Development Partner Network on Decentralisation and Local Governance (DeLoG)

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Paris, France

Localising the SDGs:
Fiscal, Urban and Contextual Perspectives

Hosted by the
French Ministry of Foreign Affairs and International Development
MAE
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Abbreviations

ADB  Asian Development Bank
AFD  Agence Française de Développement
BMZ  German Federal Ministry for Economic Cooperation and Development
BTC  Belgian Technical Cooperation
CCT  Council of Local Government Associations, UEMOA
CLGF  Commonwealth Local Government Forum
DeLoG  Development Partners Network on Decentralisation and Local Governance
DLG  Decentralisation and Local Governance
DP   Development Partner
EC   European Commission
EU DEVCO European Commission International Development and Cooperation
FID  Financing for Development
FMDV Global Fund for Cities Development
FOCOD  Financial Conglomerates Directive
GIZ  Deutsche Gesellschaft für Internationale Zusammenarbeit
GDP  Gross Domestic Product
KfW  German Development Bank (Kreditanstalt für Wiederaufbau)
LG   Local Government
LGA  Local Government Association
MAE  French Ministry of Foreign Affairs and International Development
MAPS Mainstreaming, Acceleration and Policy Support
MDGs Millennium Development Goals
M&E  Monitoring and Evaluation
NUA  New Urban Agenda
ODI  Overseas Development Institute
OECD Organisation for Economic Co-operation and Development
PPP  Public Private Partnership
SDC  Swiss Agency for Development and Cooperation
SDGs Sustainable Development Goals
SIDA Swedish International Development Cooperation Agency
TALD  Territorial Approach to Local Development
UCLG United Cities and Local Governments
UEMOA West African Economic and Monetary Union
UNCDF United Nations Capital Development Fund
UNDP United Nations Development Program
UNSDSN Sustainable Development Solutions Network
UNV  United Nations Volunteers
Introduction

The 11th DeLoG Annual Meeting was hosted by the French Ministry of Foreign Affairs and International Development (MAE) in Paris, 18 – 20 May 2016. 38 partners and DeLoG members from 22 partner organisations attended. (See Appendix 2 for the List of Participants.)

Under the overarching agenda of localising the SDGs, the meeting was structured around three thematic areas which used partner inputs and participatory discussions to exchange strategy, technical know-how and new ideas on sustainable local development financing, fragility and decentralised local governance, and urban and territorial governance. In addition, three DeLoG working sessions gave members an overview of the network’s annual activities and achievements, and explored direction, focus, roles, working groups and learning formats for a new DeLoG phase, to be funded by the BMZ and SDC. (See Appendix 1 for the detailed Agenda.)

The annual meeting was designed to maximise participation by keeping inputs by presenters short and focusing on interactive group work and plenary discussions in order to foster cooperation and explore joint action.

Presentations and materials compiled by the presenters and used as input during the sessions can be found here.

Opening Remarks

Gautier Mignot, Deputy Director, Directorate-General for Globalization, Culture, Education and International Development, MAE, opened the 11th annual meeting of the Development Partners Network on Decentralisation and Local Governance (DeLoG). His opening address covered the following points.

The 2030 Agenda is a major step forward. The 17 Sustainable Development Goals (SDGs) and their 169 targets now form the new framework for international development for the next 15 years. They are complemented by the Addis Ababa Action Agenda on Financing for Development (FfD), the Paris Agreement on Climate and the New Urban Agenda, to be adopted during the upcoming Habitat III conference in Quito. This new global agenda confirms the need to recognise and strengthen local institutions as agents of sustainable development.

Given the inadequate distribution of financial resources, many local communities, especially in developing countries, will struggle to meet this challenge. Development partners (DPs) can play a crucial role in this process of implementing the SDGs at the sub-national level. Financial and legal tools to ensure the sustainability of local financial systems should be given particular attention as they have the potential to capture a portion of the economic added value from land at territorial level. These include mechanisms that facilitate local authorities' access to external financing, such as long-term debt management, private investment, climate financing and guarantee mechanisms that channel global savings to the local level.

The DeLoG annual meeting provides a valuable opportunity to compare experience and approaches about localised development cooperation, share information and innovative approaches, identify effective ways of supporting sustainable territorial development worldwide, and hopefully contribute to the development of joint projects.
Opening Session: Localising the SDGs

After an interactive exchange between DeLoG member organisations and partners on their current work in the light of the new agenda, Johannes Krassnitzer, UNDP, talked about the toolkit for localising the SDGs that is being developed by UNDP, UN-Habitat and UCLG. UNDP is in a good position to do so, with more than 60% of its portfolio already localised, and in 2014, UNDP, UN-Habitat and UCLG started a dialogue on localising the SDGs in the 2030 Agenda. This was based on the premise that as Local governments (LGs) were the missing link in achieving the Millennium Development Goals (MDGs), they should be involved right from the start in efforts to achieve the SDGs.

To this end, the United Nations Development Group uses Mainstreaming, Acceleration and Policy Support (MAPS) to promote local and regional governments not just as implementers but as policy makers, catalysts for change and the most direct interface between government and citizens. As well as building awareness, it is important to apply multi-stakeholder approaches for SDG implementation, tailor the SDGs to national, subnational and local contexts, create horizontal and vertical policy coherence and establish mechanisms for monitoring and accountability. This process has two phases. Firstly, the SDGs need to be integrated in local development planning and monitoring, and reporting systems need to be established. Secondly, development partners need to facilitate an enabling environment, and assist in setting up multi-level governance systems and local accountability mechanisms, using a multi-actor approach.

