



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 01.03.1996
COM(96) 70 final

**REPORT ON THE IMPLEMENTATION OF DECENTRALIZED
COOPERATION**

(Presented by the Commission)

A.	<u>INTRODUCTION</u>	1
1.	Definition of decentralized cooperation	1
2.	Milestones in the development of decentralized cooperation ...	2
B.	<u>PUTTING THEORY INTO PRACTICE</u>	3
3.	Issues raised by decentralized cooperation	3
4.	The various Community models of decentralized cooperation ..	5
C.	<u>DECENTRALIZED COOPERATION AS PART OF FINANCIAL AND TECHNICAL COOPERATION; A PARTIAL ASSESSMENT</u>	7
5.	Summary of the various instruments	7
5.1	The specific Community budget headings, available to agents of decentralized cooperation	7
5.2	Official financial and technical cooperation programmes ...	8
6.	The decentralized cooperation budget heading B7-5077	9
7.	Decentralized cooperation under Lomé IV	11
7.1	Overview	11
7.2	Microproject programmes	12
7.3	Decentralized cooperation programmes	13
7.4	Prospects and limits	14
8.	Decentralized cooperation with developing countries in Latin America, Asia and the Mediterranean	14
8.1	The Mediterranean decentralized programmes	14
8.2	ALA countries	15
8.2.1	Asia	16
8.2.2	Latin America	17
D.	<u>WHITHER DECENTRALIZED COOPERATION?</u>	18

REPORT TO THE COUNCIL FOR THE DEVELOPMENT COUNCIL

REPORT ON THE IMPLEMENTATION OF DECENTRALIZED COOPERATION

A. INTRODUCTION

1. Definition of decentralized cooperation

The EC's espousal of decentralized cooperation as part of its development cooperation policy signalled a commitment to broadening the range of people and organizations involved in cooperation, with a view to making full use of all the talents which might be harnessed for development, both in Europe and the partner countries. Decentralized cooperation can involve non-governmental organizations (NGOs), local government, associations (rural or urban, professional, etc.), cooperatives, companies and business interests¹ (for whom there are specific schemes), and trade unions ... in short, all the organizations that make up "civil society", both in Europe and in the South, and are capable of contributing to the social and economic growth of developing countries.

The concept emerged and gradually took shape as part of European Community policy at the end of the eighties in response to several different (but interconnected) phenomena: the growing importance accorded to grassroots social and economic development issues and to participatory approaches to development among donors, especially the EC; the rise of NGO activity and the general, gradual crystallization of organized forms of civil society in the South; and increased enthusiasm for democracy and human rights in the early nineties, which brought fresh insights into the role and importance of civil society and its representatives in the development process. In this respect, the EC is just one among many bilateral and multilateral aid agencies now rethinking its priorities and development instruments.

Decentralized cooperation, as set out in the introductory chapters to Lomé IV, can be applied to any of the standard instruments of financial, technical and economic cooperation. *It is not meant to be a new instrument, but a different approach, complementing traditional methods of planning and implementing cooperation.* It should (and ultimately will) cover all the EC's target regions for development cooperation: the African, Caribbean and Pacific countries (the ACP), the overseas countries and territories (OCT), Asian and Latin American countries (the ALA), and the Mediterranean.

¹ Based on specific instruments related to this sector.

Note that this report does not cover all fields and development agencies involved in the decentralized cooperation approach, in its widest sense. For example, it does not cover support for businesses and private sector development. Though the same general policy applies, they are subject to quite distinct instruments and methods (because of the nature of such projects) and have already been the subject of specific reports. The main focus is therefore on local authorities/institutions and voluntary organizations in the widest sense.

Obviously – as the report itself makes clear – differences between countries and regions will lead to different priorities and emphases in decentralized cooperation that reflect their degree of development, the range and effectiveness of existing social and economic structures, the relative importance of the public and private sector, and their social and political systems.

2. Milestones in the development of decentralized cooperation

- **1989-90**: decentralized cooperation was covered for the first time in Articles 20 to 22 of the fourth Lomé Convention and referred to in the introduction to almost all the national indicative programmes;
- **1991**: decentralized cooperation was enshrined in Articles 7 to 10 of the OCT Decision (Council Decision 91/482/EEC of 25 July 1991);
- **1992**: decentralized cooperation was acknowledged in Article 3 of Council Regulation (EEC) No 443/92 of 25 February 1992, relating to financial and technical assistance to and economic cooperation with ALA countries;
- **1992**: introduction of budget heading B7-5077 (Decentralized cooperation with the developing countries) as an incentive; widespread distribution of the document "Decentralized Cooperation - Objectives and Methods: 15 answers to 15 questions" dated 26 November 1992; wide internal distribution of instruction note No 52552, dated 13 August 1992, setting out implementing rules and methods for the EDF; launch of the first MED programmes;
- **1993 on**: first decentralized cooperation programmes launched under the EDF (starting with Côte d'Ivoire, Benin, Senegal, Madagascar, and Dominican Republic, etc.); refinement of priorities and targets for budget heading B7-5077 and of information and mobilization campaigns (aimed at NGOs, local authorities, economic and social circles); production of how-to guides; new moves to include decentralized cooperation in official programmes (ongoing/new programmes, draft national indicative programmes (NIPs) for 1995-2000, the negotiating directives for the revision of the fourth Lomé Convention, etc.).

