

**EUROPEAN CHARTER ON DEVELOPMENT COOPERATION
IN SUPPORT OF LOCAL GOVERNANCE**

DRAFT 26 MAY

financial and technical partners in the field of local governance and harmonisation, such as the Development Partners Working Group on Local Governance and Decentralisation.

The Charter also seeks complementarity with other existing legal texts (to be specified), and acknowledges the AU position on local governance.

Purpose

This Charter sets out the principles for good international engagement in promoting local democratic governance and decentralisation in partner countries. It seeks to improve the coherence, complementarity and effectiveness of development cooperation in support of local governance and decentralisation, by fostering exchange and dialogue among concerned actors of local governance and encouraging a common understanding of key principles, approaches and support modalities.

This Charter is addressed to all European actors of cooperation involved, whether directly or indirectly, in offering support at the local level: European Union, Member States, Local Governments, Civil society organisations, private sector. The Charter could be opened to all international actors of cooperation.

I – Cooperation principles

This Charter undertakes to comply with the following principles, underpinned by the Paris Declaration on Aid Effectiveness:

1. Ownership:

Recognise the leadership of government and citizens at national and local levels in the management of state reform, decentralisation and local governance processes.

Endorse capacity development of all state and non-state actors involved in local governance and decentralisation – at central and national levels, according to their legitimate roles and responsibilities;

Endorse strengthening more efficient actions of capacity development responding to local governance actors' demand and by: avoiding fragmented ad-hoc support, by targeting individual, organisational and institutional levels simultaneously; by transferring responsibilities to local structures;

2. Alignment:

Ensure that support to local governance and decentralisation is articulated to both the national and local development objectives. Harmonise local development programmes with national decentralisation policies, when they exist, by supporting national systems and procedures.

Support country-led analysis ensuring that the design and implementation of support strategies are well tailored to the specific country context and geared to local realities.

Promote flexible support strategies that maximise adaptability to local situations, paying particular attention to the needs of fragile states, as well as conflict-torn and post-conflict countries;

3. Harmonisation:

Coordinate donors' effort and financial support in favour of decentralisation process and local governance. Consolidate coordination mechanisms together with the partner country and among the technical and financial partners themselves.

Support local governance and decentralisation processes over the long term, using aid modalities that are appropriate to each specific context;

Foster the coherence of interventions carried out at the local level, by ensuring that support to other areas does not undermine support to local governance and decentralisation;
Mainstream gender, anti-corruption, and environmental issues in all support strategies and programmes for local governance and decentralisation.

4. Results:

Monitor and report compliance with cooperation principles. Commit to invest in learning and sharing lessons learned and experiences on support to local governance and decentralisation.

5. Mutual Accountability:

Promote mutual accountability and transparency with local partners.
Foster reciprocity among cooperation partners.

II- Guiding principles in support of local democratic governance and decentralisation

1. Promote a national framework fostering local democratic governance

The existence of a political will and a national legal framework, which clearly stipulates the division of roles and responsibilities between different tiers of government, and recognises the legitimate role division between the different actors in the development process, is an essential condition for the success of support to local democratic governance and decentralisation.

1.1 Assist with decentralisation and deconcentration policies

§ Develop the capacity of national structures in charge of formulating decentralisation policies and strategies, particularly ensuring adequate planning and financial management, policy and strategies coherence at all levels, monitoring and evaluating their implementation.

1.2 Facilitate the implementation of multi-level governance

§ Support institutional arrangements that foster dialogue between different tiers of government, line ministries and other central institutions involved in implementing decentralisation, thereby ensuring coherence between national and local policy development and planning;

§ Promote a dialogue on the redefinition of roles and resources between central and decentralised governments.

1.3 Engage with local government associations

§ Recognise the role of national, regional and continental local government associations as representative structures that can promote the interests of local governments vis-à-vis central government, regional bodies, and donors, and support their constituencies in the implementation of their mission;

§ Involve national local government associations in dialogue processes, policy formulation and programme implementation and monitoring, and providing them with capacity development and independent financial support.

2. Strengthen democracy at the local level

Local governance may foster equity, transparency, accountability and informed participation, thereby improving mutual trust among local actors and efficiency of public action in support of development.