The UNDP, UN-Habitat and UCLG toolkit is something everyone can contribute to. It provides an open space to discuss practical approaches to local government assistance that can be tailored to specific needs and focusses on

- joint advocacy and awareness raising;
- stocktaking of relevant tools, guides and systems;
- the joint creation and collation of tools;
- a virtual platform for developing and sharing tools, and informing others about upcoming events.

The presentation concluded with a short clip on SDG 16, Building Peaceful and Inclusive Societies from the Local Level.

During the subsequent discussion, participants agreed that the platform the toolkit provided was useful for learning about what others were doing. Jorge Rodriguez Bilbao, EU DEVCO, pointed out that talking about ‘localising the SDGs’ per se was misleading as the SDGs had been agreed by national governments at a global level. What the platform and the toolkit could usefully do is support the process of translating global commitments into national goals and from national goals to localisation on a country by country basis, ensuring local governments were involved from the outset.
Thematic Session 1: Sustainable Local Development Financing

Isabelle Chatry, OECD, presented an overview of financing subnational development using an analysis of a diverse range of decentralisation models in OECD countries, in order for participants to draw out implications for emerging or developing countries. Data pertaining to nearly 138,000 subnational governments in OECD countries illustrated the following points, but throughout the diversity of the picture was stressed.

Sub national governments are key economic and policy actors, with the greatest prominence in the highly decentralised Canada and Denmark, and the least prominence in more centralised Greece and New Zealand. However, the graphs in the presentation did not disaggregate “delegated” and really decentralised expenditure so the overall picture tended to overestimate the level of decentralisation. On average, sources of subnational revenue in the OECD were taxes (44%), grants and subsidies from the central government (37%), tariffs and fees (15%), and property income and social contributions.

Decentralisation of spending responsibility can be a feature of development: success depends on the design and the implementation of decentralisation policies. It is important to find the right balance between political, administrative and fiscal decentralisation. A strong imbalance between the assignment of responsibility for spending (mandates) and the assignment of revenues was found. There is also a great variation in terms of debt, with a high level of subnational debt in federal countries like Canada, Spain and Germany and less local debt in unitary countries (“golden rule”).

In conclusion, recommendations on the governance of public investment were grouped in terms of coordinating policy, strengthening capacity, and ensuring sound framework conditions across all levels of government, with a view to country-specific needs and variations.

Nathalie Le Denmat, UCLG, talked about how UCLG and the OECD, with the support of the AFD, are developing a global observatory on local finance for following up fiscal decentralisation and supporting local and central government dialogue. Although various initiatives to collect data on local finance exist, they are either incomplete, or limited to a number of countries; a global initiative is lacking. Most of the investments to achieve the SDGs will take place at the subnational level and be led by local authorities. There is a lack of resources at local level to meet the responsibilities devolved to local governments. It is therefore crucial to make sure local governments have the financial and managerial capacity. The observatory would be a place where all stakeholders could share their insights on such matters.

A publication explaining the Global Observatory will be launched in October and will provide a comparative analysis based on macro-economic, institutional and fiscal indicators. The idea is to improve data collection, through a joint initiative: sharing existing databases or even relying on each partner’s network to facilitate data collection and create a common tool. UCLG could house the global observatory and gather donors through a trust fund. The
An observatory could be managed by a steering committee with inputs from a technical committee. A suggested budget of between €300,000 and €500,000 could be apportioned between members. A first official roundtable to adopt the project could take place at the third PrepCom in Surabaya. The observatory could then be announced at Habitat III and implemented in 2017.

The following points were raised in the subsequent discussion. Hélène Julien, AFD, encouraged others to participate in the observatory and emphasised that local financing is an important topic for the AFD. Nils Huhn, DeLoG secretariat, showed concern that better-off cities would be able to provide information and attract more funding than less-able intermediate cities. Lili Liu, World Bank, emphasised the challenges of building a database due to a great diversity of definitions and national reporting systems which are not consistent with international standards, and local structures which are continuously evolving. The Observatory would require a sustained effort in terms of methodology, international standards and capacity building.

Lili Liu, World Bank, gave a presentation on medium-term fiscal frameworks for ensuring sustainable subnational finance. Subnational governments are an important part of the public sector. For example, they account for an average of one-third of total general government expenditure in the countries of the European Union, 80% in China, 66% in Russia, and 52% in Poland. Subnational governments are also key providers of social services—particularly primary and secondary education—as well as infrastructure services such as water supply, roads, district heating, and urban transport. Their fiscal health is therefore vital—an insolvent government cannot deliver on its promises to citizens.

The global financial crisis of 2008–09 and its aftermath has threatened the financial viability of many sub national governments and their capacity for service delivery. GDP growth declined during the crisis, with the decline steeper in some countries than in others. The recovery has been uneven and growth has generally been slower. Revenue decline, particularly amongst revenue sensitive to growth (value-added tax, personal and corporate income tax) and limited expenditure adjustment have widened the fiscal deficit for many subnational governments during the crisis period.

The global growth outlook remains uncertain. Public finance is undergoing consolidation in many countries, potentially reducing fiscal space for sub national governments, while their expenditure obligations are unabating. They may also face refinancing risks in unstable financial markets. They will therefore need to manage their budgets with greater flexibility, anchor them in medium-term frameworks, continue to access capital markets for financing much needed infrastructure, and ensure sustainable financing by managing contingent liabilities and strengthening their debt management capacity. Public private partnerships (PPP) can create jobs and this growth can help solve the debt problem. In this regard, data is important. If it feeds into media publicity, public pressure, and competition, it can be a powerful way of improving expenditure tracking, transparency, and accountability.
Niels Kemper, KfW, talked about economic infrastructure investments and domestic resource mobilisation at the local level. The FfD conference in Addis Ababa emphasised that domestic resource mobilisation is fundamental for achieving the SDGs. The public sector in developing countries needs to increase revenues through progressive tax systems, improved tax policies and more efficient tax collection. Following the Addis Tax Initiative, Germany and other donors committed to doubling their contributions for domestic resource mobilisation until 2030.

