

# The Role of Local and Regional Governments in Development Cooperation A New Call to Action Towards 2030 and Beyond

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# Foreword

**United Cities and Local Governments (UCLG) is a global network of cities and local, regional, and metropolitan governments and their associations committed to representing and amplifying the voices of local and regional governments (LRGs) to leave no one and no place behind.**

At UCLG, we believe that LRGs create the local conditions in which the ideals of the Sustainable Development Goals (SDGs) and the 2030 Agenda for Sustainable Development are a lived reality. Together, as a global network and as LRGs, we are the sentinels of the hopes, dreams, and aspirations held by communities around the world.

In 2013, UCLG adopted its first **Policy Paper on Development Cooperation and Local Government**. Its objective was to promote the various LRGs and Local Government Associations (LGAs) models of development cooperation commonly designated as “decentralized cooperation”. The Policy was an invitation to the international community and national governments to recognize the role that LRGs and LGAs play as development actors to better engage them in policy dialogues, to share resources, and to foster stronger partnerships.

For almost ten years, the Policy guided UCLG’s advocacy and programming efforts. During this period, we have witnessed gains for LRGs and LGAs, and a better recognition of their role in development cooperation and in implementing the 2030 Agenda and other international agendas.

However, during that decade, the global context has changed, new issues have emerged, and decentralized cooperation practices have evolved. As we approach 2030, this new reality requires a renewed common narrative to build on success and to act on both our global and local challenges.

UCLG’s vision is that decentralized cooperation becomes fully recognized, efficient, and impactful, responding to the most pressing development concerns faced by local communities worldwide. We see decentralized cooperation as an essential way to attain sustainable development and realize the SDGs.

This new Policy Paper, **The Role of Local and Regional Governments in Development Cooperation — A New Call to Action towards 2030 and Beyond**, is presented for adoption by the UCLG World Council in October 2022. It will provide direction for UCLG and its members for the years to come. Ultimately, it is a call to action with five key objectives aimed at strengthening decentralized cooperation to help achieve the SDGs by the year 2030.

This Policy was prepared by the Capacity and Institution Building (CIB) Working Group of UCLG. It is based on research and extensive interviews conducted by the Institute for Development Studies (IDS) and the work of both UCLG’s Policy and Learning teams and UCLG’s regional sections on decentralized cooperation and the SDGs.

# Executive Summary

## The Global Challenges We Face

The context in which international development cooperation is taking place has changed over the last decade.

Global poverty rates have declined, but economic and social inequalities remain widespread challenges —notably gender-based inequalities. Some of the major considerations that shape poverty patterns include the COVID-19 pandemic, the climate crisis, natural disasters, conflicts, and a weakening of democracy and human rights.

In responding to these issues, international development cooperation is becoming increasingly complex, more political, and more polarized, with emerging new powers and organizations transcending the old North-South continuum.

## Local and Regional Governments Matter

By 2050, close to 70% of the world's population will live in urban areas. More than ever, cities, local, regional, and metropolitan governments, and associations of local

governments have a critical role to play in addressing global development issues. This has been recognized in the SDGs and the 2030 Agenda for Sustainable Development, and other international agendas.

At the forefront to tackle development challenges and inequalities, local and regional governments (LRGs) still struggle with gaps in capacity, inadequate financial resources, lack of recognition, and re-centralization setbacks.

The LRGs' and local government associations' (LGAs) development cooperation, commonly designated as "decentralized cooperation", has proven to be an effective model for building LRG capacity, facilitating and growing resource mobilization, and ultimately helping address global challenges.

## A Call to Action with Five Key Objectives

United Cities and Local Governments (UCLG) believes that decentralized cooperation is an important way to achieve the SDGs by the year 2030.

This Policy Paper is UCLG's new call to action to make decentralized cooperation fully recognized, efficient, and impactful, responding to the most pressing development concerns faced by local and regional communities.

The objectives of our call to action are as follows:

- 1. Push for more institutional recognition, with real resources, for LRGs to address global challenges.** LRGs and LGAs should be better recognized as essential partners to address global development challenges, with formal seats at the table, along with national governments, when concrete actions are designed and decided upon. The involvement of LRGs and LGAs in policy dialogues must evolve into real partnerships and tangible allocation of resources when it is time to implement policies and programs.
- 2. Make decentralized cooperation a fully recognized and resourced development cooperation approach.** Decentralized cooperation is an essential and effective approach to development, which adds concrete value to bilateral and multilateral development assistance. Moreover, LRGs and LGAs need a better enabling environment in support of decentralized cooperation and dedicated funding must be increased and more predictable.
- 3. Make decentralized cooperation more effective, professional, innovative, and sustainable.** LRGs and LGAs must strategically focus their international initiatives on the global challenges that matter now and for the future, particularly for the most vulnerable and disadvantaged groups. They should better coordinate amongst themselves and with other actors to create synergies and increase the impact of their cooperation. LRGs and LGAs need to continue investing in knowledge, result monitoring, accountability, and innovative approaches to remain efficient and agile in an ever-changing global context.
- 4. Further engage decentralized cooperation in the financing sphere.** LRGs and LGAs must be better equipped, prepared, and supported to access new financing opportunities, and to fully appreciate when and how to use various forms of financing. Through decentralized cooperation, LRGs and LGAs can benefit from inspiring innovative financing experiences and the direct support of their peers.
- 5. Foster stronger public and political support for decentralized cooperation.** LRGs and LGAs should play a key role helping citizens engage in international relations, and in fostering global citizenship. They should actively seek to raise awareness, engage citizens and political groups, and advocate for decentralized cooperation.

## Implementing the Policy

On an annual basis, the implementation of the Policy will be reviewed against its objectives and action areas.

Together, we will continue to be global leaders in development cooperation to help achieve the SDGs and the 2030 Agenda.

# The Global Challenges We Face

**Over the last ten years, the context in which international development cooperation occurs has profoundly changed. While major development challenges are intensifying, some are being better addressed, and new ones have appeared.**

## A Changing Development Context

Although global poverty rates have declined in absolute figures in the last decade, inequalities in accessing basic services and economic opportunities are still

prevalent in too many countries. Close to one billion people live and work in informal, under-serviced and precarious local conditions worldwide, while billions more depend on unreliable drinking water, electricity, and health care access.

It is also now undeniable that climate change is becoming the paramount challenge that our world is facing. Even though many countries have adopted ambitious greenhouse-gas reduction plans, the climate crisis is still accelerating. Climate change is creating a ripple effect on several other development issues, particularly for the most vulnerable and marginalized.

Natural disasters, conflicts, and humanitarian crises are a sad reality in many parts of the world. Civil unrest in Ethiopia, Yemen, and Syria, terrorist insurgencies in many other nations, and the Russia-Ukraine war are driving millions of refugees out of their countries.

It is also evident that the crisis caused by the COVID-19 pandemic will have lasting effects. The pandemic created a new global health challenge and showed the need to invest in health care systems already weakened by long-standing deficiencies in financial, political, and technical capacities. The pandemic exacerbated many other development challenges and has resulted in a massive reallocation of funds to national response and recovery plans. This creates additional financial constraints on organizations that traditionally receive central government funding like civil society organizations or intergovernmental transfers like LRGs.

The impact of climate change, disasters, conflicts, the COVID-19 crisis, and inequalities in access to basic services and economic opportunities are still deeply gendered. Women and girls are more likely than men to live in poverty and work in lower-paid and insecure employment, to face domestic and other forms of violence, to have to flee their homes, and to lack access to social protection, basic services, and assistance.

The world is also facing a weakening of democracy and its values, as well as the emergence of authoritarian regimes in several regions. Human rights and fundamental freedoms are under strain in many parts of the planet. Some countries are even closing civic space for national and local civil society organizations. In other nations, social cohesion is becoming fragmented with the polarization of extremist views that test democratic principles.

All these global development challenges take place in an increasingly urbanized reality. More than half of the world's population now lives in urban areas. By 2050, it is projected that close to 70% of the world's population will live in cities. Developing countries account for 75% of the world's urban population, a figure that has doubled over the past 50 years. Urbanization is the characteristic of the 21st century and will undoubtedly remain the main force behind development or lack of development.

## The International Response to Global Challenges

In response to these major challenges, we have seen a shift towards a greater push for sustainable development and better coordination of international cooperation.

In 2011, the Busan Partnership Principles were established to encourage a more effective development cooperation. In 2015, the 17 Sustainable Development Goals (SDGs) were adopted as part of the 2030 Agenda for Sustainable Development.

Since the adoption of the SDGs, more than 100 countries have pledged to “Leave No One Behind” and to fast-track the progress in regions that are the furthest behind. The SDGs provide an exceptional global framework to guide efforts to end poverty, protect the planet, and ensure peace and prosperity around the world by 2030.

As we are nearing 2030, the need to accelerate the implementation of the SDGs in the current “Decade of Action”, as declared by the United Nations, is now recognized as a matter of urgency.

## A More Complex Landscape of Actors

The last ten years have also shown that development cooperation is becoming more complex, political, and polarized with new powers, actors, and organizations.

Rising transition economies are increasingly involved in development cooperation, such as Brazil, Russia, India, China, and South Africa. The development dynamics now transcend the traditional North-South continuum and often reflect different sets of values and motivations.