Between 1990 and 1994, several key factors helped to consolidate the Community's decentralized cooperation policy, especially at European level.

- Decentralized cooperation gradually won acceptance in Europe, thanks to effective campaigns by representative bodies such as the ESC, the NGOs' Liaison Committee, the Assembly of European Regions (AER), and city organizations (T&D, United Towns Organisation (UTO), International Union of Local

Authorities/Council of European Municipalities and Regions (IULA-CEMR), etc.) which all had high hopes of decentralized cooperation and the EU – particularly local authorities, which felt that they had been shut out of traditional Community initiatives and agencies.

- There were influential decentralized cooperation projects carried out by local authorities (regions, cities, provinces, etc.) in various Member States (the Netherlands, France, Spain, etc.), after national legislation and even financial incentive schemes were introduced. This movement was also encouraged by organizations such as the Council of Europe (with the Congress of Local and Regional Authorities of Europe and the North-South Centre) and the United Nations, which carried out the groundwork for a permanent dialogue with such bodies. One of the main functions of budget heading B7-5077 and the MED programmes was precisely to provide a clear incentive for decentralized cooperation, drawing in hundreds of local authorities, universities and European NGOs.
- Under the EDF, the number of experiments gradually expanded. *Decentralized cooperation was first introduced in traditional development NGO activities. However, it gradually gained in scope through a new generation of programmes dealing with rural/urban development, support for local government and the "informal" economy. They all aimed at grass-roots participation, engaged with the local dynamics of institutional and social change and refused to confine themselves to offering external, "turnkey" solutions.* They put stress on building up local skills and on creating the right climate for organic development genuinely supported, indeed driven, by those it was meant to benefit. They sought new ways of improving the synergy between those directly involved (e.g. voluntary and business organizations, local authorities, NGOs), on the one hand, and state intervention/external aid, on the other. Some of the programmes sprang from purely local initiatives and were/are being implemented in a totally decentralized way, as in the Cameroon (participatory urban development), for example, or the Dominican Republic (Puerto Plata Province development).

B. PUTTING THEORY INTO PRACTICE

3. Issues raised by decentralized cooperation

These can be summarized in a handful of points, the first of which concerns recent changes in the development scene and the actors involved.

- In the South, non-governmental agencies (representative bodies, NGOs, local authorities, social and economic groups, etc.) have emerged as a wellspring of potential development proposals and activities; they are demanding a more active role both in the national and international arena. *The widespread weakness of central governments, economic liberalization, and the trend towards decentralisation have all contributed to the rise of civil society; hence the current search for new interfaces between civil society and the state and between local agencies and international aid.* Numerous NGO networks and Third World associations active in development have seized international, regional and local opportunities for debate in the wake of several major UN conferences, which have undoubtedly acted as a

catalyst. If the recent flurry of meetings and seminars on decentralized cooperation called by Southern NGOs is anything to go by, the EC will not be allowed to stand idly by.

- This trend has had repercussions in the North, especially for European NGOs, with which the EC has long cultivated close ties. It is no accident that *they too are under unprecedented pressure to examine their own identities and legitimacy, the nature and purpose of their partnerships with the South, and their institutional relations with the EC*. This rethink is a direct response to their Southern counterparts' growing maturity and demands, which have prompted the major donors to shift towards direct financing, increased use of NGOs and decentralized cooperation (or variants of it), and to refocus their strategies around those issues.
- Decentralized cooperation has also opened the door to the involvement of other sections of European civil society in development cooperation, and to alternative forms of intervention other than those deployed successfully by the NGOs, as illustrated for example by the actions of local authorities, universities, trade federations and leading institutions, social and co-operative groups, etc. *This wider participation is challenging European NGOs in terms of not only their relations with other elements of civil society in Europe, but also the exclusive position they have enjoyed up to now as representatives of European civil society to the EC. The question is whether it is possible to establish a more direct dialogue between various parts of civil society and Community institutions, in other words promote wider participation in Europe itself. European local authorities, cities and regions, for instance are calling for a more direct dialogue with the EU and greater recognition of their role in mobilizing public opinion and promoting development.*

Then there are questions as to how to apply decentralized cooperation to development programmes and projects.

- Participation, in the widest sense, is the key to decentralized cooperation. *If we are to cultivate and make full use of grassroots potential to initiate action in the South, there has to be some mechanism for first listening to local agents, for establishing genuine dialogue between them and the authorities, so that they can be involved as early as possible in defining development priorities and programmes. This responsiveness must extend to implementation on the ground, so that the grass-roots organizations and agents concerned assume as much responsibility as possible.*

This is quite different from participatory approaches aimed primarily at getting people on the ground to contribute to projects (by providing manpower, covering running costs, etc.), necessary though that may be. *In terms of setting up programmes, participation applies to the whole "project cycle", from the initial idea through identification, preparation, etc. to implementation. The quality, or degree, of participation at each level will determine how "decentralized" the project actually is in practice.*

Wider participation is not going to come about without some preparations to smooth the way: local actors must be enabled to play their full part by a deliberate policy of organization-building. This requires resources, and timescales which look beyond the lifespan of the project or the NIP to the long term. In addition,

over-restrictive financial and technical cooperation procedures and rules must be made more flexible, particularly those of the EDF, which currently put major practical obstacles in the way of the introduction of decentralized cooperation that can be overcome only thanks to the dedicated efforts and enthusiasm of individuals, notably delegation staff.