Domestic resource mobilisation activities should be pursued at both national and local level. Local development funds and national transfer mechanisms are instruments of the financial cooperation to support investment in infrastructure according to local priorities, often with a focus on income-generating infrastructure. Financial cooperation intends to achieve more than investment in physical infrastructure alone. It also aims at investment-related capacity development. It distinguishes between three types of infrastructure investments at the local level: economic infrastructure (for example market places and bus stations), social infrastructure (for example health centres and schools) and administrative infrastructure (for example town halls and community centres). Economic infrastructure generates revenues via business taxes and fees, social and administrative infrastructure typically do not. However, a smart mix of economic and social-administrative infrastructure development can help to increase local service delivery in line with financial capacity. The ideas are reflected in two projects (co-)funded by the KfW: The Fonds d’Investissement pour les Collectivités Décentralisées (FICOD) in Burkina Faso and the Municipal Development and Lending Fund (MDLF) in Palestine.

Peter Jongkind, VNG, described VNG support for increasing internally generated revenues for local government, focusing on property tax collection by small and intermediate sized municipalities. Local revenue mobilisation enables sub national governments to invest in social and economic infrastructure, has a significant impact on equity, and encourages government efficiency and accountability. But effective local government fiscal performance is hindered by constitutional, statutory and policy limitations, inefficient billing and collection systems, problems in identifying delinquent tax payers, lack of technical and human resource capacity, and inaccurate or non-existent valuation mechanisms.

The system that VNG developed included a series of standardised training modules which comprised problem analysis and strategy development, improving local tax systems and procedures, implementation of tax collection software, improving responsive engagement with citizens, and developing a programme for multiple cities or a project for a single city. Consultants were trained and standardised in the delivery of these modules and VNG’s customers were free to choose which modules they needed. But it was the software tools that proved to be key for efficiency, effectiveness and innovation. The ‘game changer’ was the development of a simple software package for revenue management, TaxMan, which became the prototype, operated from different platforms with a single computer and printer as the minimum requirements. In Ghana, VNG developed two pilot projects. Once they started to run the software they found they could get an overview of their revenue base by
property, owner, tax payer etc. This led to several reforms: sorting out ownership and liability from properties that were previously incorrectly registered, getting quality data for analysis, strategy development and management, using printed bills to reduce corruption by keeping track of payments collected, and the separation of responsibilities in the collection system in order to increase transparency and accountability.

Christel Alvergne, UNCDF, talked about the importance of local finance for transforming Africa. With an average 5.2% economic growth year-on-year between 1995 and 2015, this was the fastest and most sustained economic growth sub-Saharan countries had ever seen. And yet most of them remain at the bottom in terms of development achievements, while poverty has increased dramatically. These divergent trends show the lack of structural changes.

New sources of funds need to be mobilised. But thinking in terms of volume isunderestimating the challenge African countries, and particularly the least developed ones, face. The issue is to stimulate additional commercial and public capital to invest in infrastructure, equip intermediate cities and support local, small and medium scale initiatives. To this end, UNCDF works in two ways. Firstly, it provides support to a pipeline of investments that can leverage local development and address the specific needs of rural areas. This is done by developing businesses, validating business ideas into bankable business projects, and establishing suitable governance structures, especially for local government association income generating investments. Secondly, it works closely with national governments to develop implementation frameworks and manuals to guide the adoption, scaling up and mainstreaming of local finance initiative approaches in all local governments. This combined approach creates an enabling environment for fiscal decentralisation and local development, and local authority accountability for, and delivery of, their mandate.

Joaquim Oliveira Martins, OECD, pointed out that OECD now focuses on equity and environmental sustainability, as well as economic growth. Regional policy can contribute greatly to this broader development agenda. In order to balance growth and well-being, it often makes sense to undertake projects at territorial level, and this gives regional policies and the subnational dimension increased importance. Indeed, many of these policies are implemented by subnational levels of government, but OECD members are national entities so stressing this fact is not always easy. In the area of urban policies, at the Habitat III conference in Quito, the OECD will lead one of the policy units dealing with national urban policy. Successful national urban policy implies ownership by the central government, as well as an alignment across all levels of government. Metropolitan areas that have a fragmented governance system are less productive and generate further inequalities. In this way, the system of governance is linked to the capacity to generate inclusive growth. An integrated approach is crucial and there needs to be a multi-level, multi stakeholder understanding of these mutual gains.
Thematic session 2. Fragility, Decentralisation and Local Governance

Jean-Christophe Charlier, BTC, talked about local governance interventions in fragile situations. With two thirds of BTC’s partner countries classified as fragile, BTC has formalised its approach to fragility, describing its complexity along five dimensions: resilience and capacity, violence and conflict, economic foundations, justice and rule of law, and institutions. The need to act quickly and strategically on short term humanitarian relief remains, implementing the OECD aid efficiency principles in fragile contexts (2007), but there is also a need to work in fragile contexts on fragility, addressing root causes. To this end, conflict, fragility and risk assessments should be included more systematically in programming with a better understanding of the local context and its power dynamics. There is also the need for flexibility, the capacity to adapt, new profiles for staff to include political economists and risk management advisers, long-term involvement, coordination, and policy coherence with other actors.

