knowledge and experience** among donors, particularly in the realm of support to CSOs and LAs. Donor **mappings** can be an additional tool to promote complementarities and effectiveness of support mechanisms at different levels.
- (ix) The EU is finally called on to draw from an appropriate **mix of funding mechanisms** (including modalities and selection procedures), incorporating sensible actor differentiation and a flexible

set of responses adaptable to different local situations, to pursue development objectives in a more strategic, effective and sustainable manner. In relation to this, the elaboration of an operational toolbox shall make an important contribution to the strengthening of aid effectiveness in the long-term.