Although the COVID-19 response renewed a certain sense of multilateralism, there are major trends pointing to more polarized views on the world's affairs. In the aftermath of the pandemic, the need for all nations to pay attention to issues and challenges at home also resulted in, more often than not, a decreased focus on international development issues. There is a growing tendency for citizens to turn inward and withdraw from international solidarity.

Moreover, global social, economic, and environmental challenges must be addressed in an integrated, inclusive, and coordinated manner by all actors. This responsibility extends not only to governments at all levels, but also to civil society, academia, the private sector, and citizens.

# More than Ever, Local & Regional Governments Matter

**In a context of unprecedented and universal challenges, one thing is evident. More than ever, cities, local, regional, and metropolitan governments and associations of local governments are strategically positioned to addressing global development issues, localizing the SDGs, and achieving the 2030 Agenda.**

## **Involvement of LRGs is Key to Development and Democracy**

As the sphere of government closest to the people and responsible for ensuring equitable delivery of essential services, LRGs play an important role in development.

Cities and metropolitan areas create around 80 percent of global growth. Local communities are where most of the solutions for the pursuit of sustainable and equitable economic development reside, including green growth strategies. Therefore, local economic development and job creation are an increasingly important mandate for LRGs.

Moreover, urban areas generate most of the greenhouse emissions and are at the same time the most affected by the worsening climatic conditions. LRGs stand at the centre of addressing climate change, from both a mitigation and adaptation perspective.

LRGs are also key actors to support peace and security, and to be protectors of human rights. LRGs play a critical role in ensuring trust, accountability, and transparency to deepen democratic engagement and fundamental good governance values. Moreover, LRGs ensure an enabling environment for local civil society organizations to operate freely and without disturbance. In many countries, LRGs are the guardians of the democratic transition, an agenda that has been pushed backwards by the COVID-19 economic and social crisis.



## Local economic development in Zambia

Local economic development (LED) is increasingly being recognized around the world as it achieves inclusive local development and improves regional trade and investment. In partnership with the Commonwealth Local Government Forum (CLGF), Zambia's Ministry of Local Government (MLG) and the Local Government Association of Zambia (LGAZ) empowered local governments through the creation of LED guidelines and the implementation of a new decentralization policy. In four local authorities (Kabwe Municipality, Kaoma Town Council, Chipata Municipal Council, and Kitwe City Council), training and needs assessments were provided, and LED guidelines, orientation manuals, and roll-out plans were produced. For all four municipalities, this led to various initiatives implemented with the World Bank and with the private sector.

LRGs are particularly well positioned to address inequality, particularly gender-based inequalities. Promoting inclusive governance is an essential role of LRGs as they know how to reach out to the poor and the most vulnerable and marginalized communities.

The COVID-19 pandemic has confirmed how LRGs are at the forefront to implement strong local actions to respond to crises. LRGs are the closest sphere of government to address the needs of all communities in all circumstances, including the most difficult ones.

In addition, LRGs are in the best position to facilitate partnerships between levels of government, the private sector and civil society groups, which ultimately leads to more effective and inclusive development.

The role of LGAs in bringing vertical and horizontal integration and more inclusive national action plans is equally important. In most countries, LGAs represent the voice of all local (and regional) governments, which makes them essential to fair multilevel governance.

Moreover, LGAs create space for learning, collaboration, and the sharing of good practices between LRGs. They are often builders of capacity within the municipal sector, through programs and other vehicles designed and delivered specifically for their members.

## Gender Equality in Benin

To improve gender equality at the local level in Benin, the Association of Flemish Cities and Towns (VVSG) launched a five-year program with its sister organization, the Association Nationale des Communes du Bénin (ANCB), in 2017.

Through exchange visits and biweekly gender equality training sessions, VVSG provided ANCB with tools to help its municipalities mainstream gender equality in local policy and incorporate a gender perspective into local development plans. ANCB created a Network of Local Women Elected Officials and a political commission on Gender, Social affairs and Citizen's participation. The concerns of the municipalities regarding gender and citizen participation are now discussed in these network and commission meetings.

VVSG also used this program as an opportunity to include gender considerations in all decentralized cooperation initiatives implemented by Flemish municipalities in Benin.

## A Better Recognised Development Partner

In the last decade, UCLG united its voice with several partners through the Global Task Force of Local and Regional Governments (GTF). This led to the creation of the World Assembly of Local and Regional Governments, which is officially recognized by the United Nations.

The GTF has been increasingly invited to participate in global, regional, and national networks and venues to represent the vision and the aspirations of LRGs when development policies and strategies are designed.

As a result of the work of the GTF, the role of LRGs and LGAs in addressing global developmental challenges in an urbanizing world has been better acknowledged and articulated in the policy agendas of a growing number of UN agencies, multilateral and bilateral organizations, and national governments.