2.1 Consolidate democratic legitimacy of local governments

§ Contribute to strengthen the democratic legitimacy of local governments by supporting the institutional and organisational set-up, which enables local governments to be responsive and accountable. Facilitate the establishment of accountability mechanisms: downwards to citizens, horizontally, within local government and administration, and upwards to central government;

§ Encourage the consolidation of legal frameworks that enable civic engagement and citizen participation in the entire policy process in support of local development, from planning to public scrutiny;

§ Support establishment of accountability mechanisms: downwards to citizens and central government, horizontally, between local governments and administrations.

§ Support mechanisms that improve access to knowledge and information, foster dialogue, and promote transparency and consensus among all social groups, including marginalised groups;

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

- § Recognise the roles of civil society organisations in local governance processes, as social service and basic infrastructure providers. They also have a fundamental role as partners in policy dialogue and public institutions' interlocutors and as advocates for change notably thanks to their capacity to mobilise citizens so that they can exert their civil rights and duties, at national and local levels.
- § Contribute to the establishment of a consensus on roles division between public and private actors involves in local governance.
- § Promote active and participatory citizenship by supporting the involvement of civil society organisations in policy-making, planning, budgeting, monitoring and reviewing decisions, thereby contributing to the emergence of new forms of civic engagement in local affairs;
- § Develop capacity of civil society organisations at all levels (platforms, networks, formal organisations, and community based organisations), with particular attention to strengthen their civic engagement capacity;
- § Recognise the diversity of civil society organisations, and take into account issues of legitimacy and representation when designing civil society support strategies adapted to the specificities of local contexts.

3. Promote local social and economic development for poverty and inequalities reduction

Designing decentralisation strategies, which could contribute to poverty reduction requires that local institutions and actors plan and implement sustainable local development strategies that combine actions improving local economic development and equity. Nevertheless for local governance and decentralisation to be accountable, effective and responsive, local governments need to be financially empowered and their capacities developed.

3.1 Financing local governments

In order to respond to important needs of financing local governments, it is proper to put in place specific financial plans adapted to their situation so that they can assure competencies assigned by decentralisation laws.

- **Strengthen mobilisation and foreseeable nature of local governments resources**

- § Foster mobilisation of their own resources by local governments connected with the relevant services. Encourage the development and the setting up of a sustainable local tax system adapted to territorial specificity and consistent with the organisation of the national tax system.
- § Strengthen local governments' ability to negotiate external resources: development project, implication in sectorial programmes, access to financial market. Take into account within the framework of local budget development the forecasting of project support led by all the development partners.
- § Foster the improvement of dialogue between levels of governance in the framework of decentralisation policies in order to facilitate financial transfers from the State to local governments. Strengthen intergovernmental cooperation dynamics for a better coherence of the financial plans supporting local governments.

- **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 the 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 competent staff.

3.2 Ensure equity in public services delivered locally

- § Base access to essential services on social fundamental social rights and support the improvement of the coverage, quality and access for all to basic social infrastructures.
- § Support local governments for the organisation, the management of public services and for making them durable.
- § Focus on progressive development and sustainable management of public services that relies on participation, representation, capitalisation of experience, efficiency, and viability (institutional, financial and environmental), according to local specificities.

3.3 Promote local economic development

- § Support local governments in their capacity as catalysts and in promoting local economic development (according to their specific powers and functions);
- § Support local governments to establish and operate a transparent tax system, secure land tenure; and access to financial services
- § Encourage the creation of an enabling private sector environment and the emergence of structuring economic activities; support the emergence of private-public partnerships; conduce to the setting up of enabling conditions for the financing of infrastructures, as well as to attract businesses.
- § Encourage public works programmes, aiming at territorial planning and aid to low-income or marginalised workers.
- § Encourage local business growth and promote the interest of local enterprises at the national and international levels.
- § Privilege the use of local resources and possibilities in order to enhance their value.
- § Encourage a multi-sectoral approach that integrates economic development with other local development issues (such as access to public services and natural resources preservation), seeking spatial coherence between local territories and with other levels of governance;

III – Modalities of support for European engagement [to be completed]

IV – Reporting progress regarding the implementation of the Charter [to be completed]

- § *Establish a partnership among founding members of the Charter?*
- § *Establish a Committee for monitoring/observation in support of its implementation?*