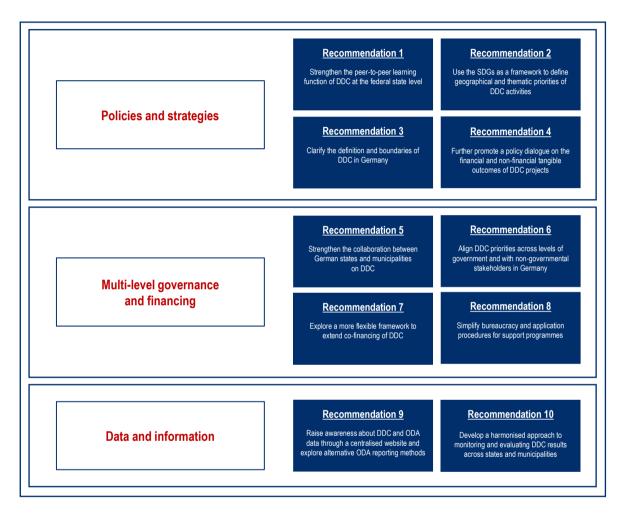
4 Policy recommendations

This chapter provides policy recommendations and an action plan for the German federal government, states and municipalities on how to strengthen the impact, effectiveness and monitoring of their decentralised development co-operation (DDC) policies and programmes. The recommendations range from strengthening the peer-to-peer function of DDC and promoting policy dialogue on the financial and non-financial tangible outcomes and benefits of DDC projects to strengthening the collaboration between German states and municipalities on DDC and leveraging the catalytic potential of official financing sources to mobilise broader resources. Furthermore, the recommendations suggest further raising awareness of DDC and official development assistance (ODA) data and developing a harmonised or standardised approach to monitoring and evaluating DDC results across states and municipalities.

The following recommendations on DDC policies, strategies and priorities, multi-level governance, financing and data and information aim to show to strengthen the impact, effectiveness and monitoring of DDC policies and programmes across all levels of government in Germany in the short term (less than 1 year), medium term (more than 1 year, less than 3 years) and long term (more than 3 years) (Figure 4.1).





DDC policies, strategies and priorities

Peer-to-peer learning function of DDC

Figure 4.2. Action plan to implement Recommendation 1 to strengthen the peer-to-peer learning function of DDC at the federal state level – Part I

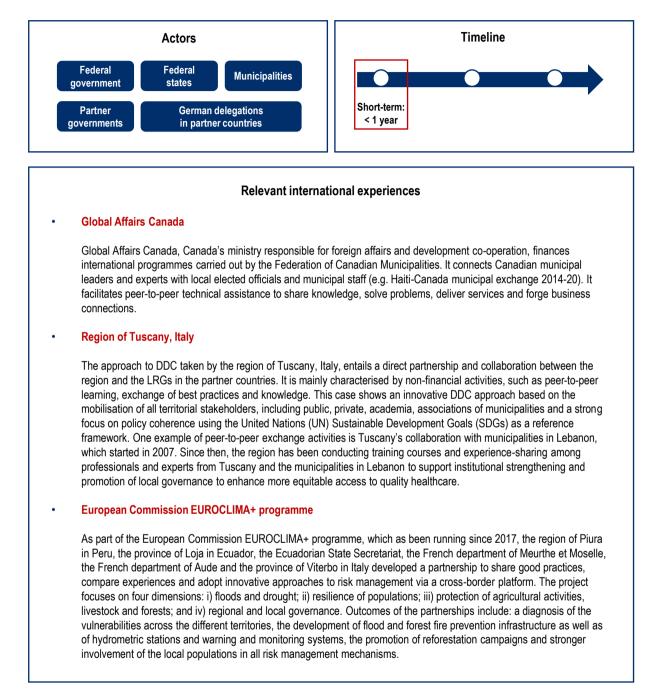
Recommendation 1

Strengthen the peer-to-peer learning function of DDC at the federal state level by promoting more direct co-operation with local and regional governments in partner countries

The DDC model at the state level in Germany is in many cases strongly based on the funding of civils society organisations (CSOs). Strengthening the peer-to-peer learning function of DDC and direct co-operation between German federal states and the local and regional governments in partner countries, as already implemented in many partnerships at the municipal level, could help generate higher returns on investment and benefits for states in Germany and partners in the Global South. Since peer-to-peer activities are comparatively less costintensive than infrastructure projects for example, they also allow states and municipalities with smaller budgets for development co-operation to engage in DDC activities.

- Provide incentives and technical support in the BLP programme to support federal states in developing direct partnerships with regions
 and cities in partner countries that go beyond the funding of CSOs. Including a dedicated peer-to-peer learning component, building on
 examples at the municipal level such as in several SKEW programmes, could be one of the criteria to access the co-funding of the BLP
 programme for federal states.
- Mobilise experts from various ministries that can share knowledge with partner countries and regions in the policy sectors where they have
 a comparative advantage to transfer skills and experience to the partner country.
- Build on the study visits of local and regional governments from developing countries to Germany to strengthen the peer-to-peer learning
 function of DDC. This would also help promote synergies between bilateral programmes and DDC activities. Those study visits should be
 connected and integrated into specific DDC programmes and focused on policy areas relevant for the DDC programmes.
- Make peer-to-peer learning activities a core component of state and municipal staff's professional development through training and networking events, including on intercultural competencies and knowledge about the partner territory rather than seeing it as an add-on or additional burden.
- Set up regular in-person exchanges between German states and municipalities and local and regional governments in partner countries to
 foster knowledge transfer, e.g. organise joint workshops to share good practices of the operational implementation of DDC projects, on
 project management and communication between project partners for example.
- Pilot the provision of temporary staff on loan from German states to work in the administration of the partner cities and regions in a
 developing country. This could allow the partner to benefit from staff expertise but also provide learning opportunities for the German staff.
 This could build on the Experts fund for municipal partnerships worldwide programme through which the Federal Ministry of Economic
 Cooperation and Development (BMZ) and Service Agency Communities in One World (SKEW) fund experts to support the partner
 governments of German municipalities in the Global South.

Figure 4.3. Action plan to implement Recommendation 1 to strengthen the peer-to-peer learning function of DDC at the federal state level – Part II



For more information: Canada: <u>Global Affairs Canada – Home (international.gc.ca)</u>; Tuscany: <u>Reshaping Decentralised Development Co-operation</u>: The Key Role of Cities and Regions for the 2030 Agenda | en | OECD; EC: <u>https://www.expertisefrance.fr/fiche-projet?id=625239</u>.