The role of local governance has been relatively absent from the fragility debate so far. But looking at the New Deal for Engagement in Fragile States shows that there are many reasons for local government involvement, including proximity for policing and service provision, as well as providing the most efficient level of government for citizen engagement, participation and conflict resolution. Brinkerhoff (2008) in *Good Enough Governance in Fragile States: the Role of Center-Periphery Relations and Local Government* identified additional benefits, for example the ability to address ethnic and/or regional inequities.

In Rwanda, BTC works towards accountable and responsive institutions, political rights, and addresses citizens’ distrust of the government. Citizen satisfaction surveys are used to create space for dialogue in a way that is perceived as non-threatening by the current regime. The fragility setting in Niger is entirely different. In this context BTC provides support to local authorities for participatory planning and budgeting. Thus, local solutions to local problems are found, working on fragility in fragile contexts.

Marija de Wijn, UNICEF, talked about the role of UNICEF in peacebuilding through decentralisation and local governance. Over 70% of UNICEF’s programme resources are spent in fragile and conflict-affected countries. There is also an increased recognition that UNICEF can and should explicitly address the root causes of conflict. To this end, UNICEF is developing a technical guidance note to support evidence-based UNICEF programming on peacebuilding through decentralisation and local governance in different fragile and conflict affected contexts. The guidance note will be based on a literature review and development case studies, looking at the design and implementation of programmes, and lessons learned.

UNICEF’s two main approaches are to use participative and inclusive local government processes as spaces for peacebuilding among and within communities, and to strengthen the equitable delivery of social services as a way that strengthens state-society relationships. For example, UNICEF support in Kyrgyzstan has been twofold: encouraging the participation
of youth in local government planning and budget hearings, and supporting municipalities in strengthening services for youth through the outsourcing of youth services. In Niger, UNICEF has been working on addressing the underlying causes of the recurrent humanitarian crises through multi-sectoral approaches at the municipal level: supporting participatory planning processes and strengthening local government services.

UNICEF can contribute their on-the-ground experience, wide outreach and a child/youth focus, but partnerships are crucial. UNICEF increasingly works with municipalities and local government associations, not just traditional counterparts such as sector ministries, as well as with other development partners.

Analysis, theory of change and monitoring and evaluation frameworks need to make an explicit link between decentralised local governance and peacebuilding. Such programmes require a lot of time and resources: continuity and much longer term funding. This is at odds with the usual short term funding associated with humanitarian work.

In the subsequent discussion, Harald Schenker, SDC, suggested that it is important to share information, approaches, and tools and that we should do so across fragile contexts and sectors. Eva Ladeborn, SIDA, agreed that cooperation is important as the money that reaches the ground can be quite low due to implementing partners requiring their own implementing partners. Amy Gill, UNDP, is interested in BTC’s budgetary support and the World Humanitarian Summit in Istanbul may be an opportunity to work together on this issue. She recommended the following publications: UN High Level Peace Operations Review (2015): The Future of United Nations Peace Operations; UN Peacebuilding Review (2015); UNDP (2016): Building a Resilient Foundation for Peace and Development – Local Governance in Fragile and Conflict-Affected Settings; World Bank (2012): Why Does Participation Matter?; OECD (2015): States of Fragility 2015. Meeting Post-2015 Ambitions.

**Thematic session 3. Urban and Territorial Governance**

Nils Huhn, DeLoG secretariat, gave a short update on Habitat III and the Zero Draft of the New Urban Agenda (NUA). After a series of regional meetings, policy unit papers and stakeholder engagement, informal intergovernmental negotiations are ready to begin. The Zero Draft contains the Quito declaration (the vision, commitments and call for adoption) and most importantly, the Quito implementation plan (transformative commitments for sustainable urban development, effective implementation, follow-up and review).

Decentralised local governance is frequently mentioned in the document as one of three drivers of change to achieve the transformative commitments. In terms of the implementation plan, DLG is mentioned in relation to the social dimension of sustainability (rather than to the economic or ecological dimensions), and in the sections on transformative commitments, building urban structures, and enhancing the means of implementation, with specific reference to capacity development, participation and stakeholder engagement, financial policy frameworks, and M&E. However, there is little specific mention of DLG in the other sections of the Zero Draft or how the New Urban Agenda relates to the SDGs.
The German government is keen on supporting Habitat III and will host a German Habitat Forum in June. Although not part of the official Habitat III process, it is an opportunity to emphasise the role of DLG in implementation and review mechanisms.

François Legué, MAE, shared some insights and expectations regarding the Habitat III process. The first session of intergovernmental negotiations on the Zero-Draft document, co-chaired by the French government, is currently taking place in New York. The local level is seen as key for sustainability. With an unprecedented opportunity for cities to lead the world toward a sustainable future, there is a need to act quickly. By chairing the COP21 and by currently co-chairing the Habitat III process, France has taken a proactive role in defining the new development agenda and raising expectations of what can be achieved. France welcomes the consultative and bottom-up preparatory process, just as it consulted NGOS and the private sector when it formulated the French position. The NUA will not be a legally binding document, which on the one hand makes it easier for countries to agree, but on the other, has obvious disadvantages. Several points in the Zero Draft require further discussion:

- The Bureau has not reached a consensus on the concept of the “Right to the city”. While some countries consider the recognition a major innovation, others argue it needs to go deeper.
- Some countries argue that the SDGs and specially SDG 11 on sustainable cities should be more strongly anchored in the NUA.
- In terms of follow up and review of the NUA, some countries, especially within the African group, are in favour of a reinforcement of UN-Habitat, while others think that urban issues should be shared amongst a range of UN agencies.