In 2015, the international community recognized urbanization as a major trend with the inclusion of SDG 11 “Make cities and human settlements inclusive, safe, resilient and sustainable” in the 2030 Agenda. This was also acknowledged through the “localization” of all the other SDGs to ensure their effective implementation.

The New Urban Agenda, adopted at Habitat III in 2016, further confirmed how urbanization can be a powerful tool for sustainable development around the world.

The SDGs, the 2030 Agenda, the New Urban Agenda, the Paris Climate Agreement, the Sendai framework, and other global development strategies adopted in the last ten years have all confirmed the need for well-planned and well-managed cities and regions.

Since the adoption of these global agendas, what we have heard from local and regional governments from all regions is clear: cities, towns, and regions of all sizes can connect their local plans to the international strategies to better engage local stakeholders in their implementation.

### **Reaching the most vulnerable and marginalized communities in Mozambique, working for the Right to the City**

Building on more than 15 years of cooperation, the cities of Maputo in Mozambique and Barcelona in Spain signed a third four-year protocol of friendship and cooperation in 2015.

This agreement focused specifically on improving the services dedicated to vulnerable and excluded populations. With Maputo and Barcelona, the NGO Water & Sanitation for the Urban Poor and Arquitectura Sin Fronteras de Catalunya (ASF-Catalunya) improved the right to decent housing in Maputo’s informal neighborhoods to help transform them into more secure and accessible neighborhoods. As a result, Maputo’s informal neighborhoods have seen a reduction of conflicts and violence arising from insecure land tenure.

In May 2022, the cooperation between Barcelona and Maputo was successfully renewed until 2025, with a new focus on peri-urban agriculture and women’s empowerment.

## Recognition without Sufficient Means

Even though LRGs continue to be at the forefront tackling development challenges, they still struggle with capacity, financial resources, full recognition, and recentralization setbacks.

The demand for financing and technical assistance emanating from LRGs has increased but has not been met. Around the globe, many LRGs do not have sufficient support to improve their general technical capacity and financial autonomy. They still face uneven and unpredictable intergovernmental fiscal transfers and extremely limited access to credit and capital markets. Such issues are even more acute for smaller and rural LRGs, outside major urban centres.

Current global agendas do not sufficiently engage LRGs and their associations in implementation. When actions are decided and taken, national governments are at the table, but LRGs and LGAs often are not. This is of particular concern because the OECD has estimated that nearly 60% (100 of the 169) of the SDG targets require engagement with LRGs in order to be met.

In recent years, several multilateral agencies, financing institutions, development banks, and private sector organizations have set the objective to extend their financing instruments to LRGs. This includes new innovative offers such as pool financing, blended finance, or green and social impact funding. Most LRGs, however, are not technically equipped to be able to access these opportunities nor fully appreciate when and how to use various forms of innovative financing.

National decentralization policies and state reforms have also brought more attention to LRGs during the past decade. Local and regional governments need instruments, competences, and authority through official decentralization policies and legislation adopted by national governments. Studies by the OECD and by UCLG have shown that decentralization, particularly fiscal decentralization, leads to more effective and targeted service delivery for the benefit of citizens in the long term. However, in many countries, decentralization has only been partially implemented. In others, lack of management capacity, issues of corruption and transparency, and political will have led some governments to rein in the decentralization process and re-centralize local government functions. Furthermore, multilateral and bilateral donors have shifted their development assistance to priorities that often omit local governance or decentralization as thematic focuses.

The aforementioned challenges create a serious gap between the need and the aspiration to localize SDGs and the issues LRGs face in securing the expertise and financial resources required to tackle development challenges.

# Decentralized Cooperation is Part of the Solution

Development cooperation carried out by LRGs and LGAs—commonly known as “decentralized cooperation”—has proven to be an effective approach to address global challenges, build local and regional government capacity, and facilitate resource mobilization.

## Decentralized Cooperation Adds Value

of knowledge, and long-term collaboration amongst LRGs. This model of development cooperation is involving local and regional government employees and elected officials who have the unique skills of being “doers”, are able to go beyond theory, and can implement innovative solutions. It is a powerful tool for practitioners across countries, to discuss common problems and arrive at concrete results.

The added value of decentralized cooperation also lies in the fact that it takes a territorial approach to development as well as a multi-stakeholder perspective, through which the citizens, the local civil society, and the private sector are all engaged.

In addition, decentralized cooperation contributes to international relations, by keeping countries and societies connected, integrated, and communicating; therefore, it helps bring international relations down to the citizens’ and local civil society organizations’ levels. LRGs are often able to mobilize their whole communities to engage in international activities. It is a way to promote peace, democracy, and human rights and to create a more just world, at the local level and beyond.