SDGs as a framework

Figure 4.4. Action plan to implement Recommendation 2 to use the SDGs as a framework to define priorities of DDC activities and foster peer-to-peer learning – Part I

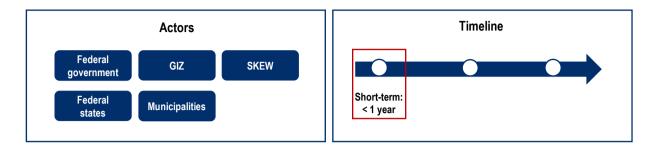
Recommendation 2

Use the SDGs as a framework to define geographical and thematic priorities of DDC activities and to foster peer-to-peer learning, including in new strategic partnerships

Some municipalities have partnerships in place that were established many years or decades ago, which are continued mainly due to historic reasons. In addition to these longstanding partnerships, municipalities should consider the opportunities that potential new partnerships may provide, for example in terms of peer-to-peer learning and projects in thematic areas that can be selected based on the core competencies of municipalities and their partners' needs. Examples may include water and waste management, education, renewable energy or mobility.

- Set up new partnerships based on specific priority SDGs and areas of expertise that are a priority for both partners, such as in SKEW's
 Climate Partnership programme on SDGs 7, 11 and 13, rather than continuing partnerships solely due to historical reasons, in order to
 provide new opportunities to better meet the demand and needs of partner cities and regions. The holistic framework of the SDGs can help
 identify new relevant partners based on thematic priorities beyond the historic twinning and foster knowledge exchange and peer-to-peer
 learning in support of global priorities and across development goals. The SDGs should be seen as a tool that can help define the overall
 objectives of a new partnership, but also more specific targets.
- Establish a central database to put in place a peer-to-peer matchmaking tool, where German states and municipalities declare their
 interest in development co-operation activities in certain policy areas, SDGs and their capacities (e.g. the types of technical co-operation
 they can provide) to identify potential partnerships with cities and regions in developing countries, based on common priorities and interest.

Figure 4.5. Action plan to implement Recommendation 2 to use the SDGs as a framework to define priorities of DDC activities and foster peer-to-peer learning – Part II



Relevant international experiences

Region of Flanders, Belgium

One of the ways through which the region of Flanders, Belgium, has strengthened its DDC activities in recent years has been by "renewing" the concept of town-twinning. Flanders is using the UN 2030 Agenda as a central starting point, prioritising international dialogue and mutual learning, promoting equal partnership and ownership, as well as involving all relevant actors to enhance co-creation. Methods used in this endeavour include digital dialogues (creating a common language, mutual learning on multi-stakeholder partnerships, exchange of experiences, among others), physical exchange (sanitary context permitting) and specific actions at a local level.

Basque Country, Spain

The 2030 Agenda is gaining traction in the Basque Country, Spain. LRGs have recently adopted the SDGs as a reference framework to define sectoral priorities and guide public policy in their action plans. In addition, the recent commitment to pursue policy coherence for development (PCD) as a guiding principle to undertake external activity but also internal policy is a critical framework to shape the implementation of the SDGs. During the 11th legislature of the region (2016-20), the administration implemented 12 commitments and 32 initiatives related to the 2030 Agenda that fall under the scope of the region's priority of Partnerships and co-operation for development.

• Region of Tuscany, Italy

In 2015, the region of Tuscany, Italy, has started to take stock of its decentralised development co-operation experiences to improve its effectiveness and impact. In particular, this exercise aims to assess how those DDC activities can contribute to the localisation of the SDGs, both in Tuscany and in partner countries. Promoting coherence between domestic territorial development and the DDC activities targeting specific SDGs is one of the key objectives of this stock-taking exercise. Adapting the domestic territorial development initiatives and involving the regional actors that have knowledge on them is therefore a successful approach to DDC promoted by Tuscany. This territorial approach provides the appropriate framework to address the interconnectedness of the goals, its place-based dimension as well as to identify the priorities for each territory.

Region of Catalunya, Spain

The government of Catalunya, Spain, has aligned its Development Co-operation plan 2019-2022 with the 2030 Agenda, building a participatory process called "2030 Vision – Catalonia's Contribution to Global Development", involving various territorial stakeholders to define the path of Catalan development co-operation The Catalan development co-operation plan points out the region's sectoral priorities, which were selected based on the SDGs, as well as geographic priorities. The master plan also highlights the importance of policy coherence, in which SDGs serve as a tool to shape policies both domestically and in partner countries, including through peer-to-peer learning.

For more information: Belgium, Spain (Basque Country), and Italy: <u>Reshaping Decentralised Development Co-operation: The Key Role of Cities</u> and Regions for the 2030 Agenda | en | OECD; Spain (Catalunya): <u>National Plan for the implementation of the 2030 Agenda in Catalonia.</u> Advisory Council for Sustainable Development (gencat.cat).

Figure 4.6. Action plan to implement Recommendation 3 to clarify the definition and boundaries of DDC in Germany to strengthen external actions and existing DDC guidelines – Part I

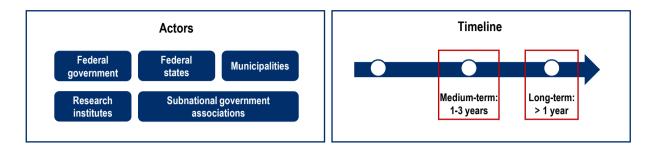
Recommendation 3

Clarify the definition and boundaries of DDC in Germany to promote external actions and strengthen existing DDC guidelines

The lack of a harmonised definition of the boundaries of DDC in Germany generates a lack of joint understanding of the term decentralised development co-operation and what count as DDC. There is a need to clarify the boundaries and scope of decentralised development co-operation within sustainability and development policy frameworks both at the state and municipal levels, including the boundaries of internal (e.g. development awareness, education for sustainable development, vocational training) versus external actions with partners in developing countries. The universality of sustainable development has gained traction within policy frameworks, including via the localisation of the 2030 Agenda and sustainability strategies of the states and municipalities. However, there is a need to better distinguish between SDG implementation domestically and externally in developing countries, including in guiding documents.