Barbara Scholz, GIZ, talked about urban and territorial governance in the context of Habitat III. Urbanisation is a megatrend: cities, and city regions in particular, are growing, fostered by economic transformation and demographic transition. Urbanisation will have a dramatic impact on living conditions and resource consumption. These and other challenges, such as inequality, exclusion, environmental pollution, climate change and urban sprawl, extend beyond the city boundaries.

Habitat III is an instrument to implement the global agenda. The Zero Draft introduces a wider approach to urbanisation which includes city-systems, city regions and urban-rural links. It acknowledges that governance structures and territorial planning overlap, as well as the need for cross-sectoral strategies, multi-level coordination mechanisms and coherent solutions for functional territories. Nonetheless several points are missing. Habitat III was supposed to be action-oriented but the Zero Draft is not yet a roadmap for implementation. Resource consumption and climate change need to be addressed in urban policies. A fundamental change is needed in the way cities are built, and the talk about strengthening cooperation between local governments, incorporating regional perspectives to solve environmental issues, and issues of inclusion. In addition, the Zero Draft needs to reflect the fact that cities are typically the result of spontaneous processes, its focus needs to go beyond public actors, and it needs to incorporate a conflict-oriented perspective. Although the issue papers and policy units took up the topic of violence, crisis, and conflict, these issues do not feature prominently in the Draft. This may be due to a lack of advocacy, or to the fact that the international community has certain blind spots.
Ecuador is an example of how different levels of government can be engaged and of the overlap between government structures and territorial planning. Ecuador’s National Development Plan includes specific goals and indicators and is the basis for public financing. It is connected with a territorial strategy and implemented on different government levels.

During the ensuing discussion, the following points were made:

- **Claudia Buentjen, ADB**, emphasised that while there is often no shortage of funds for infrastructure development, access to development bank financing for cities can sometimes be constrained by restrictive on-lending mechanisms from the national to the local governments. For instance, in the Philippines, multilateral investment loans have to be channelled through national development banks which charge additional fees, making borrowing for cities prohibitively expensive. It would be useful to include on-lending arrangements in the Habitat III discussion.

- **Chris van Hemert, VNG**, pointed out that cities and LGAs should be more involved in the creation of the Zero Draft. VNG is part of the Habitat III taskforce within the Dutch Ministry of Foreign Affairs but it requires time and effort to ensure the views of Dutch cities are represented in the final outcome paper. **Nathalie Le Denmat, UCLG**, however, viewed the Habitat III process as better than the Agenda 2030 process in terms of hearing the voices of cities.

The discussion turned towards possible side events in Quito:

- **Nathalie Le Denmat, UCLG**, proposed a side event on the Global Observatory and offered to organise it.

- **Johannes Krassnitzer, UNDP**, explained that UNDP will have a side event in Quito and will participate in several others. He suggested that a possible entry point for DeLoG could be to focus on links and multilevel governance issues. **Lucy Slack, CLGF**, felt it would be good to discuss what needs to change institutionally for decentralisation to be effective. **Claudia Buentjen, ADB**, suggested that a side event on intergovernmental relations could be composed of three parts: regulation, supervision, and capacity development. The part on supervision could include the role of national governments in monitoring budget transparency by requiring local governments to provide data (e.g. on an annual basis) and making it freely available.

**Francois Legué, MAE**, gave a presentation on the French strategy for decentralisation and territorial governance. Emerging issues such as migration, new conflicts, and climate change have prompted France to rethink their strategy. The local level is important because a significant part of the post-2015 agenda needs to be implemented at subnational level and the role of local authorities is crucial in periods of crisis. France seeks to reinforce its support for decentralisation and demonstrate the merits of decentralisation policies by showcasing successful processes.
The new strategy will better capture the wide scope of local public action and support decentralisation and territorial governance as both technical and political. Local authorities are often reduced to technical functions, which is counter-productive: decentralisation is a highly political process. France advocates that technical support should be supplemented with a cross-cutting political approach. Specifically, decentralisation is more than state reform. It enables local government and territories to define their own policies. The new strategy will therefore promote decentralisation in sectoral projects and programmes, prioritise local governments and sub regional levels to restart processes, and identify common interests between actors involved in public policy in partner countries. In addition, France will endeavour to deepen its collaboration with other national actors and development partners.

Jorge Rodriguez Bilbao, EU DEVCO, talked about promoting a territorial approach to local development in partner countries. Territorial development is necessary due to growing inequalities and ineffective responses. Development is spatially uneven and growing inequalities between urban and rural as well as within urban areas threaten political stability, social cohesion, and economic growth. There is a growing awareness about the limitations of classic sectoral top-down policies to tackle the complexity of these inequalities.

A territorial approach to local development (TALD) is necessary to unleash the potential of territories to promote and find the balance between growth, social cohesion, and environmental sustainability. TALD connects local development, decentralisation reform, and territorial development. It is a multi-dimensional national policy that:

- understands territorial development as a more comprehensive definition of local development: as incremental, spatially coordinated internal growth which affects the interaction of actors operating at multiple levels of development planning and administration;
- values territorial development as a critical component of a national development policy;
- recognises autonomous and accountable local authorities’ responsibility to promote territorial development, and empowers them to plan, finance and manage it.

