



EUROPEAN CHARTER
on development cooperation in support
OF LOCAL GOVERNANCE

PREAMBLE

While the importance of local dimension concerning development is now widely recognised, local and territorial authorities emerge as key actors of development.

The increasing multiplicity of cooperation actors at local level (international organisations, States, local and territorial authorities, civil society organisations, private sector) stress the necessity to improve the coherence, complementarity and effectiveness of their support.

Purpose

This Charter sets out principles and modalities for better effectiveness in cooperation in support of local governance and decentralisation in partner countries.

It is addressed to all different types of European actors involved in this field: the European Union, Member States, local and territorial governments, civil society organisations, private sector. It is likely to be opened in the future to all international actors of cooperation.

The Charter is in line with the coherency and in continuation with the orientations, drawn from the “European Consensus for Development” (2006), the more specific Communications of the European Commission in the field of governance, local authorities and non state actors, the Conclusions of the Council of the European Union, the Resolutions of the European Parliament and the Opinion of the Committee of the Regions and the European Economic and Social Committee on this topics.

The Charter recognises the engagements of the Paris Declaration on Aid Effectiveness. It is in line with international specific initiatives pertaining to decentralisation and local governance such as the “European Charter of Local Self-Government” (1985) and other Council of Europe documents, the “UN-Habitat Guidelines on decentralization and the strengthening of local authorities” (2007), the “African Charter on democracy, elections and local governance” (2007), and the “OECD Principles for international engagement in fragile states” (2007), as well as the lessons learnt from the works of the informal working group of development partners on local governance and decentralisation.

The Charter leans on the following definitions:

Decentralisation: a process involving the delegation of a range of powers, competences and resources from the central government to elected local (subnational) governments. Decentralisation entails three inextricably linked dimensions:

- *Political* : it involves a new distribution of powers according to the subsidiarity principle, with the objective of strengthening democratic legitimacy
- *Administrative* : it involves a reorganization and clear assignment of tasks and functions between territorial levels to improve the effectiveness, efficiency and transparency of the administration over all national territory
- *Fiscal* : it involves a reallocation of public expenditure to local and territorial authorities and enables them to generate their own revenue according to their assigned tasks

Deconcentration: delegation of administrative functions from the State to local non elected public structures.

Local democratic governance: decision-making and implementation process of public policy that, around local governments (elected in contexts of decentralisation), encourages an equal participation of all stakeholders of a territory (State, citizen civil society, private sector), reinforces accountability towards citizens and responsiveness to social demands in seeking for the general interest.

Local authorities is related to all governments existing at subnational level.

Vision

The principles of this Charter are held by the following convictions:

- Local democratic governance and decentralisation is an enabling framework to fight against poverty and inequities, to achieve the Millennium Development Goals and for the respect of Human rights (including economic, social and cultural rights). Democratic local governance, by involving all the concerned actors in the elaboration, implementation and evaluation of local policies, encourages a development responsive to population's rights and demands, notably the most vulnerable groups.
- Local elected authorities play a catalyst role for local governance and local development due to their democratic legitimacy, their proximity with the citizens and their capacity to mobilise local actors. In the framework of decentralisation policies and according to the subsidiarity principle, it is important to reinforce the autonomy of local government by providing them with the necessary competencies and resources.
- No major development issue can be treated at one level. Interaction between levels of territory (subnational, national, global) is essential for public policies cohesion.
- Decentralisation and local democratic governance policies are part of the State institutional framework, contribute to its reform and to strengthen legitimacy of public action.

I - COOPERATION PRINCIPLES: TOWARD A MORE EFFECTIVE COOPERATION IN RESPONSE TO A DEMAND

The implementation of the Charter is a contribution to the Paris Declaration principles. It relies on the general principles of coherence, complementarity and co-ordination shared by the European actors in development.

Ownership:

Recognise the leadership of national and local governments, civil society organisation and citizens at the national and local levels in partner countries, in the management of decentralisation and local governance processes.

Foster the implication of local authorities and civil society organizations in the political dialogue regarding development issues.

Endorse, according to a systemic approach, capacity development of all actors involved in local governance (at individual, organisational, and institutional levels), paying a specific attention to gender issues and more generally to all marginalized or excluded.

Alignment:

Ensure alignment of support to local governance and local development with national decentralisation policies and strategies, by supporting national procedures and systems.

Promote flexible and operational support strategies and aid modalities that are adapted to national and local situations, paying a specific attention to the analysis of risks of fragmentation related to decentralisation, and to the specific needs of situations of fragility, conflict torn or post conflict countries (e.g. capacity development, state building).

Give pre-eminence to local analysis and take into account the issues of legitimacy in the definition of support strategies.

Harmonisation:

Coordinate action and financial support in favour of decentralisation and local governance processes within the cooperation actors and with the partner country.

Promote a territorial approach to development, which enables integrated solutions encouraging coherence with sectoral policies.

Support processes of local governance and decentralisation on a long term basis.

Take into account the issues of Human rights, children's rights, indigenous people's rights, equity, social inclusion, gender, youth, fight against corruption, HIV/AIDS, environment and climate change, in all support strategies and programmes in favour of local governance and decentralisation.

Results:

Support the implementation of monitoring and evaluation systems of decentralisation and local governance reforms, particularly in fostering sharing of information, follow-up and evaluation between central and local level, and statistic capacity development.

Insure the follow-up and an evaluation of the application of cooperation principles stated in the Charter.

Commit to invest in learning process and sharing experiences on support to local governance and decentralisation.

Mutual Accountability:

Promote mutual accountability, foreseeable nature and transparency in the relations with the local partners and the use of resources affected for development.

Foster exchange reciprocity among cooperation partners.