- Clarify the definition and boundaries of DDC in Germany
 - Develop a clear consensus-based policy framework to better clarify what counts as decentralised development co-operation and define the boundaries of DDC in Germany to create a common understanding of the term and strengthen external partnerships with developing countries. Such a policy document should be co-designed by municipalities, states and federal government as well as all relevant DDC stakeholders, e.g. during the Federal Government and Federal States Committee on Development Cooperation (BLA-EZ). In that context, states and municipalities could better indicate how decentralised development co-operation fits within their sustainability and development policies, and frameworks (e.g. development awareness, education for sustainable development, vocational training). Recent studies on German DDC, e.g. by Deval and IDOS, can provide a starting point for that exercise. Mobilise experts from various ministries that can share knowledge with partner countries and regions in the policy sectors where they have a comparative advantage to transfer skills and experience to the partner country.
- Strengthen existing DDC guidelines, including by using the SDGs as a guiding principle for policy coherence of external and internal action
 - Develop DDC guidelines or strengthen existing ones to promote policy coherence and set a clear strategy for decentralised development co-operation activities in German states and municipalities. Such guidelines should also be used to support states and municipalities in using the SDGs as a framework for DDC policy making.
 - Incorporate the SDGs as a guiding principle of DDC policies and strategies to promote policy coherence between the external
 development actions and the implementation and localisation of the SDGs in their territory, e.g. by setting joint priorities and engaging
 in external activities based on the local and regional core competencies.

Figure 4.7. Action plan to implement Recommendation 3 to clarify the definition and boundaries of DDC in Germany to strengthen external actions and existing DDC guidelines – Part II



Relevant international experiences

France

France has established legal frameworks for DDC activities through two laws: the Decentralised Co-operation Law (1992) and the Oudin-Santini Law (2005). These legal frameworks operate on a national level and recognise the competencies by decentralised bodies to carry out development co-operation. In 2005, the Oudin-Santini Law was adopted by the National Assembly to address the caveats of the 1992 Decentralised Co-operation Law regarding the water sector. The Oudin-Santini Law allows municipalities, public institutions of inter-municipal co-operation of all sizes in charge of drinking water and sanitation service delivery to mobilise up to 1% of their budgets on these services to carry out co-operation actions with foreign territorial authorities.

• Spain

Spain's national Law on Development Co-operation refers to DDC in one of its articles (Law 23/1998 on International Development Co-operation, Article 20). All Spanish Autonomous Communities have passed specific laws regarding development co-operation and some of them own development agencies and co-operation funds.

Basque Country, Spain

In the Basque Country, Spain, an International Development Co-operation Act was passed in 1998 to allow LRGs to conduct DDC activities in line with the international co-operation guidelines defined by the Spanish government. It provided an institutional environment to encourage and increase local the participation of Basque communities in international co-operation. Furthermore, the Basque Law for Development Co-operation 1/2007 was critical in the institutionalisation of the DDC model and, in particular, in adopting an integrated strategic approach focusing on the promotion of human development and the fight against poverty. Most importantly, the new law introduced gender as a cross-cutting issue. In addition, Article 5 of Law 1/2007 established a comprehensive framework of sectoral priorities related to the environment, gender, human rights, humanitarian action and capacity building, among others.

For more information: <u>Reshaping Decentralised Development Co-operation</u>: The Key Role of Cities and Regions for the 2030 Agenda | en | <u>OECD</u>.

Figure 4.8. Action plan to implement Recommendation 4 to promote a policy dialogue on the financial and non-financial tangible outcomes of DDC projects – Part I

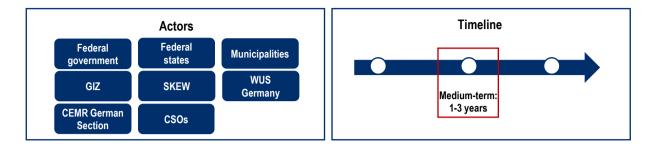
Recommendation 4

Further promote a policy dialogue on the financial and non-financial tangible outcomes, return on investment and benefits of DDC projects, including for German states and municipalities and implementing agencies

To respond to the challenge of low awareness about the benefit and return on investments of DDC projects in Germany and abroad (e.g. their contribution to the achievement of the SDGs, lessons learned from peer-to-peer exchanges, new business opportunities for local companies), the federal government, states and municipalities should document and intensify awareness-raising activities on the tangible outcomes and benefits of DDC in their territories.

- Define and assess the benefits and return on investments of DDC for German states and municipalities, including the enabling framework conditions, the obstacles and possible incentives to maximise the benefits.
- Implement DDC knowledge-sharing activities at public events, on social media and on line via web pages to showcase the tangible outcomes and benefits of DDC projects in the Global South and in Germany (see related Recommendation 8 under "Data and tools"). Use those tangible outcomes to promote a change in public perception within German states and municipalities to promote DDC as a relevant tool for domestic territorial development policies rather than seeing it as a burden.
- Collect and share good practices and examples on German states and cities that succeeded in getting a high return on investment and benefits from their DDC actions.

Figure 4.9. Action plan to implement Recommendation 4 to promote a policy dialogue on the financial and non-financial tangible outcomes of DDC projects – Part II



Relevant international experiences

United States

The United States have a longstanding Sister Cities International programme founded in 1956. It is supporting 2 000 ongoing partnerships in 138 countries and focuses on strengthening knowledge sharing and raising awareness about the return on investment , particularly to strengthen business and trade, community development, youth and education sectors. The programme holds annual conferences and delivers annual reports that seek to increase dialogue on projects carried out by members.

Region of Flanders, Belgium

To raise awareness and stimulate actions through and on DDC, the Flemish Department of Foreign Affairs, Belgium, has launched different initiatives, including collaboration with the Association of Flemish Cities and Municipalities (VVSG). The VVSG is a key partner for the Flemish government and it provides training, capacity building and support for municipalities active in DDC projects. A recent publication by the VVSG showcases the benefits of DDC activities for Flemish municipalities and the integration of the SDGs in those, e.g. increased visibility of international activities and improved multi-stakeholder engagement in the SDGs activities in the region of Flanders.

Region of Tuscany, Italy

The Tuscan section of the Association of Italian Municipalities, ANCI Toscana, is particularly active in promoting DDC activities and their outcomes and benefits in Tuscany. ANCI Toscana is working to reactivate and encourage municipalities to engage in international co-operation activities. It offers training, produces awareness raising reports and organises events to deepen horizontal co-ordination and stimulate municipalities to engage in decentralised development co-operation activities. The Tuscan DDC model, which is based on the territorial partnership model, has several benefits, including the direct relationship between LRGs in developed and partner countries – allowing for an exchange of good practices and knowledge with partners. It also produces a multiplier effect generated by creating a system of DDC actors that intervene together and build on respective synergies in partner countries.

For more information: United States: <u>https://sistercities.org/annual-report/</u>; Belgium: <u>VVSG Kennisnetwerk</u>; Italy: <u>Reshaping Decentralised</u> <u>Development Co-operation</u>: The Key Role of Cities and Regions for the 2030 Agenda | en | OECD.