TALD recognises local authorities as political actors, not just managerial entities, and views them as integral to genuine, bottom-up territorial development processes involving communities, civil society organisations and the private sector. Territorial development needs horizontal and vertical partnerships. The TALD framework shows that local governments need to be at the centre of the equation and that the process of transferring responsibility, resources and authority to lower levels of government is not enough. People need to be empowered and political and social dimensions need to come to the forefront. In July, a document explaining TALD will be published.

Amy Gill, UNDP, presented the UNDP, UNCDF and UNV integrated framework to support local governance and local development, which brings together localisation, financing, urbanisation, peacebuilding, and governance in one framework. UNDP’s support is increasingly urban in nature.
Focusing at local level is warranted by lessons learned from the implementation of the MDGs and the recognition and legitimacy of local actors in the SDG framework and its formulation. For UNDP, the concept of territory refers to a multi-dimensional strategy, incorporating the ‘where’, ‘how’ and ‘by whom’ of local development processes and outcomes.

Conceptually, the framework involves a comprehensive and coherent provision of six key inputs to local governance systems: democratic accountability; rule of law and security; administrative capacity for development management and service delivery; fiscal empowerment and resources; availability of spatial information; and the crucial acceleration of social capital formation. At country level, UNDP supports localisation through assisting governments to initialise the SDG process at the subnational level, establishing institutional arrangements to enable SDG implementation; and developing capacity. Key outputs include autonomous and accountable local and regional associations, and the equitable and effective delivery of goods and services. UNDP sees its role not just as technical assistance for implementation but also as a partnership broker.

DeLoG Business

1. Network dynamics and options

DeLoG as a GIZ sectoral project is undergoing an evaluation in terms of achievements and future direction and members of the evaluation team attended the annual meeting to conduct short interviews with participants.

Representing the view of DeLoG’s funders, Harald Schenker, SDC, in consultation with Kerstin Remke, BMZ, talked about SDC and BMZ’s vision for the next phase of the project. The BMZ and SDC intend to continue to finance DeLoG, probably with the same level of engagement. SDC will know by September what the budget for the next four years will be.

DeLoG’s role is to highlight the importance of decentralised local governance and ensure its visibility at the international level. For the BMZ, the overarching theme for the upcoming years is the Agenda 2030 and the discussion on localising the SDGs. SDC does not put as much emphasis on this as the BMZ, but it is still an important topic for them.

SDC views DeLoG as a knowledge hub and ‘broker’, sharing knowledge, providing an information platform and facilitating interaction amongst its member organisations, rather than setting the agenda. This should not be done by the DeLoG Secretariat alone; network members should be proactive as well, and future cooperation might develop in different ways, for example with a concentration on fewer work streams and the formation of ad hoc working groups that run for shorter periods of time. In addition, SDC would like the studies, the Global Seminar Series and the Learn4Dev courses to continue. Harmonisation continues to be an important issue and the country courses, for example, make a strong contribution in this regard.
DeLoG members raised the following points.

- DeLoG is appreciated as a knowledge broker and research organisation. Members and partners value the different types of learning opportunities and courses as well as the studies.
- DeLoG is valued as a platform to promote collaboration but the role of DeLoG as a partnership broker could be strengthened.
- The DeLoG network is quite personalised because the same people participate each year. This could be modified to benefit from member organisations’ knowledge and approaches and to strengthen members’ capacity to be proactive.
- Advocacy is understood differently and different members and partners have different expectations regarding DeLoG’s role. For example, face-to-face courses are also a great opportunity to advocate for DLG.
- The network could move towards a wider thematic focus.
- A shift from providing services to being more product orientated may be a useful way of viewing the network.

Jochen Mattern, DeLoG Secretariat, talked about the possibility of making the network more formal and the implications for membership. DeLoG is still an informal network. It was founded in 2006 after the Paris Declaration because decentralisation did not play a central role within OECD GovNet and development partners felt that they needed an informal mechanism for DLG cooperation. In 2008, the Secretariat was formed, and remains the only formal structure of DeLoG. In the discussion of future directions, members and partners should think about

- the advantages or disadvantages of a more formal structure;
- the membership: some organisations DeLoG works closely with, such as CLGF, FMDV, ODI, UCLG, UNSDSN, and the Urban Institute are not yet members, but could be in the next phase. DeLoG could either continue to be a network of OECD donors or it could become part of a global partnership (reflecting Goal 17 of the SDGs) that brings different actors together.

DeLoG members raised the following points.

- Not all of the Annual Meeting participants present are in a position to make these kinds of decisions about the future structure of the network.
- The Secretariat has ensured the long term work of the network. But the added value of a more formal structure is debatable.
- Although a more formal structure may accelerate the decision making process and give the network more focus, it may also make it more exclusive as whoever was on the steering committee could lead the agenda. A secretariat made up of people from member organisations may be a better solution.

Jochen Mattern, DeLoG Secretariat, presented the direct and indirect financial contributions the network had received to date. There is no membership fee. The two main donors, BMZ and SDC, have contributed approximately €3 million since 2008 and €750,000
since 2013, respectively. But other member organisations have contributed in other ways: around €775,000 was provided for publications, annual meetings and joint learning courses. DeLoG members did not see membership fees as a viable option. Nevertheless, some advantages of a more formal structure, like an increased commitment and a defined focus were mentioned.

2. Annual report

Lea Flaspoehler and Nils Huhn, DeLoG Secretariat gave an overview of the findings of this year’s DeLoG performance survey and DeLoG activities in 2015/2016.