- *Decentralized cooperation is not just a matter of NGO access to contracts to implement traditional programmes.* Like other donors, the EC is increasingly involving NGOs as contractors, and depends heavily upon them in Asia and Latin America, for example, where it is cost-effective and made easier by the more flexible instruments governing Community aid there. This is a controversial issue among Northern NGOs, who are reluctant to risk their principles and social support by being "instrumentalized" (i.e. becoming an arm of official aid donors) but do not want to pass up opportunities to expand their work. It is a trend that has led to a boom in "supporting NGOs", particularly in the South, where a new generation of pseudo-NGOs is likely to spring up to fill the gap in the market for expertise, jumping on the decentralized cooperation bandwagon. There is work to be done to investigate and establish a code of practice for decentralized cooperation, based on criteria distinguishing between representative, intermediate, and support organizations, etc., along with clear and unambiguous ground rules determining conditions of access to Community funds for these local organizations in the context of decentralized cooperation. In the case of the EDF, it is unlikely that such rules could fail to differ to some extent from the standard rules applied to traditional aid programmes (as regards eligibility, tendering, contracting, etc.) which are designed specifically to mediate between commercial service providers and governments.

4. *The various Community models of decentralized cooperation*

Rapid progress was made in putting the principles of decentralized cooperation into practice in EU development programmes from 1990 to 1994. The form it took varied from region to region, reflecting the priorities for European development aid in each case, the scope offered by the legal and institutional framework of the aid programmes, and individual initiatives on the part of the EC.

However, the high profile gained by its early inclusion in Lomé IV as a major plank of Community cooperation policy was, in a way, jeopardized by this very diversity which, rightly or wrongly, gave rise to a certain public confusion, even frustration.

Very broadly, one can postulate three "schools" of decentralized cooperation:

- One, drawing upon the experience of European integration, sees decentralized cooperation as horizontal cooperation between sections of civil society in the Member States and third countries (local authorities, economic groups, higher education institutions, etc). The instruments of decentralized cooperation developed in the Mediterranean (under the MED programmes), and more recently in Latin America aim mainly at the establishment of closer and more balanced political, economic and cultural relations, based on either economic reciprocity or political or cultural "proximity",

the latter being particularly relevant for aspiring EU candidates. This form of cooperation involves mainly cultural, economic, technological and scientific exchanges, possibly with an element of "democratic engineering", with countries which are generally at an intermediate development level or undergoing economic transition. These programmes have unquestionably been successful, particularly in Europe, where they have undoubtedly provided an incentive. Some of these programmes have been quite radical in rethinking methods, particularly as regards the network concept; here we will refer to this variant as *the integration model of decentralized cooperation*.

- Another school has its origins in the traditional development aid aimed at least developed countries and those undergoing democratization. It emphasizes the need to give civil society a voice and a role in the development process. In treating civil society as a principal – an agent, not just a "beneficiary" of development – decentralized cooperation calls into question both traditional development aid instruments and the relationship between civil society and the public authorities in developing countries. This we will refer to as *the participatory model of decentralized cooperation*" (participation being understood in its broadest sense). While this model is influential in a number of pilot schemes and programmes, it has to be recognized that, very often, the development of decentralized cooperation is hampered by the institutional frameworks of cooperation (and Lomé IV in particular), cumbersome rules and procedures, and even a degree of defensiveness or mistrust as referred to earlier. Nonetheless, given the extent of the resources devoted to this field by the EC, it is on this ground that the future of decentralized cooperation will be decided.
- Finally, one cannot overlook a third form of decentralized cooperation which one might term *the surrogate model*. This comes into play precisely in countries where, for various reasons, official cooperation has been suspended and aid is maintained only for priority needs and channelled by decentralized agencies. In principle this is laudable, but in some cases, unfortunately, once official relations are re-established, decentralized cooperation ceases to be a priority and the local agencies involved are relegated to the back seat or even excluded from Community programmes altogether, something which seriously undermines the Community's credibility in promoting decentralized cooperation.

This diversity of situations, along with the supremely qualitative, subjective nature of the decentralized approach, render it impossible to establish a hard and fast definition, or identify one "standard" body of practice. Decentralized cooperation only makes sense if it is intricately linked to the reality on the ground and the constraints of each particular situation. In practical terms, that means we have to accept and encourage diversity and a variety of experiments in the field, but we would argue that such experiments must be rooted in certain basic principles enabling one to mark the boundaries of decentralized cooperation and allowing the message to be delivered loud and clear to all participants.

C. DECENTRALIZED COOPERATION AS PART OF FINANCIAL AND TECHNICAL COOPERATION; A PARTIAL ASSESSMENT

This section attempts to give a broad outline – admittedly very incomplete – of those experiments we were able to list and investigate.

5. Summary of the various instruments

5.1 The specific Community budget headings, available to agents of decentralized cooperation

- *The decentralized cooperation budget (heading B7-5077):* a broad variety of decentralized players in developing countries, including local authorities, are eligible for this aid; in practice, since the budget allocation is small, it supports mainly preparatory projects to encourage and reinforce decentralized organizations both in developing countries and in Europe, support for the creation of North-South and South-South partnerships and networks, and projects to prepare decentralized cooperation components of official programmes. It mainly acts as a catalyst and a lever for the spread of decentralized cooperation in countries with official EC aid programmes (1994 budget: ECU 5 million).