Multi-level governance and financing

Strengthen collaboration

Figure 4.10. Action plan to implement Recommendation 5 to strengthen the collaboration between German states and municipalities on DDC – Part I

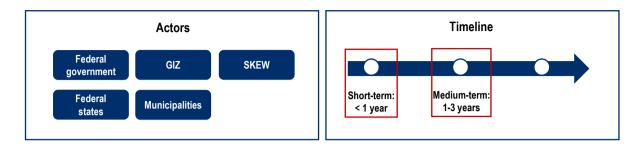
Recommendation 5

Strengthen the collaboration between German states and municipalities on DDC

Despite a few examples (e.g. Bavaria or North Rhine-Westphalia), the collaboration between most of the federal states and their municipalities on DDC appears to be limited. In addition, the institutional framework for DDC in Germany is currently supporting states and municipalities through two parallel processes, via the German Agency for International Cooperation (GIZ) and SKEW respectively, which are rarely connected. The federal government should therefore introduce incentives for state-municipal co-operation on DDC, including through GIZ and SKEW programmes. Aligning DDC strategies with the SDGs could provide a common basis for co-ordination among different levels of government in Germany.

- Put in place joint programmes between GIZ and SKEW to introduce incentives for state-municipal co-operation on DDC, e.g. a pilot project
 that allows joint projects between states and municipalities in a partner country, for example by combining funds from GIZ's German
 Government and Federal States Programme (BLP) programme and the programmes implemented by SKEW. Those joint programmes
 should focus on strategic areas that bring additional value and impact to states and municipalities' DDC actions rather than focusing on
 co-ordination in general. The pilot could start in an area in which a state and its municipalities are already active, such as climate change
 (e.g. Lower Saxony Eastern Cape [South Africa] and Oldenburg Buffalo City).
- Federal states should move towards a territorial network approach to implement some of their DDC programmes, which will allow them to
 mobilise the territorial knowledge and expertise (from municipalities, non-governmental organisations [NGOs], academia and private
 companies) on the specific policy areas of the DDC project, including from their municipalities. Using a territorial network approach could
 allow states and municipalities to be less dependent on CSOs for the implementation of their DDC projects and promote more direct
 co-operation with cities and regions in partner countries.
- Federal states should provide incentives for their municipalities to contribute to their DDC priorities and programmes in order to increase their impact, for example through representations and staff support in partner countries as practised by North Rhine-Westphalia and Ghana, Rhineland-Palatinate and Rwanda as well as Lower Saxony and South Africa.
- Set up regular networking meetings between municipalities and states that are acting in the same partner country and region to exploit
 synergies such as the common use of infrastructure, resources and improved co-ordination between actors involved in projects in the
 same geographic area.

Figure 4.11. Action plan to implement Recommendation 5 to strengthen the collaboration between German states and municipalities on DDC – Part II



Relevant international experiences

Region of Flanders, Belgium

Flanders, Belgium, has been supporting municipal and city DDC activities since 2001. This started with the establishment of the Flanders International Cooperation Agency (FICA), which became part of the Ministry of Foreign Affairs after the financial crisis. After an initial pilot phase, collaboration between Flanders and the different municipalities and cities in the area of development co-operation took the form of covenants. In 2004, the Covenant Programme introduced by decree specific guidelines for the development and implementation of DDC activities with cities and municipalities. The VVSG, the umbrella organisation of Flemish municipalities and cities, received support to assist the different Flemish municipalities and cities with the implementation of their covenants. From 2006 to 2016, 209 applications for DDC activities were approved by the Flemish government for a total of almost EUR 17 million.

Region of Tuscany, Italy

The DDC model of the region of Tuscany, Italy, relies on a territorial network approach. The region has developed partnerships with municipalities, NGOs, the private sector and CSOs to implement DDC activities. This mobilisation of Tuscan actors has generated mutual trust among stakeholders and raised awareness on the importance of DDC among citizens. The approach places importance on the process and targets long-term interventions rather than a project-based approach. The territorial network approach also allows for exchange of best practices and peer-to-peer learning among local regional governments (LRGs) in developed and developing countries on the implementation of the SDGs at the local level. One example where this territorial network approach was applied is a project on waste management services in the Ekurhuleni municipality in South Africa. This project aimed to improve the waste management system in the area of Tembisa through capacity-building activities targeted to the Ekurhuleni municipality. It was funded by Tuscany and implemented from 2015 to 2017 by Oxfam Italia, Confservizi CISPEL Toscana, the city of Florence, Ekurhuleni Metropolitan Municipality and the South African Department of Co-operative Governance.

Basque Country, Spain

In the Basque Country, Spain, the identification of DDC projects is generally based on the local priorities and directions defined by the Basque government's strategic plans framing DDC activities. The Basque Agency for Development Cooperation (BADC) has formulated a four-year strategic plan, which strives to foster co-ordination with Euskal Fondoa, the three provincial governments and the municipalities of Bilbao, San Sebastian and Vitoria. Furthermore, the public institutions involved in DDC are co-ordinated by a body called the Inter-institutional Committee for Development Cooperation, which aims at identifying and overcoming potential duplications and providing support in the alignment of strategies; co-ordination is deliberatively promoted and reached through co-financing schemes.

For more information: <u>Reshaping Decentralised Development Co-operation: The Key Role of Cities and Regions for the 2030 Agenda | en |</u> <u>OECD</u>.

Figure 4.12. Action plan to implement Recommendation 6 to align DDC priorities across levels of government and with non-governmental stakeholders in Germany – Part I

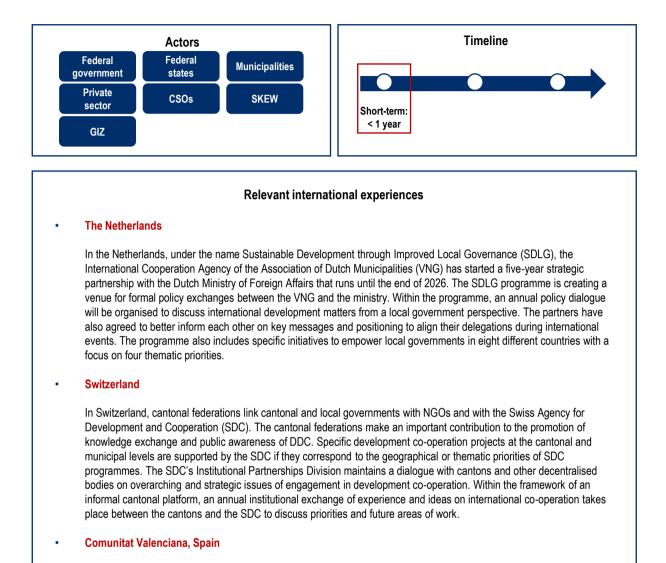
Recommendation 6

Align DDC priorities across levels of government and with non-governmental stakeholders in Germany and improve multi-level governance, including through the SDGs

A well-functioning multi-level governance system for DDC allows for aligning priorities for the implementation of coherent DDC policies and programmes and horizontal and vertical co-ordination of DDC actors and stakeholders. The 2030 Agenda provides an ideal framework to mainstream the SDGs into local and regional policy making and could thereby serve as a common basis for co-ordination.