Thus, decentralized cooperation is one of the mainstays in any serious pursuit of sustainable development.

Decentralized cooperation is deeply rooted in the principles of solidarity, reciprocity, mutual understanding and exchange

## Decentralized Cooperation is Evolving

relationships between local government counterparts, partners, and peers from everywhere in the world, including municipal networks and associations.

LRGs, LGAs, and several local government networks have gained stronger experience in designing and delivering effective and sustainable capacity building initiatives, using various modalities and approaches. Such initiatives now include more projects to respond to humanitarian crises and conflicts. The COVID-19 pandemic has also created more intensive cooperation among LRGs and LGAs despite logistical challenges.

Decentralized cooperation also benefits from new monitoring tools and from solid forward-thinking knowledge on the challenges affecting cities and countries. The “digital turn”, onset by the pandemic and other technological advances, has created new and innovative ways of collaborating, sharing, and implementing decentralized cooperation initiatives.

### South-South Cooperation for Women Empowerment

One of the primary areas of focus for UCLG Africa has been ensuring women’s participation in local decision-making processes for equitable representation in social, political, and economic domains.

As a key mechanism for south-south cooperation, the Network of Locally Elected Women of Africa (REFELA) was set up in 2011 to bring together female elected officials from African cities and regional governments.

Through the REFELA network, legislative frameworks for the promotion of gender equality at the level of cities were adopted and a new Local Authorities Charter for Gender Equality in Africa was introduced throughout the continent. Best practices are shared, and training is offered to strengthen women’s leadership and enable them to manage city affairs more effectively.

Moreover, decentralized cooperation is being increasingly understood as a diverse model of cooperation transcending traditional aid paradigms. It has moved past the traditional aid perspective of donors and recipients, in which the “rich North” is helping the “poor South”. The development of South-South and triangular cooperation (North-South-South) has also brought new models and actors, and has enriched development cooperation. These new practices have emerged to respond to the need to catalyze lessons and good examples, and to find more adapted solutions in regions where urbanization is intensifying, which is particularly prevalent in the global South. Therefore, in many cases, decentralized cooperation among actors from the South makes more sense as a means of capacity building.

Decentralized cooperation has also recently entered the financing space to help unlock private financing and investments for LRGs. New intermediation instruments, such as the Global Fund for Cities Development (FMDV), have been put in place by UCLG, Metropolis, and other local government networks. They reinforce the capacities of local governments in terms of financing and investment, and they catalyze financial market opportunities.

## Decentralized Cooperation Attracts More Interest from Wide Range of Actors

Civil society organizations, NGOs, the private sector, and academic institutions continue to be traditional partners for LRGs and LGAs. As a result of the evolution of decentralized cooperation, it has also attracted increasing attention from

multilateral and bilateral agencies and development organizations. There is a vast array of new actors involved. Several new, active multi-stakeholder networks (Global Covenant of Mayors, Mayors Migration Council, Global Alliance for Urban Crises, International Observatory of Mayors on Living Together, etc.) have also emerged, many of which focus on local issues and challenges (e.g., inequality, affordable housing, migration, responding to climate change).

Besides being recognized as “development actors”, LRGs and LGAs are starting to be seen as “development partners”, which add value to bilateral and multilateral development assistance and to international development carried out by civil society and the private sector.

The multiplication and diversity of new partners involved in development cooperation not only brings opportunities but also risks. There is a renewed need to avoid silos, parallel programming, opposing values, and competition.

LRGs and LGAs can transcend different, and sometimes divergent, national and regional interests, and contribute to international solidarity. Decentralized cooperation is one of the instruments to help better align and coordinate with all partners, including new countries involved in international assistance.

## Decentralized Cooperation Could Go Further

Despite the important strides made recently in decentralized cooperation, some challenges continue to persist.

Local and regional governments and their associations around the world do not all have the same capacity, resources, legislative authority, and an enabling environment to get involved in development cooperation. This is particularly the case in the Global South, where the sharing of good practices and practical training in decentralized cooperation needs to become more accessible for LGAs. At times, the local and regional elected officials need to be convinced of the value of investing their time and resources.

Decentralized cooperation is also still too often considered by funders in a traditional donor-recipient relationship in which accountability is given to “donor partners” from the North.

In countries facing humanitarian crises, conflicts, or post-conflict situations, local and regional development cooperation is insufficiently perceived as a mechanism that can assist local governments.

There is also space for improvement of the practice of decentralized cooperation. It is often fragmented, too narrowly focused on small projects, not impactful enough and outcome driven, and not sufficiently directed to highly urbanizing regions, major global challenges, and the most vulnerable. Moreover, there is a lack of comprehensive, timely information about decentralized cooperation inputs, investments, and results.