There are a number of other budget headings which, while not specifically dedicated to decentralized cooperation, can contribute indirectly to its objectives:

- *Budgets specifically intended for the development of North-South partnerships and/or the reinforcement of non-governmental partners in the South.* These headings are available to local groups in the North and South, and not only NGOs:
 - B7-5220 and 5230: support for projects to promote human rights and democracy in the developing countries (1994 budget: ECU 27 million);
 - B7-5031: aid for training nationals of developing countries (1994 budget: ECU 2 million).
- *Promotion of initiatives by local groups in the North or the South:*
 - B7-5076: rehabilitation and reconstruction projects in developing countries (1994 budget: ECU 45 million);
 - B7-5040: the environment in the developing countries (1994 budget: ECU 20 million).
- *Promotion of initiatives by NGOs in the North or the South:*
 - B7-5014: aid for NGOs active in Vietnam (1994 budget: ECU 2 million);
 - B7-5015: aid for NGOs active in Cambodia (1994 budget: ECU 1 million);
 - B7-5013: aid for NGOs active in Chile (1994 budget: ECU 3.8 million) (this budget heading disappeared in 1995);
 - B7-4083: financial assistance to the West Bank and Gaza Strip (1994 budget: ECU 50 million).
- *Support for Southern NGOs indirectly via northern NGOs:*
 - B7-5010: NGO cofinancing (1994 budget: ECU 145 million); projects formally aimed at institutional support for grassroots organizations in developing countries under Chapter XII of the General Conditions

represented approximately only ECU 3 million in 1994 (i.e. 2% of the total). However, an increasing number of integrated projects tend to incorporate this dimension.

In practice, the availability and implementation of these budgets varies widely; some are very narrow in their purpose or have a very limited definition of an NGO or local partner, while others offer maximum flexibility in supporting genuinely decentralized initiatives.

The total available under these budget headings was ECU 300 million in 1994.

5.2 Official financial and technical cooperation programmes

The EDF and the Mediterranean and ALA programmes offer the greatest scope for decentralized cooperation.

One can broadly distinguish three types:

- *programmes specifically intended to support grassroots initiatives, generally small-scale*, either within the framework of traditional instruments such as the microproject programme, which can be adapted to give local organizations greater responsibility, or under ad hoc decentralized cooperation programmes designed precisely with that end in mind. Some sectoral or integrated programmes incorporate such a component. The EDF has long and wide experience in this field, which has also been applied in developing countries in Central America, in the Andean Pact countries and in Palestine. A number of steps were taken under Lomé IV to steer microproject programmes in that direction;
- *traditional programmes (sectoral, integrated) with which local groups may be involved in some way*. The level of involvement may vary considerably, and may cover all or only part of the project cycle. One example might be a programme designed and implemented by a large NGO recognized as having broad support in the community. The most significant advances have probably been made in ALA countries which have large, recognized and locally-based NGOs (Bolivia, Chile, Bangladesh, India, and Sri Lanka, for example) and where domestic circumstances favour this approach. However, as mentioned above (see B.3), bringing NGOs into national programmes as project managers or in a supporting role can simply be a variation on the traditional "top-down" approach to project management. All too often that is still the case.
- lastly, there are *horizontal instruments*, a type which is gradually spreading in the Mediterranean (with the Medurbs, Medmedia, Medinvest, Medcampus, Avicenne and forthcoming Medassociations programmes) and in Latin America (with the Alinvest and Alfa programmes, soon to be joined by "Urbal"). These are designed mainly to promote trade links and transfers of know-how, via networks involving small groups of European and Southern non-governmental organizations and associations.

6. *The decentralized cooperation budget heading B7-5077*

From 1992-94, ECU 7.845 million was allocated for 44 projects as follows:

- 12 projects (accounting for 13.5% of the funds) to promote decentralized cooperation, mobilize local partners in the North and the South (NGOs, local authorities), help build networks, and prepare decentralized programmes to be financed by official funds. Most of these projects involve ACP States, where there is great demand for decentralized cooperation a demand underpinned by the policy set out in the Lomé Convention. These projects enable local partners to improve their organization and network, boost North-South and South-South partnerships and facilitate dialogue with central government and the delegations on the introduction of decentralized cooperation in official programmes.

- 17 projects focusing on institution-building and support for local partners, accounting for 34 % of the funds. The main countries concerned are the ACP States, Latin America (Central America, Colombia, Bolivia, and Chile) and, to a lesser extent, one or two Mediterranean and Asian countries (India, Vietnam). The majority of these projects are very narrowly circumscribed by EDF and ALA rules and programmes. In addition, almost two-thirds involve building or expanding networks or associations of municipalities, often in connection with local government issues in the countries concerned. Support for decentralization, urban and municipal development is expanding rapidly within the ACP and (in some cases) ALA framework.

The "regional networks for decentralized cooperation" approach
under budget heading B7-5077

The networks have several objectives in common:

- to bring NGOs and local authorities in Europe and the South to combine their efforts, technical and financial resources around common objectives for grass-roots development (improvement of living conditions and urban management, job creation etc.);
- to break down barriers, and encourage North-South/South-South exchanges of experiences, and cross-fertilization of ideas between different groups of partners, so as to make local partners in the South stronger in the long term, increase their profile and expand their activities;
- to encourage pilot and incentive schemes that monitor the real impact of these approaches on the ground, paving the way for their incorporation into official programmes.