- Map the key DDC actors (governmental and non-governmental) and strategic partners, as well as their roles and functions, to understand
 who does what. Shed light on the multiplicity of actors involved in DDC projects in the different municipalities, federal states and federal
 government and better clarify their respective roles and functions with this mapping. Keeping track of this information and ensuring it is
 readily available to all actors involved in DDC can help reduce bottlenecks, duplication of efforts and transaction costs and make sure roles
 and responsibilities are clearly identified and implemented in multi-stakeholder DDC approaches. Ideally, such mapping should be made
 available on line and be updated on a regular basis.
- Use the SDGs to define and align priorities for DDC across levels of government. The framework of the 2030 Agenda provides an
 opportunity to set common goals and targets for DDC between municipalities, states and the federal level, e.g. through the prioritisation of
 specific SDGs. Setting common goals and priorities can allow for exploiting synergies and joint efforts between different actors in Germany
 working on DDC projects.
- Strengthen the use of platforms, consultation mechanisms and online fora to exchange information on DDC activities, strategies and
 objectives across levels of government, communicating who does what, in which countries, for which sectors and with what impact. This
 action should build on existing co-ordination mechanisms and meetings like the BLA-EZ, the World University Service (WUS) website
 about the federal states' development co-operation activities and the database on German municipal partnerships run by SKEW and the
 German Section of the Council of European Municipalities and Regions (CEMR). Moving forward, further dialogue could be fostered not
 only between levels of government, but also with private key stakeholders, citizens and universities.
- Use the 2030 Agenda as a common framework to promote DDC partnerships with civil society and the private sector. In particular, use the
 2030 Agenda to involve different territorial stakeholders from the public as well as non-state actors (private sector, not-for-profit
 organisations, academia, citizens, etc.) to co-design and jointly implement DDC actions. To that end, link the SDGs to key challenges
 targeted by DDC, such as climate change and energy transition, which are of interest for public and private actors involved in DDC.
- Leverage the local presence of federal agencies in federal states such as the GIZ regional offices to support the dialogue with federal states on DDC, e.g. by establishing half-yearly regular dialogues to discuss development co-operation topics to explore synergies beyond the BLP programme.
- Promote synergies between the units and staff responsible for development co-operation and those responsible for international co-operation to strengthen strategic alignment and interest in development co-operation, particularly in times of tightening development co-operation budgets.

Figure 4.13. Action plan to implement Recommendation 6 to align DDC priorities across levels of government and with non-governmental stakeholders in Germany – Part II



In Spain, the Comunitat Valenciana has created the Interdepartmental Commission for the 2030 Agenda, a technical body of the regional government that aims to align actions with the High-Level Advisory Council for the 2030 Agenda and to ensure co-ordination within the different areas of the DDC activities.

For more information: The Netherlands: <u>SDLG</u>: <u>Sustainable Development through improved Local Governance | VNG (vng-international.nl)</u>; Switzerland: <u>Partnerships with cantons and communes (admin.ch)</u>; Spain: <u>Reshaping Decentralised Development Co-operation</u>: The Key Role of Cities and Regions for the 2030 Agenda | en | OECD.

Financing

Figure 4.14. Action plan to implement Recommendation 7 to explore a more flexible framework to extend co-financing of DDC projects – Part I

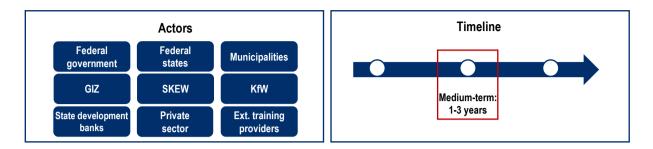
Recommendation 7

Explore a more flexible framework to extend co-financing of DDC projects and help address the challenge of one-year funding arrangements provided by public co-financing programmes

The one-year funding is a major obstacle for the medium- and long-term sustainability of DDC programmes. Essentially, federal states can only mobilise funds on an annual or biennial basis (in the case of the BLP) rather than a multiannual basis, which makes it difficult to sustain DDC projects in the long term. This challenge highlights the need to adapt funding mechanisms to specific development needs and local circumstances.

- Explore the use of blended finance vehicles (e.g. pooled financing, guarantees, etc.) and financing arrangements to catalyse additional long-term resources for states to carry out DDC and reduce the challenge of one-year funding cycles (e.g. in the BLP). ODA provided by national aid agencies can attract larger private sector actors and soften the terms of borrowing by reducing administrative burden and debt service costs. Blended finance presents opportunities to mobilise additional private finance, for instance by fostering collaboration between German states and their respective state development banks (*Landesbanken*) or the national development bank KfW, which have a public purpose and can help develop financing instruments targeted on decentralised development co-operation projects over the long term where viable.
- Implement the OECD DAC Blended Finance Principles to support local development priorities and ensure that blended finance promotes a
 sound local enabling environment for responsible borrowing. The effectiveness of blended finance at the subnational level will be essential
 to meeting the growing demands for financing (e.g. taking into consideration debt sustainability and other fiduciary parameters).
- Utilise the SDGs as a common language to facilitate engagement with the private sector. The 2030 Agenda can be a powerful tool to
 attract investors that seek to provide SDG-compatible finance and to develop public-private partnerships.
- Explore possibilities and pilot test opportunities to carry DDC funds over from one year to another to ensure long-term impact and sustainability of DDC projects, in particular if there are delays in the implementation of projects.

Figure 4.15. Action plan to implement Recommendation 7 to explore a more flexible framework to extend co-financing of DDC projects – Part II



Relevant international experiences

France

In 2005, the "Oudin-Santini" Law adopted by the National Assembly in France allows municipalities, public institutions of inter-municipal co-operation of all sizes and *syndicats mixtes* (joint ventures of municipalities) in charge of drinking water and sanitation service delivery to mobilise up to 1% of the resources allocated to the budgets of these services to carry out co-operation actions with foreign territorial authorities. Moreover, the law states that water agencies may undertake international co-operation in the fields of water and sanitation (also up to 1% of its resources), in compliance with France's international commitments and with the approval of the Basin Committee.