On top of that, decentralized cooperation is perceived by other actors as not adequately cognizant of the country contexts in which it takes place. It is perceived as ineffectively aligned with other development agencies and programs operating in the public sector. Often, decentralized cooperation also insufficiently addresses cross-cutting issues like gender equality, human rights, or youth engagement. Moreover, decentralized cooperation is still not properly adapted to respond to the needs of LRGs in countries where security is an issue.

Access to decentralized cooperation opportunities and funding is often difficult, especially for partners from the Global South. Most of the time, LRGs and LGAs are wrongly seen as non-state development partners, having to compete like other service providers for development funding.

In addition, LRGs and LGAs need to better manage the increasing political nature of development assistance that takes place in a complex and fragmented set of relational geographies across various national, bilateral, and multilateral stakeholders.

Therefore, in order to help address the global challenges and achieve the SDGs, decentralized cooperation has to be better enabled, be more sustainable, and become more effective.

# A Call to Action with Five Key Objectives

To respond to the contextual changes and to the evolution of decentralized cooperation, LRGs and their associations must be more recognized, engaged, and enabled as strategic actors and key partners in development cooperation.

We, UCLG and our members, propose to take action through five key objectives:

## 1. Push for More Institutional Recognition, with Real Resources, for Local and Regional Governments to Address Global Challenges

The urgent and intensifying nature of global challenges and the rapid urbanization in several countries imply an ever-growing responsibility for local and regional actors. This has been recognized in the 2030 Agenda and other global agendas.

Yet, the importance of supporting LRGs and LGAs is often overlooked by still too many organizations, agencies, and national governments. LRGs and LGAs continue to face strained financial and personnel capacities, a lack of institutional recognition and autonomy, and recentralization setbacks. Even when their role as development actor is recognized, it usually does not translate into a real engagement and allocation of resources for the implementation of national and local action plans.

**We must continuously ensure that LRGs and LGAs are recognized as essential partners to address global development challenges, who have formal seats at the table, along with national governments when concrete actions are designed and decided upon. The involvement of LRGs and LGAs in policy dialogues must evolve into real partnerships and tangible allocation of resources when it is time to implement policies and programs.**

To push for recognition of the role of LRGs and LGAs as development actors with real resources, we will:

- Multiply our advocacy efforts with one united voice at the global level, particularly through the Global Task Force of Local and Regional Governments. We will continue to demand recognition of the essential role played by LRGs and LGAs in localizing the SDGs and addressing global development challenges and the need for a real allocation of resources.
- Call for the establishment of more formal and permanent seats at global, regional, and national tables where we can represent the vision and aspirations of LRGs, particularly when development agendas and public policies are turned into concrete action plans and programs.



- Press national governments to recognize LRGs and LGAs as development actors in national development strategies and to develop stronger decentralization policies and programs; this should include COVID-19 response and recovery strategies.
- Urge multilateral and bilateral development funders and implementers to continue adopting decentralization, local governance and democracy, local service delivery, and local government association capacity building as clear thematic focuses in their strategies and projects with tangible allocation of resources.
- Commit to continue gathering our experience and knowledge on the ground as practitioners, to inform global, regional, and national policy development, implementation, and action planning.

## 2. Make Decentralized Cooperation a Fully Recognized and Resourced Development Cooperation Approach

Decentralized cooperation is increasingly proving to be an essential way for local government practitioners to discuss common problems and build capacity through solidarity, reciprocity, and mutual understanding. Decentralized cooperation leads to concrete sustainable development solutions, including for the most vulnerable and marginalized populations.

However, awareness building on the need for development cooperation by LRGs and LGAs continues to be necessary. In many countries, LRGs and LGAs have to be given more resources and legislative authority to get involved. Decentralized cooperation should be understood by all as a mechanism that can adapt to support local governments facing humanitarian crises, conflicts, or post-conflict situations. Traditional accountability frameworks, which often only focus on “donor partners” from the North, should be looked at differently. And LRGs and LGAs should not be competing, with or like other service providers, for development funding.

**We need to build more awareness that decentralized cooperation is an essential and effective approach, which adds concrete value to bilateral and multilateral development assistance. Moreover, LRGs and LGAs need a better enabling environment in support of decentralized cooperation and dedicated funding must be more predictable and be increased.**

To promote decentralized cooperation as an essential cooperation approach, we will:

- Continue to be very active in international and national fora to promote the role of decentralized cooperation and facilitate multi-stakeholder partnerships, such as the Global Partnership for Effective Development Cooperation.
- Inspire more local and regional elected officials to commit and engage in decentralized cooperation as a modality to achieve their local sustainable development objectives.
- Identify the most prevailing enabling challenges and urge national governments, in all regions and countries, to create policies, legislative frameworks, and enabling environments that will facilitate the involvement of LRGs and LGAs in decentralized cooperation.
- Encourage structured dialogues and the adoption of formal strategic partnership agreements between LRGs and LGAs, and national Ministries of Foreign Affairs and/or Development Cooperation ministries, and multilateral organizations.