These networks tend to stress:

- support for initiatives by grassroots groups and NGOs, allied with enhanced dialogue with the local authorities (for example, the "Urban crisis, social exclusion" and Europe-Central America programmes);
- skills and institution-building for local authorities as part of devolution programmes (e.g. the municipal development programme in West Africa; and the PARMA programme);
- North-South partnership and twinning schemes and support for pilot projects (e.g. PARMA and Europe-Central America programmes).

Some examples:

- Europe-Central America decentralized cooperation programme

Partners: in Europe, national associations and collectives grouping some 50 Dutch, French, Spanish and German cities; NGOs and local associations; in Central America: national associations of municipalities from the six countries of the region, local authorities, NGOs, and training centres.

Activities: support for devolution of powers to local government and institution-building for local authority associations; support for pilot schemes on local development focusing on social and economic topics and urban management.

- Support programme to strengthen local government in West Africa (PARMA)

Partners: in Europe, about 20 French, Italian and German municipalities involved in twinning or partnership schemes; in Africa, local authority associations and national subcommittees responsible for decentralization, NGOs, local associations, etc.

Activities: strengthening national city associations, and skill-building pilot projects to improve local authorities' planning and management of community facilities and services, with the participation of residents.

- "Urban crisis and social exclusion" programme in West Africa

Partners: NGOs, district associations, social project leaders, municipalities, research centres.

Activities: support for grassroots initiatives targeting groups with problems (young unemployed people, women etc.); aid in setting up district community associations and training community leaders.

To give some idea of the cost, the total budget for these three programmes is roughly ECU 3 million, of which 50% is financed by the EC; the remainder is usually financed by the partners concerned (on the spot and in Europe) and various bilateral and multilateral decentralized cooperation programmes (French, Dutch, Italian, World Bank, etc).

- 15 pilot projects and programmes (accounting for 52.5% of the funds), mainly in ACP and ALA countries. These projects are based on North-South partnerships such as urban twinning schemes and partnerships between NGOs and municipalities, often in innovative areas such as urban management, combating social exclusion, city environment projects, and local economic development. Regional support structures for local initiatives have been set up in Central America and in West Africa via local authority and NGO networks.

In all, during the period 1992-94, the regional distribution of the funds was as follows: ACP States 61%, Latin America 28%, Asia 4%, the Mediterranean 1%, other 6%.

7. Decentralized cooperation under Lomé IV

7.1 Overview

The Lomé Convention framework, with its emphasis on states and national authorizing officers, is not always conducive to fostering wider participation, which is why decentralized cooperation is still relatively untried. The revised Lomé IV introduces some changes:

- promotion of cooperation between national authorizing officers and local partners (in the annex to the Convention);
- inclusion in the national indicative programmes of more easily accessible funds for decentralized initiatives;
- greater recognition of decentralized cooperation in traditional programmes.

The data below was gathered by sending questionnaires (in mid-1994) to all the delegations. The goal was not to draft an exhaustive assessment but rather to take stock and identify trends in approaches, suggest promising areas for further study and identify the main obstacles so that this method of cooperation can be incorporated more effectively into future EDF programmes. Since the definitions of decentralized cooperation vary, the figures merely give a rough idea.

- Three quarters of the 41 countries that replied (excluding island ACP States and countries to which aid has been suspended or is pending) reported programmes which more or less fulfil the criteria for decentralized cooperation, in terms of the level and depth of involvement in the various stages of the project's preparation and subsequent management, the involvement of local authorities and NGOs, and the importance attached to decentralized North-South partnerships.
- The 54 programmes reckoned to be the most significant account for commitments totalling some ECU 574 million under the 6th and 7th EDF (representing roughly 5% of the resources of the 7th EDF).
- One quarter of the countries gave the following reasons for the absence of any decentralized cooperation: lack of sufficient dialogue with government authorities, a "democratic deficit", the structural weakness of local partners, and insufficient staff in the delegations to make a valid contribution in this very demanding field.
- There were several recurring themes in the replies from countries implementing decentralized cooperation: the impact of recent or current decentralization policies on the planning and implementation of future decentralized programmes, and the fact that

NGOs and other local partners were still on the whole still relatively poorly organized, so that informing, advising, and encouraging grassroots organizations made great demands on the delegation staff's time.

- 50% of the programmes cited were in fact microproject programmes or decentralized cooperation programmes² specifically designed to support small grassroots initiatives, although the extent to which local partners assume management responsibility varies enormously (see below).
- Others are traditional rural development programmes,³ urban development programmes,⁴ or private sector support programmes.⁵ They may be programmes geared to local development incorporating economic, social and institutional projects. They may attempt to widen the planning process; include institution-building and human-resource development for local partners; involve local communities in steering the project; involve NGOs, and/or delegate certain financial and management responsibilities to local partners, depending on circumstances. *Nevertheless, these usually are "top-down" programmes, in which participation is clearly defined and limited.*
- Two EDF programmes, launched in late 1994, are exceptional:

One is a province-wide integrated local development programme in the Dominican Republic, which is the result of bringing together one state-sponsored scheme and another started by local groups (NGOs, community groups, municipalities, etc.) which had banded together in a "social forum" and lobbied for self-reliant development. The programme ultimately agreed upon is being implemented, with this local entity providing management and practical support.