• Spain

In Spain, co-operation and solidarity funds were created in 1986 to improve the efficiency and effectiveness of DDC by jointly managing the international development co-operation budget of municipalities. Since 1995, nine funds including public and private actors work under the umbrella of the Confederation of Funds and seek to co-ordinate action, foster peer-to-peer learning and promote joint DDC activities. One example is the Andalusian Fund of Municipalities for International Solidarity (FAMSI), a non-profit association created with the aim of strengthening development co-operation between municipalities.

Autonomous Province of Trento, Italy

For more than two decades, the Autonomous Province of Trento, Italy has directly financed several hundred DDC projects, building on its 1988 law that dedicates 0.25% of its budget to development co-operation actions. Today, Trento also receives funding from the European Commission DG INTPA, which gives continuity to Trento's commitments through two partnerships with Libya and Mozambique. These are 95% financed by DG INTPA.

Subnational Climate Fund Africa

Regions of Climate Action (R20), a non-profit environmental organisation, and BlueOrchard Finance, a global impact investment manager, created the Subnational Climate Fund Africa (SnCF Africa) to invest in a portfolio of projects that will provide clean energy, waste valorisation and energy efficient lighting services to cities and regions in 15 African countries, including a number of least developed countries (LDCs). SnCF Africa seeks to address the funding gap for infrastructure projects of USD 5-50 million in capital expenditure (CAPEX). Projects of this size, conceived and developed at the subnational level, have the greatest potential to accelerate SDG progress. However, they are often considered too small for institutional investors, too large for subnational governments and NGOs to finance, or too risky (not bankable) for private investors. They are currently least-served by existing funding and development vehicles. To bridge this gap, SnCF Africa "blends finance" from philanthropists, foundations, governments, development finance institutions and private investors, and deploys a unique ecosystem that fast-tracks the identification, development and delivery of a portfolio of bankable projects.

For more information: France: Reshaping Decentralised Development Co-operation: The Key Role of Cities and Regions for the 2030 Agenda | en | OECD; Spain: Andalucía Solidaria (andaluciasolidaria.org); Italy: Trento: Libya, cities and sustainable development at the Festival of Economics - Libya Rebuild; SnCF Africa: The Sub national Climate Fund | R20 - Regions of Climate Action (regions20.org).

Figure 4.16. Action plan to implement Recommendation 8 to simplify bureaucracy and application procedures for support programmes and strengthen the capacity of personnel – Part I

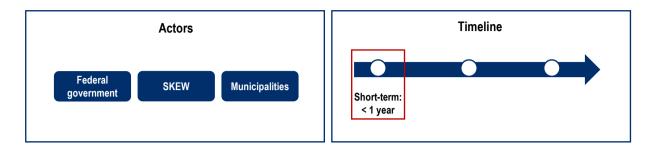
Recommendation 8

Simplify bureaucracy and application procedures for support programmes and strengthen the capacity of personnel to steer and co-ordinate DDC actions at the municipal level

The lack of staff and managerial capacities, high staff turnover at the local level, the lack of capacity for DDC long-term planning and the complexity of existing funding schemes offered by GIZ and SKEW emerged as key obstacles for states and municipalities working on DDC. They call for the simplification of funding applications and the need to improve DDC capacities in the public administration. Since 2016, the *Koordination Kommunale Entwicklungspolitik* (KEPOL) programme, funded by SKEW, has been providing funding for personnel for development policy engagement of German municipalities. It aims to overcome the lack of dedicated and specialised personnel resulting from the voluntary nature of development co-operation at the local level.

- Simplify bureaucracy and application procedures for different state funding schemes, e.g. a reduction of steps and time required from the
 application to the beginning of the implementation of a project. Simplifying application procedures and follow up procedures such as the
 proof of use, e.g. through the increasing application of digital tools could reduce the administrative burden on municipalities that can
 prevent from engaging additional municipalities and increase the engagement of the ones already active in DDC. It could also free up time
 and resources for the actual implementation of projects.
- Provide capacity-building activities and further assistance for public servants in German municipalities in drafting their applications and
 produce guidelines on how to apply for the DDC funds available to them, both at the national level (e.g. SKEW programmes) and for
 European funds that are difficult to access for smaller municipalities because the funding budgets are relatively large, beyond the scope of
 small municipalities, both in terms of the projects but also administrative requirements. In addition, the capacity-building activities should
 also integrate the management of funds, including financial reporting that is relevant, to ensure successful project management. Finally,
 municipalities can also draw inspiration from the capacity-building programmes offered by the BLP.
- Provide additional training and capacity building for municipal staff to increase knowledge and necessary skills in fields relevant for DDC
 projects (language, communication, administrative processes, knowledge about global agendas, in particular the 2030 Agenda and the
 SDGs) to ensure that qualified staff is available to steer and co-ordinate DDC actions at the municipal level.

Figure 4.17. Action plan to implement Recommendation 8 to simplify bureaucracy and application procedures for support programmes and strengthen the capacity of personnel – Part II



Relevant international experiences

Expertise France

Expertise France, created in 2014, acts as the French agency for international technical co-operation and deploys municipal experts to help in 500 projects related to democracy, peace and security, climate issues and health in developing countries. Its strategic framework aims to ensure that the promotion of expertise abroad strengthens local institutions rather than crowding them out. It develops guidance for pooling expertise to meet local needs in a specific sector connecting a wide array of actors, including subnational governments, academia and research institutions, CSOs, and private sector actors.

United Cities and Local Governments

The global umbrella organisation United Cities and Local Governments (UCLG) is actively engaged in capacity building for staff in public administration working on DDC. The organisation facilitates exchanges, peer reviews and technical visits among cities and regional governments, and documents good practices to share lessons learned. UCLG also offers a learning forum with key learning resources. These include online courses and webinars on decentralised development co-operation to train staff from the public administration and strengthen relevant skills. UCLG also connects various actors engaged in capacity building by and for local and regional governments and provides a platform for exchange.

PLATFORMA

PLATFORMA, a pan-European coalition of cities and regions and their national, EU and global associations, advises cities and regions on decentralised development co-operation. As part of its activities, PLATFORMA provides information about existing capacity-building activities, summer courses and online courses on a variety of topics such as the integration of the SDGs in DDC activities, which are offered by different entities including UCLG, the Network of Associations of Local Authorities of South-East Europe, the Provincial Deputation of Barcelona and the Andalusian Agency for Development Cooperation. PLATFORMA also publishes handbooks and manuals for different aspects of DDC and the SDGs.