- Continue to advocate for easier to access, more predictable, flexible, and additional decentralized cooperation financing, in the form of multi-year funding programs or financing arrangements specifically designed for LRGs and LGAs.
- Encourage multilateral and bilateral donors to include decentralized cooperation initiatives as technical assistance delivery modalities in their programs and portfolio of projects, including in countries facing crises, conflicts, or post-conflict situations.
- Multiply efforts to create more space for dialogue, roundtables, coordination and collaboration with LRGs in new donor countries, and other rising transition economies interested in LRGs and decentralized cooperation.
- Continue to share and disseminate the best examples of decentralized cooperation to demonstrate and promote to the value added, efficiency, diversity, and financial impact of LRGs and LGAs development cooperation to the international community.

### A Strategic Partnership in the Netherlands

Under the name Sustainable Development through Improved Local Governance (SDLG), the International Cooperation Agency of the Association of Netherlands Municipalities (VNG) has started a five-year Strategic Partnership with the Dutch Ministry of Foreign Affairs that runs until the end of 2026.

The SDLG programme is creating a venue for formal policy exchanges between VNG and the Ministry. Within the programme, an annual policy dialogue will be organised to discuss international development matters from a local government perspective. The partners have also agreed to better inform each other on key messages and positioning to align their delegations during international events.

The programme also includes specific initiatives to empower local governments in eight different countries with a focus on four thematic priorities (Security & Rule of Law, Migration, Local Revenue Mobilization, and Integrated Water Management). Unique to this programme is a flexible component, allowing new countries to be added during implementation.

This strategic partnership comes as a milestone after many years of negotiations at the highest level. It is an example of multi-level cooperation and the formal recognition by a national government that local governments have an important role to play in international cooperation and policy development.

## 3. Make Decentralized Cooperation More Effective, Professional, Innovative, and Sustainable

LRGs, LGAs, and local government networks have gained strong experience in designing and delivering effective and sustainable capacity building for LRGs, including new triangular and South-South models, as well as technological innovations.

Yet, decentralized cooperation must become more effective. It should be less fragmented, better aligned and coordinated, more impactful, and directed at highly urbanizing countries and global issues, including with LRGs in countries in conflict or post-conflict situations. Furthermore, there is a need for more comprehensive data on decentralized cooperation investments and results. Major issues such as gender equality, human rights protection, and youth engagement should be better addressed in decentralized cooperation initiatives.

**LRGs and LGAs must strategically focus their decentralized cooperation initiatives on the global challenges that matter urgently now and for the future, particularly for the most vulnerable and disadvantaged groups. LRGs and LGAs should better coordinate amongst themselves and with other actors to create synergy and increase the impact of decentralized cooperation. LRGs and LGAs need to continue investing in knowledge, result monitoring and accountability, as well as innovative approaches. Given the “digital turn”, they need to further remain efficient and agile in an ever-changing global context.**

To make decentralized cooperation even more efficient, professional, and innovative, we will:

- Pledge to focus our decentralized cooperation initiatives to where urbanization is at its highest and on the most important current global challenges: women, girls, and the youth, post-COVID-19 recovery, climate change, equitable economic growth, reducing inequalities, migration, and human rights and democracy.
- Endeavor to create region/country-level coordination frameworks and develop larger and more comprehensive program-based initiatives that will pool together the resources of LRGs involved in the same countries, including LGA-to-LGA decentralized cooperation initiatives.
- Commit to simplifying and streamlining decentralized cooperation processes and support new forms of decentralized cooperation models, like South-South and triangular cooperation, between countries and between regions of the Global South.
- Create new modalities and initiatives, including more collaboration with NGOs and humanitarian organizations, to bring decentralized cooperation to more difficult country contexts where LRGs need support in crisis prevention, management, and response.
- Develop more tools, guidelines, and templates, create horizontal partnerships with civil society organizations, academic institutions, the private sector, and other organizations, and incubate more innovative ideas and methodologies, including digital working environments, and distant learning and delivery methods.
- Provide more opportunities for concrete knowledge-sharing, training, and access to regional cadres of experts regarding best practices in decentralized cooperation, particularly for LRGs newly engaged in development cooperation and in South-South partnerships.
- Increase the number and use of monitoring frameworks and open data systems to improve the quality of reports and evidence of results and impact, including sex and age disaggregated data, investment flows and financial data, and information on how decentralized cooperation contributes to multi-stakeholder coordination.