Survey

12 people participated in the survey and the results showed that

- Localising SDGs and fragility were perceived to be the most relevant working topics while M&E and impact evaluation, urban governance and Habitat III, and aid modalities received mixed ratings.
- Local government financing, taxation, revenue raising, intergovernmental fiscal relations, fiscal sustainability, infrastructure finance, accountability and transparency were additional topics of interest.
- The Secretariat’s overall performance was highly rated and a majority of respondents found the working structures to be good.
- DeLoG updates, the newsletter and website were rated as beneficial but the DeLoG Twitter feed did not receive positive ratings and some were not aware of its existence.
- A majority of respondents found the DeLoG annual meetings and Global Seminar Series to be very beneficial or beneficial.
- All respondents found the learning formats interesting for their organisations. The majority were interested in the in-country, regional and e-learning courses, just over half also rated the open courses.

Activities

- In August 2015, ADB and DeLoG held a joint learning event on “External Support for Decentralisation Reforms and Local Governance Systems in the Asia-Pacific: Better Performance, Higher Impact?” in Manila.
- In November 2015, VNG and DeLoG held a joint learning event on “Fragility, Decentralisation and Local Governance” in The Hague. It was hosted by VNG International and jointly conducted with The Hague Academy for Local Governance.
- Two tutored e-learning courses, emphasising self-study and peer learning, on “Enhancing Development Effectiveness for DLG” were conducted October to December 2015 and April to June 2016.
- DeLoG and the Cities Alliance co-hosted an Open Session on “Local Governance and the Role of Inclusive Partnerships for the Implementation of the New Urban Agenda (Habitat III)” at the 7th Africities Summit in Johannesburg. The session looked at the role of DLG in the successfully implementation of the SDGs at the local level and how to create enabling national frameworks for DLG and sustainable urban development.
DeLoG and the Cities Alliance also hosted the Development Partners Debate which fed into the tripartite political dialogue amongst ministers, mayors and DPs, at the end of the summit.

DeLoG will convene a workshop on “Urban Governance, Civic Participation & Capacity” with the Associacao Nacional de Municipios de Mocambique - ANAMM - at the German Habitat Forum in June 2016.

Earlier this year, DeLoG’s fourth working paper on “Building country monitoring and evaluation systems to support decentralisation reforms: Current state and future directions” was published. DeLoG commissioned two tutorial videos explaining the network and DLG that now feature on the website.

DeLoG members raised the following points.

- **Jochen Mattern, DeLoG secretariat**, encouraged participants to send a synopsis of their organisation’s approach to DLG so that this information could be added in a more systematic way to the website.
- **Johannes Krassnitzer, UNDP**, talked about how their experience with Twitter had been very positive over their Art Initiative. However, not many other members followed DeLoG activities on Twitter; the newsletter and the DeLoG updates were considered a better mechanism.
- It might be useful to have a platform to exchange knowledge amongst members without having to channel it through the Secretariat. This could be a share web or something like WeChat.

**Agreements:**

- The DeLoG secretariat will reflect on the layout of the website and think about how the content can be prioritised.
- The DeLoG secretariat will look into other forms of communication.

**Annual Meeting hosts, 2017**

- The next annual meeting will be hosted by BTC and held in Brussels with possible co-hosts UNDP Brussels and the EC. BTC will confirm as soon as possible and the date of next year’s meeting will be sent with this report.
- UCLG will be considered for the following year and SDC remains a possibility as well.

3. **Work streams and thematic areas**

**Jochen Mattern, DeLoG Secretariat**, gave a short overview of the current thematic areas and possible future directions.

With the big international conferences (Agenda 2030 and Habitat III) soon over, it was important to decide if the umbrella theme ‘Localising the SDGs’ should be kept, along with which of the other current thematic areas.

- The work stream on M&E had in effect culminated in the working paper.
- Engagement in the thematic area of aid modalities has been low and it has never produced a joint product.
- Fragility still seems to be a topic of broader interest.
- Local financing could be a topic.
- The focus of the urban governance work stream could shift towards SDG goal 11 after Habitat III.
- Finally, members could continue working in work streams or new, perhaps more flexible ways of working on thematic areas could be explored.

**DeLoG members** raised the following points:

- Not all thematic areas needed to be worked on with the same intensity or result in the same product.
- DeLoG members were interested in working on fragility. Christel Alvergne, UNCDF, suggested a new way of thinking about territories which should include issues of cross-border and mobility. Johannes Krassnitzer, UNDP, explained that SDG goal 16 looks at fragility and governance together. This approach opened up new possibilities.

  **Claudia Buentjen, ADB**, proposed transparency and accountability/open data/engaging citizens as an additional thematic area as it was an important topic for territorial governance. DeLoG Members agreed that the topic could initially be worked on under the broader heading of local financing or as a separate work stream or short term group.

- A work stream or short-term group could be formed to look into what the future role of DeLoG should be and what it wanted to achieve.

**Agreements:**

- Localising the SDGs will remain as the thematic umbrella/frame.
- The network will discontinue working on aid modalities and instead work on local financing. The network will discontinue working directly on M&E and may instead work on M&E in fragility.
- Fragility will continue to be a work stream. Subthemes will include mobility, migration, cross border issues, design and implementation, M&E and context analysis. ADB, BTC, UNDP, UNICEF, VNG International, and the World Bank will analyse DeLoG members’ context analysis tools and assess their structure, content, strengths, and weaknesses.
- A second work stream will be local financing. The following interest was expressed:
  - BTC, KfW, SDC, and UCLG will work on local revenue generation.
  - ADB, UNCDF, and the World Bank will work on intergovernmental fiscal systems. A possible outcome could be a learning course: there is a World Bank course which needs to be updated and revised. Lili Liu, World Bank, will distribute the curriculum.
- **ADB, KfW and the World Bank** are interested in working on infrastructure financing, in particular social housing, and this could be developed into a regional course.