For more information: France: <u>Home - Expertise France</u>, United Cities and Local Governments: <u>UCLG - United Cities and Local Governments</u>, PLATFORMA: <u>Platforma (platforma-dev.eu)</u>

Data and information

Tools and processes

Figure 4.18. Action plan to implement Recommendation 9 to raise awareness about DDC and ODA data – Part I

Recommendation 9

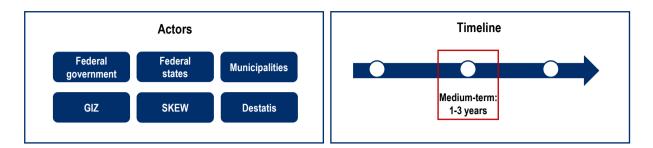
Raise awareness about DDC and ODA data through a centralised website and explore alternative ODA reporting methods to remove barriers and facilitate reporting

A lack of awareness of ODA and high administrative costs are the most frequently cited obstacles to reporting data at the level of federal states, particularly when co-ordinating data collection between state ministries. Other challenges concern the time required to manually copy data into spreadsheets. Municipalities view the multiplicity of actors as a main challenge, to the same extent as high administrative costs. Finally, states and municipalities expressed concerns that data collected are not adequately showcased to present the role and contribution of individual cities and regions to help achieve the global goals.



- Establish a one-stop-hub for data such as an online platform (i.e. financial, results-based, partnership modalities, etc.) that valorises the survey
 information provided by states and municipalities reporting on ODA data.
 - To increase the motivation of subnational governments and to showcase DDC activities to a wider public, set up a central website with a database that contains information about DDC projects implemented by the states and municipalities. Such a platform can further support matchmaking with cities and regions in developing countries, to document the benefits of DDC for German cities and states and strengthen understanding of ODA across ministries and between staff implementing and reporting on projects. Starting points include different existing formats used by states and municipalities to communicate their DDC activities. The WUS website about the federal states' development co-operation activities and the database on German municipal partnerships run by SKEW and the German section of the CEMR can be expanded to provide a one-stop-shop for DDC in Germany. Co-ordination with federal government agencies working the closest with the states and municipalities on DDC could be consulted to help design such a campaign, building on a new web platform, i.e. collating existing websites and web tools e.g. SKEW municipal ODA web platform, WUS website, etc.).
 - Carry out DDC data campaigns to raise awareness of the ODA concept, particularly among municipalities, and to communicate the returns on
 investment of DDC activities, their SDG impact and to encourage reporting. Subnational data campaigns in Germany could seek to provide an
 overview of good practices that can inspire other states and municipalities to engage in DDC.
- Discuss alternative ODA reporting methods utilised by other DAC members, such as including default data, engaging in continuous reporting or project bundling.
 - Incentivise Destatis to develop procedures to automate the checking of data from local governments, e.g. by having more Creditor Reporting System (CRS) items compiled by default (in some cases the process can be simplified for the same purpose codes, types of aid, etc.) to account for tight reporting timelines for subnational actors.
 - Use continuous recording of projects to smooth the reporting exercise. Exchanges with other DAC members, such as Spain, that have explored this
 option could help implement this approach.
 - Bundle projects rather than not report at all. While detailed reporting is preferable, summarising smaller projects in the same category for the sake of
 reporting is still better than not reporting at all. This, however, only works for projects that are very similar, such as local awareness-raising activities.
- Promote wider coverage of municipal ODA data collection in particular, carry out ODA data campaigns and integrate greater automation, and explore further centralisation of data collection.
 - · Use an automated online tool to implement changes in the template for all reporters, thus allowing more time for the actual reporting.
 - Another option would be for all municipal reporting to be co-ordinated by the federal statistical bureau directly instead of relying on each state's ODA
 reporting. However, in the German context, this option is only viable when projects are not co-funded by the BMZ (in which case reporting is already
 carried out by the federal statistical bureau).
 - Introduce a separate category for German municipalities in the CRS reporting. A separate ODA agency code can easily be requested from the OECD Secretariat. Ideally, this could incentivise municipalities to report in order to comprehensively capture and present the efforts that they are undertaking.
- Use existing machine learning tools to improve SDG targeting as reporting in ODA project descriptions.
 - Use machine learning and other new methodologies to estimate the contribution of different DDC projects to the SDGs from the project description. Applying such tools would allow for improving reporting to the CRS on SDGs. It also prevents from the flaws of manually assigning SDGs to entries in the CRS database, which would not be viable due to the time needed and attributed costs and the possibility for human bias.

Figure 4.19. Action plan to implement Recommendation 9 to raise awareness about DDC and ODA data – Part II



Relevant international experiences

France

In France, the work of the French National Commission for Decentralised Cooperation (CNCD) to implement a one-stopshop for DDC, including the Atlas of Decentralised Cooperation, could serve as an example. The French atlas is a centralised digital platform and tool which helps local authorities report on ODA and respond to calls for projects, and maps the international actions of all French local and regional authorities. It tracks the projects implemented by LRGs, as well as the sectors and geographic areas. As of 2021, an open database has been integrated and brings together all information on France's official development assistance.

France

Some countries, such as France, carry out a phone campaign to encourage reporting by local governments and to train them on DAC codes and reporting. In the case of France, reporting has increased from 196 local governments in 2012 to 482 in 2017. In 2019-20, thanks to the annual awareness campaign, the number of French regions and local authorities reporting on ODA increased from 470 to 1 040, mainly due to increased reporting by cities with fewer than 100 000 inhabitants. France believes this aid is still under-reported. Each year, the French national government involves the French association of local governments and the prefectures so as to complement the data.

• Spain

Spain is among those countries with the most detailed ODA reporting on municipal actors. Municipalities were first included in the reporting in 1999 and continuously reported since 2002, as well as the autonomous communities. Since 2008, public universities are included separately and, from 2017, the autonomous regions have been detailed. The collection of ODA is undertaken by the Spanish Federation of Municipalities and Provinces (FEMP), after an agreement signed in 2017 between FEMP and the federal government. On their website, FEMP project information is publicly available and further split by municipality in each region. Furthermore, to improve reporting on ODA among municipalities, FEMP uses its ad hoc platform to allow municipalities to introduce their own ODA data. This tool was built after an agreement between FEMP and the Spanish Ministry of Foreign Affairs signed in 2005.