The other programme is aimed at developing the executive abilities of intermediate associations of urban residents in the cities of the Cameroon. The project was planned by them from start to finish with the support of a European NGO. These groups will take responsibility for implementing and managing it according to rules and mechanisms worked out collectively and administered by them.

7.2 Microproject programmes

The microproject programmes are one potential resource for decentralized cooperation. They are normally intended to support community or collective projects and implemented with the participation of the people who will benefit. They typically involve small economic and social facilities in rural environments: village water supplies, education and health projects.

However, microproject programmes are primarily "centralized" instruments. Their priorities are decided by the national authorizing officer and the Delegation; project

² E.g. in Angola, Botswana, Benin, Burundi, Kenya, Lesotho, Mozambique, Uganda, Senegal, Swaziland, Tanzania, and Zambia.

³ E.g. in Burkina Faso, Cameroon, the Congo, Guinea, Mali, Niger, and Uganda.

⁴ Mali, Côte d'Ivoire, and Guinea.

⁵ The Dominican Republic, Guyana, and Kenya.

identification, selection, implementation and finance are generally entrusted to a project management unit accountable to the National Authorizing Officer, who has the final say. They are geared primarily to achieving quantifiable short-term goals; developing local skills may not figure either as an objective or as a longer-term strategy.

Some of these programmes nevertheless have a marked emphasis on:

- *involving the beneficiaries and giving them greater responsibility* via preliminary information campaigns or on-the-spot training;⁶ in certain cases NGOs, the local authorities or beneficiaries are involved in the programme's steering committee;⁷ some micro-project programmes are run by local users' committees.⁸ This being said, some programmes have to contend with a certain lack of motivation among those "volunteered" to take part in the projects.
- *strengthening the role of local authorities*: support for local government may be an explicit objective;⁹ local authorities are associated with project identification, implementation and monitoring and subsequent management of facilities;¹⁰ however, a number of evaluations have demonstrated the very real risk of local authorities "taking over" the programmes to the detriment of the wishes of local people;
- *involving NGOs* in project identification, implementation and monitoring.¹¹

Under Lomé IV, ECU 105 million had been allocated to microproject programmes at the close of 1994. Of the 36 microproject programmes approved, approximately a third incorporates to some degree one or other of the elements of the decentralized approach. It is nonetheless to be feared (and experience tends to confirm) that the traditional microproject programme is not the most suitable vehicle for implementing decentralized cooperation. Microprojects have been slow to take off under Lomé, and are only now gaining in visibility, experience and reliability. Few national authorizing officers or delegations are inclined to take the risk of upsetting this fragile balance; some prefer to confine decentralized cooperation to ad hoc programmes, separate from microprojects.

7.3 Decentralized cooperation programmes

These are an attempt to learn from the experience gained with the microproject programmes (project scale, the degree of community participation, etc.), but they differ from the latter on the following essential points:

- some programmes are open to a broad range of local initiatives (social, economic, training, etc.), outside the predefined focal sectors or regions and accessible to a wide variety of local partners (e.g. in Niger, Benin, Mauritius, and Madagascar). Others target specific geographical areas and are part of a wider move to support *decentralized local development* (e.g. in Senegal, Cameroon, and the Dominican Republic);

⁶ E.g. in Senegal, Zambia, Uganda, Zimbabwe, Lesotho, Niger, Tanzania, and Mozambique.

⁷ E.g. in Mozambique, Sierra Leone, and Swaziland

⁸ Mozambique and Burundi.

⁹ Burundi, Mozambique, and Mali.

¹⁰ E.g. in Zambia, Botswana, and Zimbabwe.

¹¹ Togo, Mozambique, Angola, and Botswana.

- the relevant local partners are *involved in the programme's decision-making* and policy-making bodies;
- *management of resources and responsibilities is delegated to the local partners* via "interfaces": local or foreign NGOs with effective management skills;
- *institution-building among grass-roots organizations is an explicit objective* of the programme, and is translated into resources devoted to coordination, communication and training intended to organize local partners in sustainable ways.

Under Lomé IV, programmes of this type have been launched or are under appraisal in Benin (ECU 2 million), Burundi, Ghana (ECU 2 million), Mauritius (ECU 2 million), Madagascar (ECU 1.5 million), Niger (ECU 2 million), Senegal (ECU 4 million) and Zimbabwe, bringing the total indicative budget to some ECU 13 million.

7.4 Prospects and limits

This overview confirms that there is still some way to go to ensure that decentralized cooperation is firmly embedded in aid policies and programmes within the Lomé framework. Putting the principle into practice has already thrown up a host of questions about methods and rules. Moreover, the decentralized cooperation programmes described above are not as yet covered by any specific provision in the Lomé Convention. In spite of these difficulties, some countries have already undertaken policy reviews on the importance and the role to be given to decentralized cooperation in the future NIPs, which include launching wide-ranging consultations among local participants.

8. Decentralized cooperation with developing countries in Latin America, Asia and the Mediterranean

As mentioned in the introduction, it is worth stressing decentralized cooperation has in some ways been implemented differently in the Mediterranean, Latin America and Asia compared with the ACP countries, reflecting the variety of development levels and profiles of different regions. This difference may be reflected in the roles of the various participants and the methods used to support their projects in practice.