- **UNICEF and UCLG** are interested in exchanging information on financing local social services. In addition, **Marija de Wijn, UNICEF**, is interested in looking at tools that define resource gaps and tracking them.

• A third work stream will be **urban governance**. It is still unclear whether the NUA is going to be part of the implementation of SDG Goal 11 or if it will form a separate agenda. DeLoG’s role could be to analyse the importance of decentralisation for urban development, to look at territorial approaches and their relevance for local economic development (rural-urban linkages) and to address multilevel governance and multi-stakeholder engagement. The joint ADB/DeLoG regional course in September and the ADB course in October are relevant to this discussion. Another product could be a thematic course on Goal 11 of the SDGs, how to implement urban development, or an assessment of how different organisations understand the territorial approach. **ADB, Canada, CLGF, France, UCLG, UNDP, UN-Habitat, World Bank** are interested in contributing to this work.

• In a short term working group coordinated by the DeLoG Secretariat, **ADB, SDC, UNCDF, UNDP, and World Bank** will help defining the future role of DeLoG. They will review the findings of the upcoming project evaluation report.

4. Learning

**Nils Huhn DeLoG secretariat**, presented DeLoG’s joint learning programme.

A regional learning event with UEMOA and CCT on the “Implementation of the Whitebook on Financial Decentralisation” will take place in June 2016 in Ouagadougou, Burkina Faso. Organisations involved are SDC, MAE, GIZ, and DeLoG.

A joint ADB/DeLoG regional learning event on “Localizing Global Agendas” with particular emphasis on urban development and climate change (SDGs 11 and 13) will be held from 27-29 September, 2016, in Manila. All relevant information (concept note, draft agenda, call for contributions, registration template) can be found on the **DeLoG website**.

There are five different types of courses.

• The foundation (open) course is a four day course made up of generic course material.
• The e-learning course covers major topics related to DLG and aid effectiveness.
• Country specific courses are tailored to the requests and needs of the host government and DP working group.
• Regional courses are tailor-made and typically address either policies or sectoral topics of the region.
• Thematic courses deal with a specific theme – for example fragility.

In collaboration with development partners and network members, DeLoG has organised nine face-to-face courses for 464 participants and five e-learning courses for 122 participants to date. As well as suggesting the development of courses as part of the work streams (see 3. Thematic Areas and Work Stream above) DeLoG members raised the following points:

- **VNG International** and UNICEF were interested in repeating the thematic course on fragility. Possible topics could be peacebuilding and DLG; or SDG goal 16.
- **UCLG, UNCDF** and **EU** expressed interest in receiving more information on the UEMOA-seminar and could possibly provide support for organising the event.
- **Johannes Krassnitzer, UNDP**, expressed interest in contributing to the September ADB course in Manila on “Localising Global Agendas”.
- The **World Bank** runs several one-week training courses that comprise 50% government official and 50% World Bank staff participants, mostly self-financed. The objective is to build a common understanding of course content, for example managing PPPs, and to facilitate dialogue through lecture inputs and group work problem solving tasks. There is potential to jointly develop a course, or open an existing course to DeLoG members.
- Several DeLoG members offered their services as resource persons for one of the future DeLoG e-learning courses.
- **Claudia Buentjen, ADB**, announced a course on Mobilizing Multistakeholder Action for Reform, held from 24-27 October in ADB HQ in Manila. The 3.5-day event aims to build ADB and other development partner capacity in four areas: (i) decision framework approach; (ii) political economy analysis; (iii) communication and multi-stakeholder engagement decisions in project design; and (iv) value and utility of new tools (such as social media, “big data analytics”, stakeholder influence mapping) and reform-relevant concepts (such as adaptive leadership, political economy analysis, positive deviance) to ADB’s operational work. Twenty places can be made available to non-ADB staff.
- The **DeLoG secretariat** will follow-up with **Eva Ladeborn, SIDA**, regarding a course on gender and DLG.
Annual Meeting evaluation

15 DeLoG members and partners – less than half of the participants who attended the full meeting - completed the evaluation form. The results can be summarised as follows. (See Appendix 3 for details.)

Overall, 94% of the meeting participants’ responses were positive: 58% strongly agreed and 36% agreed that the content and organisation of the 11th Annual Meeting was useful and productive.

The majority of participants strongly agreed that there were ample opportunities to participate and network and that the meeting was well planned, facilitated, and hosted. This was reflected in the written comments.

Thematic ally, 54% of the respondents strongly agreed, 41% agreed and 5% somewhat disagreed that the sessions on local financing, fragility, and urban and territorial governance were useful to their work.

Participants were slightly less enthusiastic about the DeLoG business sessions, and this was reflected in the written comments. 44% strongly agreed, 45% agreed and 11% somewhat disagreed that the discussions on DeLoG’s future role, focus and thematic areas was useful for developing the DeLoG network.

What participants particularly liked about the annual meeting this year was the opportunity to build relationships, exchange ideas and network with partners (11 similar comments), the good preparation, organisation, attitude, and delivery of the DeLoG Secretariat and the moderator (8 similar comments) and the pertinent topics discussed (4 similar comments).

What participants thought could be improved for the next annual meeting was to ensure more time for DeLoG planning and working groups (8 similar comments), and get greater diversity in the presentations, with more attention paid to technical approaches and participation that ensured stronger partner commitments (3 related comments).