For more information: France: <u>data.aide-developpement.gouv.fr</u> and <u>https://www.diplomatie.gouv.fr/IMG/pdf/rapport_apd_2020_-</u> _<u>donnees_2019_cle49ab16.pdf;</u> Spain: <u>Reshaping Decentralised Development Co-operation: The Key Role of Cities and Regions for the 2030</u> Agenda | en | OECDf.

Monitoring and evaluation

Figure 4.20. Action plan to implement Recommendation 10 to develop a harmonised or standardised approach to monitoring and evaluating DDC results across states and municipalities – Part I

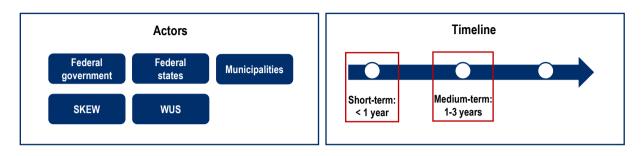
Recommendation 10

Develop a harmonised or standardised approach to monitoring and evaluating DDC results across states and municipalities that includes more results-oriented and long-term sustainability measures to assess the efficiency and impact of DDC projects

Most federal states have monitoring and evaluation (M&E) systems in place to assess the impact of their DDC interventions. Yet, there is no harmonised or standardised approach across states. Incremental steps to harmonise the states' M&E systems are needed to improve comparability between states and learn from best practices. The scope of the evaluation mechanisms in place could be widened, considering that only half of the states assess the efficiency of their projects and less than half of the states evaluate the impact of DDC projects in the recipient country.

- Develop a harmonised and standardised approach to monitoring and evaluating DDC results across levels of government.
 - Develop a standard template for the federal states on how to best document and evaluate their DDC initiatives, which allows for comparability but also leaves scope for individual state characteristics and needs. The federal government, which carries out its own M&E system, could provide guidance and support the elaboration of this template.
 - Build M&E competencies to better demonstrate the value-added and efficiency of DDC projects, including by providing sufficient
 resources and guidance to carry out monitoring and evaluation.
- Develop more results-oriented and long-term sustainability measures to assess the efficiency and impact of DDC projects.
 - Provide incentives for a more holistic evaluation of DDC projects. The states could integrate the long-term impact and sustainability into the criteria of project funding, e.g. reporting on how materials/buildings used in DDC projects are used after set amounts of time.
 - Encourage federal states to make their evaluation results available to the general public. Greater transparency of results also
 improves peer learning, thus providing opportunities for other DDC actors to learn from success stories and approaches. One option
 could be to publish an overview of federal states' DDC evaluations through the WUS portal. Well-conducted impact evaluations can
 provide evidence on the effectiveness of a DDC project and thus be a useful tool to showcase the benefits of an activity.

Figure 4.21. Action plan to implement Recommendation 10 to develop a harmonised or standardised approach to monitoring and evaluating DDC results across states and municipalities – Part II



Relevant international experiences Sweden In Sweden, DDC is part of national development co-operation actions, evaluated by the Swedish International Development Cooperation Agency (Sida). Sida defines evaluation as "a systematic and objective approach of determining the merit, worth or value of something" and it is at the heart of results-based management and organisational learning for the agency. The work undertaken provides an understanding of how and why certain results were - or were not - achieved, and if they were relevant and sustainable. Sida's evaluations are published in a dedicated publication database and an annual report for evaluations provides an overview, listing evaluations from the last five years as well as key learnings. Sida's evaluation from 2020 includes, for example, a specific section discussing the multi-level impacts of DDC interventions, from individuals through to institutions. **Region of Flanders, Belgium** Flanders attaches high importance to the impact evaluation of its DDC activities. The region developed guidelines for the implementation of its DDC projects and programmes, which also include impact evaluation. They can be thematic or policy evaluations and apply both to partner countries and to Flanders. Evaluations are usually developed by external evaluators while the monitoring is undertaken by Flanders and its local partners. Mid-term reviews (MTRs) are one of the main evaluation modalities in partner countries, as in the case of Malawi and Mozambique. M&E guidelines must be followed, which are partially based on risk assessment. **City of Madrid, Spain** One of the objectives of the city of Madrid, Spain, is to evaluate DDC actions financed by the city in order to improve the quality and effectiveness of its DDC. The city government has therefore developed specific terms of reference for external evaluations, which constitute the basis on which the city develops its contracts with specialised external evaluators and sets certain requirements that the evaluation needs to entail. External evaluations are mandatory for all

For more information: Sweden: <u>Start page | Sida</u>; Belgium: <u>Reshaping Decentralised Development Co-operation</u>: <u>The Key Role of Cities and</u> <u>Regions for the 2030 Agenda | en | OECD</u>; Spain: <u>Development cooperation | Madrid's community (comunidad.madrid)</u>.

DDC projects that have received financial support from the city of Madrid.

Annex 4.A. Respondents to the OECD surveys of the German Federal states and municipalities on decentralised development co-operation

Baden-Württemberg Bavaria		
Bavaria		
Bavaria		
Berlin		
Brandenburg		
Bremen		
Hamburg		
Hesse		
Lower Saxony		
North Rhine-Westphalia		
Rhineland-Palatinate		
Saarland		
Saxony		
Saxony-Anhalt		
Schleswig-Holstein		

Annex Table 4.A.1. Respondents to the OECD survey of German federal states

Name	Municipality/District
Baruth/Mark	Municipality
Aalen	Municipality
Ascha	Municipality
Böblingen	District
Bonn	Municipality
Brühl	Municipality
Burgenlandkreis	District
Cochem-Zell	District
Donau Ries	District
Dresden	Municipality
Düren	District
Düsseldorf	Municipality
Eichenberg	Municipality
Eltville am Rhein	Municipality
Enzkreis	District
Erlangen	Municipality
Gießen	Municipality
Gotha	Municipality
Gudensberg	Municipality
Heimenkirch	Municipality
Herford	District
Jena	Municipality
Kassel	District
Kiel	Municipality
Köln	Municipality
Lahr/Schwarzwald	Municipality
Leipzig	Municipality
Lippe	District
Ludwigsburg	Municipality
Mannheim	Municipality
Mettmann	District
Miltenberg	District
Millenberg	Municipality
München	Municipality
Neu-Isenburg	Municipality
Nohfelden	Municipality
Nürnberg	Municipality
Offenbach	Municipality
Reutlingen	District
Saalfeld/Saale	Municipality
Saarbrücken	Municipality
Traunstein	District
Tübingen	Municipality
Wolfsburg	Municipality

Annex Table 4.A.2. Respondents to the OECD survey of German municipalities



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