8.1 The Mediterranean decentralized programmes

Decentralized cooperation in the Mediterranean countries grew out of the New Mediterranean Policy between 1990 and 1995, with programmes such as Medurbs, Medcampus, Medinvest, Avicenne and Medmedia.

The programmes are geared primarily to the development of North-South and South-South partnerships of non-governmental organizations, in the form of networks.

They all follow the same pattern, establishing networks intended to encourage dialogue, technology transfers and exchanges of expertise between similar or related organizations in European and non-EU countries. The networks must include at least one non-EU participant and two from different Member States.

Medurbs targets local authorities. The objective is to improve living conditions and strengthen local democracy, with networks relating to the environment, town planning, social exclusion, transport, and municipal management. Some 150 cities have been involved since the programme was launched in 1992.

Medcampus targets higher educational establishments. It covers social and economic development, company management, management of the environment and cultural exchanges involving 450 universities and colleges.

Medinvest aims to create an environment favourable to small and medium-sized enterprises by encouraging transfers of know-how, working through trade and professional organizations.

Medmedia encourages cooperation between media professionals to promote transfers of know-how and strengthen cultural ties in the Mediterranean area.

During the period 1992-94, an estimated ECU 43 million was committed to these four programmes, representing roughly 1% of the total available under the fourth Mediterranean Protocol (1992-96).

In addition, a Med-Association programme aimed at NGOs is in preparation.

These programmes have had a definite incentive effect, as a result of the careful attention paid to publicity and communications.

A debate is now under way on the long-term sustainability of some of these networks (beyond the period of EC aid), and on the projects' visibility and impact in the South as a result of the limited resources devoted to networks targeting initial or preparatory contacts; this hampers subsequent access to financing for longer-term projects, and their ability to mesh with other European aid programmes for the region.

The European Union is now proposing to go further in its efforts to involve civil society in the Euro-Mediterranean partnership programmes for associate countries in the Southern and Eastern Mediterranean. An action programme is likely to be adopted at the Barcelona Ministerial Conference in November.

8.2 ALA countries

The 1992 Council Regulation governing cooperation with developing countries in Asia and Latin America¹¹ states that for financial and technical aid "the recipients of aid and partners in cooperation may include not only States and regions but decentralized authorities, regional organizations, public agencies, local or traditional communities, private institutes and operators, including cooperatives and non-governmental organizations".

Here, this principle seems easier to apply than under the EDF. Indeed, the ALA development framework is much more flexible and less reliant on the governments of the recipient states, leaving Brussels a great deal of discretion in selecting projects and operators. These vary enormously, according to the region and EU priorities.

While there has recently been increased interest in economic cooperation in the two regions, the bulk of the resources is still devoted to projects to combat poverty in the poorest countries.

8.2.1 Asia

Most aid is devoted to traditional development projects (rural development, food aid, refugees, etc.). Financial and technical cooperation is targeted largely towards South Asia (India, Bangladesh, Pakistan, etc.). In these countries, there is wide recourse to the many organized local NGOs, some quite powerful, which is the hallmark of decentralized cooperation.

Thus in Bangladesh, 90% of aid in 1994 was channelled through local NGOs (the Bangladesh Rural Advancement Committee (BRAC), Proshika, etc.), under major multiannual programmes agreed jointly by the state, the NGOs and the EU, centring mainly on the campaign against poverty and community development. The Community is contributing up to ECU 30 million over 5 years in the case of Proshika. The third rural development programme, implemented by BRAC (the country's second-largest NGO) aims to support organizations of the poor at village level. The programme focuses on institution-building and human-resource development in a very wide range of fields, from health through to credit and training. BRAC is fully responsible for implementation, with the support of a consortium of donors. Of course NGOs are also called upon to implement some parts of government-run programmes such as the IFADEP programme.

Bangladesh is a classic example of the steady rise of local NGOs which, with the support of a few foreign NGOs, have risen from modest beginnings to a position as fully-fledged institutions recognized and respected by international donors and, above all, by the State.

There are some parallels in Sri Lanka and India. In India, there are about 6000 active NGOs, of all sizes. To give some idea, the primary education support programme is thoroughly decentralized in approach, "bottom-up" and geared towards local communities. The Community contribution is fixed at ECU 150 million over 5 years. The country has recently shifted to promoting development and local government at rural community level, and the Commission, working with the government and NGOs, is starting to support a whole series of initiatives aimed at strengthening these communities and their elected authorities.

At the same time, economic concerns have become more important to the EU's strategy for the region, and this is opening the way to other possible forms of decentralized cooperation based on stepping up and expanding partnerships and other ties between Europeans and Asians (economic operators, local authorities, centres of excellence, etc.). Some city network experiments, similar to those initiated under the Medurbs programme and in Latin America and Africa, have recently been launched – in Vietnam, for example, where a Euro-Vietnamese network of cities has been formed to work on town planning, environmental and urban management issues. Similar networks, on the urban environment, have been set up at regional level, bringing together NGOs and local authorities. All in all, these experiments account for less than ECU 1 million. It is reasonable to believe that there is great scope for expanding this initiative to include not only the major European local authorities (regions, provinces, major cities, etc.), but a

wide range of institutions and local organizations involved in environmental issues, research, etc. This might be one of the objectives of the embryonic Asiaurbs programme.