## 4. Further Engage Decentralized Cooperation in the Financing Sphere

For LRGs to respond to development issues and localize SDGs, they need access to more funding. The financing market and available instruments are evolving rapidly. On the one side, there are increasing

needs from LRGs, particularly following the impact of the COVID-19 pandemic. On the other side, public and private financial partners are offering more instruments, support, and resources for which LRGs are eligible. However, the demand and the supply sides are currently not connecting, creating in some way a market failure.

UCLG, its partners, and several LGAs have recently entered the financing market sphere to help develop new municipal investment funds, for promoting investment, mobilizing, and catalyzing more capital financing for LRGs. However, a large part of UCLG's constituency remains behind in this regard.

**LRGs and LGAs must be better equipped, prepared, and supported to be able to access new financing opportunities and to fully appreciate when and how to use various forms of financing. Through decentralized cooperation, LRGs and LGAs can gain better capacity and be better informed, access more knowledge and inspiring experiences, and benefit from the direct support of their peers.**

To further engage in the financing sphere, we will:

- Multiply efforts, particularly through FMDV, to be involved in policy dialogues, strategies, programs, and mechanisms with financing institutions for mobilizing financing for LRGs.
- Seek more collaboration and create direct partnerships between LRGs and LGAs involved in decentralized cooperation, and financing institutions such as multilateral, regional, national, and subnational development banks, and other local government financing facilities.
- Gather and disseminate more examples of successful innovative local government financing modalities and facilities, such as the International Municipal Investment Fund.
- Commit to structure more communities of practice on local finance, consisting of practitioners from LRGs, development finance institutions, and independent experts, who can act as advisors to LRGs on the various financing options and models proposed by financing institutions.
- Help facilitate, through LGAs, more international linkages and sharing of good practices on how to create intermediary instruments at the national level to pool resources, diminish financial risks, and help LRGs access international financial markets.
- Focus more decentralized cooperation initiatives on actions related to local finance such as local taxation and fiscal autonomy, fiscal transfers, fiscal legislations, public-private partnerships, land-based finance, debts, or access to financial and capital markets.

## 5. Foster Stronger Public and Political Support for Decentralized Cooperation

International relations keep countries and societies connected, integrated, and in communication. It is a way to share fundamental values, ensure peace, justice,

democracy, human rights, and equitable development. International relations further contribute to building an international order of solidarity that fosters global citizenship.

The COVID-19 pandemic has, however, created a reflux in public and political support for the international action of LRGs and LGAs. In certain countries, citizens are less supportive and do not always see the value for their community to engage and invest resources in decentralized cooperation. Certain political groups also fundamentally question the rationale for public investment in international development. This represents a risk of losing grounds and of letting challenging world issues remain unattended.

**LRGs and LGAs play a key role in sharing democratic values, in helping citizens engage actively in international relations, and in fostering global citizenship. LRGs and LGAs must respond to a recent decline in public and political support for decentralized cooperation by raising more awareness, strategically engaging citizens and political groups, and displaying stronger advocating for decentralized cooperation, which is essential when addressing global challenges.**

To foster stronger public and political support, we will:

- Commit to develop more public awareness programs and initiatives to inform citizens of the importance and the results of decentralized cooperation to address global and local challenges such as climate change, inequalities, and migration.
- Better demonstrate the value of decentralized cooperation, by presenting it as a two-way street, and by showing concrete examples of how both communities engaged in international relations benefit positively from the cooperation.
- Encourage local government elected officials to engage political groups and political parties in advocating for the value of international development and decentralized cooperation to address global challenges.
- Create more alliances with local civil society organizations to leverage their capacities advocating for decentralized cooperation and international development at the local and grassroots level.
- Directly engage local civil society organizations and citizens in decentralized cooperation initiatives to help create international linkages between peer civil society groups and increase citizen contributions to international development efforts.

# Implementing our new Policy

While our Policy Paper identifies five key objectives with specific areas for action, it seeks to maintain flexibility to adapt and enhance action areas as the context evolves over time.

In this regard, three-year implementation plans will be produced to enhance the effectiveness of the Policy. These plans will be prepared in partnership between our World Secretariat and the Capacity and Institution Building Working Group, and in consultation with our members and partners.

UCLG will engage with its members and partners on an annual basis to review the implementation of the Policy against its objectives and action areas, discuss evolving global challenges and opportunities, and make any necessary adjustments to implementation plans.

Together, we will continue to be global leaders in development cooperation to help achieve the SDGs and the 2030 Agenda.



# The Role of Local and Regional Governments in Development Cooperation

## A New Call to Action Towards 2030 and Beyond

UCLG Policy Paper for approval by the World Council in October 2022