II - INTERVENTION AXIS IN SUPPORT OF LOCAL DEMOCRATIC GOVERNANCE AND DECENTRALISATION

The Charter aims to define and share principles of action in the field of support to local democratic governance and decentralisation. These principles should be adapted to the specificities of local contexts.

1. Promote a national framework fostering local democratic governance

The success of support to local democratic governance and decentralisation necessitates a political will and a national legal framework in partner countries which clearly stipulate the division of roles, responsibilities and resources between actors of different tiers of government and set the conditions for shared governance.

Multilevel governance can be facilitated through operational measures aiming at:

- Support institutional arrangements that foster dialogue between different tiers of government, thereby ensuring coherence between national and local policy development and planning.
- Develop the capacities of national structures in charge of formulating and implementing decentralisation policies and strategies, particularly ensuring coordination, adequate planning and financial management, monitoring and evaluating their implementation.
- Develop the capacity of local authorities, especially in the field of dialogue and cooperation with the different levels of governments.
- Support the role of national, regional, international and continental associations representing local governments in promoting local authorities' interests, notably by supporting their capacity development and recognizing the need of financial support.

2. Strengthen democratic governance at the local level

Support to local governance should foster equity, transparency, responsibility, gender sensitivity and active participation of all actors, so as to strengthen mutual trust, effectiveness of public action in support of development.

2.1 Consolidate legitimacy of local governments

- Support accountability mechanisms of local authorities towards central government, citizens and among themselves.
- Support institutional frameworks that guarantee the right to information, encourage dialogue, fair roles distribution and consensus between all social groups, including marginalised groups.
- Develop local authorities' capacities, notably towards the implementation of participative policies, by scaling up in particular women and youth's involvement in local decision-making processes for ensuring their sustainability.

2.2 Empowering civil society with a view to its active participation in the processes of local governance and decentralisation

- Recognise the autonomy, diversity and the roles of civil society organisations as partners in policy dialogue and interlocutors of public institutions, as well as in the fields of social services and essential infrastructures.
- Promote active and participatory citizenship by supporting the involvement of civil society organisations in policy-making, planning, budgeting, monitoring and evaluation.
- Develop the capacity of civil society organisations at all levels (national, local, community) notably in the view of their engagement for a responsible local public action.

3. Promote local social and economic development for the reduction of poverty and inequality

The efficiency of territorial development strategies, elaborated and implemented by local actors, relies on a balance between economic development, social equity and environmental considerations and. A coherence must be sought with national sectoral policies taking into account land use planning issues.

3.1 Ensure equity in public services delivered locally

- Base access to essential services on fundamental social rights and support the improvement of the coverage, quality and access for all basic social infrastructures.
- Support local governments' ability to deliver local public services by seeking an efficient and sustainable management, based on the participation of all actors concerned (users, contractors, State services...), the adaptation to local specificities and the research of institutional, financial and environmental sustainability.

3.2 Promote local economic development

- Support local governments in their role both as catalysts and promoters of inclusive local economic development.
- Encourage the creation of an enabling environment for private sector and the emergence of structuring and perennial economic activities (private-public partnerships, infrastructures financing, land tenure security, access to financial services).
- Encourage the use of local resources and potentialities, and promote local enterprises at the national and international levels.
- Encourage a multi-sectoral approach that integrates economic development with territorial development issues (such as access to public services and natural resources preservation).

3.3 Promote a sustainable management of natural resources

- Support the role of local governments in their concerted and sustainable management of natural resources, in accordance with national policies.

4. Strengthen fiscal decentralisation and local authorities financing

In order to respond to the important financial needs of local authorities, it is appropriate to establish specific financial plans adapted to their situation so that they can fulfil competencies assigned to them by decentralisation laws.

4.1 Strengthen mobilisation and foreseeable nature of local governments resources

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

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

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

III – COOPERATION MODALITIES FOR EUROPEAN ACTORS

European development partners commit to harmonise and coordinate their interventions respecting the specificity of each actor's instruments. They associate local authorities of partner countries at all steps of their support regarding local development (elaboration, planification, monitoring and evaluation). They seek coherence of their usual modalities of interventions with national strategies and systems, and with the concerned local authority's programming and budgetary capacity. They commit to:

- Strengthen cooperation actions in support of local governance and decentralisation.
- When the judicial framework enables it, encourage and develop sustainable partnerships between European local authorities and local authorities from the South, and between local authorities from the South. This can foster exchanges and capacity development in the field of local governance. Foster partnerships for cooperation between local authorities from several European member States, to enhance resource sharing.
- Foster development awareness and education among European public opinion.

More particularly :

- Regarding EU member States and the European Commission, follow the EU Code of Conduct on Complementarity and Division of Labour in Development Policy, in order to strengthen aid effectiveness.
- Progress (notably for member States, European Commission and European local authorities), within the framework of a fiduciary risk control, towards modalities for direct budgetary support mechanisms for local authorities budgets or local development funds. The use of these support modalities, which must not substitute local authorities own resources relies on the recognition of their leadership in local policies management.

- Regarding civil society organisations, aim at coordinating with other interventions, seek a contractual approach with local authorities that are respectful of their autonomy.
- Facilitate the involvement of different public and non state actors in development cooperation, especially through an appropriate legislative and institutional framework.

IV – REPORTING PROGRESS REGARDING THE IMPLEMENTATION OF THE CHARTER

- The implementation follow up of the Charter should be based on a partnership mechanism involving all actors having participated in the drafting of the Charter and adhering to it: following of its implementation on the ground, analysis of experiences, take- stock meetings, enriching of the document, contribution to international debate.
- This mechanism should aim at developing complementarities and synergies with on-going initiatives at national and international levels.