8.2.2 Latin America

Development aid is targeted mainly at Central America and the Andean countries, especially Bolivia.

As in Asia, the existence of mature local NGOs and recognized social movements is an advantage in shifting towards a more proactive policy on participation. Even now, NGOs are often involved as implementing partners or in supporting roles in European aid programmes.

This is the case, for example, in Peru, where there is a programme to supply drinking water to the shanty towns of Lima. Its success is in large part due to the involvement of district committees and NGOs. In Bolivia, the participation of local communities and NGOs in development policies and programmes has been given high priority by central government (following a "local participation law" on the issue) and has become one of the main planks of EU aid.

In Central America, regional programmes have resulted in substantial resources being devoted to the development of indigenous communities, the cooperative movement, peasant organizations and microenterprises.

For example, the Procoopca regional programme, costing ECU 22 million, aimed at developing the cooperative movement, is based on a participatory approach: the project management unit involves local partners in defining priorities, setting policies, and implementing them.

Another interesting approach is that of North-South networks combining the resources of European non-governmental institutions, such as the Alfa programme for universities. This model could usefully be extended to other groups of institutions such as local authorities (regions, cities, etc.).

A test programme of this type was begun in 1994 (financed under the B7-5077 budget heading, with the intention of switching to ALA budget funding if it proves successful), based on a network of about 50 cities and NGOs in Europe and the national associations of municipalities and their regional federation in Central America, to provide support for local management of Central American towns. The programme builds upon successful agreements and twinning schemes concluded in the early 1980s, enabling cities to expand ties and undertake practical projects. In this way, it helps forge links between NGOs, grass-roots associations and local authorities.

Other similar experiments involving city networks and centres of expertise (research centres, NGOs, and the like) have been conducted in Latin America. Such arrangements, limited as yet, could usefully be adopted on a much wider scale so as to make full use of the solidarity and the wealth of very varied ties (cultural, economic, etc.) linking the region with Europe.

D. WHITHER DECENTRALIZED COOPERATION?

This initial assessment highlights the different faces of decentralized cooperation: the varying interpretations of it, and the many operational forms it has assumed in the context of a Community cooperation policy, which is characterized by marked differences in approach from one geographical area to another. It also shows that it is a field in which theory and practice are developing rapidly, and where there is abundant potential for development.

A turning point has been reached in the Mediterranean, Latin America and Asia, where there is increasing cooperation with local and regional authorities, universities and NGOs. The EU's offer of a genuine partnership with representatives of civil society has already met with a degree of success there. A growing number of ACP States are following this example, and collaboration with NGOs, local authorities, and the private sector is becoming increasingly important.

The common thread to these approaches is the search for models of cooperation centring more on grassroots involvement of individuals, social and economic groups, models more in keeping with local realities and change, which will therefore be more effective and viable.

Decentralized cooperation is also essential to the objectives of EU development cooperation policy, enabling it:

- to achieve sustainable economic and social development, stressing the idea that only development that is internalized by local communities can endure and help meet people's needs effectively, especially in the fight against poverty;
- to reinforce democracy and the rule of law by restoring civil society as a counterweight to political and economic interests.

In this connection, the use of decentralized cooperation must be incorporated into the framework of sectoral policies and approaches which underpin the EU's dialogue with recipient states, and not be regarded simply as an adjunct. This will enable it, rightly, to become a key element of that dialogue and of the objectives enshrined in national development priorities.

Long-term development of the institutional and technical capacities of civil society, of social and economic forces and of local authorities must be at the heart of policies and programmes based on those principles.

In summary, three ideas appear axiomatic to a policy of decentralized cooperation:

- development policies must be open to greater participation by citizens and grassroots organizations in developing countries. Wider participation will require enhanced dialogue between the states, the EU and local partners, the forms of which – such as cooperation forums, for example – have for the most part have yet to be invented.
- a broader base of non-governmental organizations involved in cooperation in Europe which might help EU activities have a wider impact in the field.

This is primarily intended to strengthen ties of solidarity which, traditionally, have been a strong point and hallmark of EU action in various regions of the world. In

addition, the trend towards globalization and worldwide competition is increasingly affecting local operators such as cities, regions and local institutions and their respective economic partners. These processes should stimulate new network-style forms of North-South partnerships, seeking mutual and reciprocal interests, and break down barriers in Europe between different groups of operators, allowing common approaches to development cooperation.

- better incorporation of the local development dimension, with increasing attention to decentralization and regionalization in developing countries. Increasingly, action on many issues from economic development to the environment, town planning, and schooling for democracy needs to be taken at regional or local level. Local action is conducive to local participation and the involvement of non-governmental European partners.

In conclusion, Community policy on decentralized cooperation should at the very least consider three angles of attack:

- The first imperative is to lay the foundations of a more sustained dialogue with agents of decentralized cooperation in the developing countries in order to create a climate for genuine participation by/consultation of such organizations on development policies and European aid programmes. This cooperation should preferably take place at the national or regional level corresponding to the cooperation framework in question (for example the NIPs and RIPs in the case of the EDF, in other cases at Mediterranean, Central America, etc.).
- Secondly, the climate for a more sustained dialogue with potential non-governmental cooperation partners in Europe should also be created. The NGOs' Liaison Committee, for example, plays an important role from this point of view with regard to cooperation between NGOs and EU institutions. There is no similar platform for dialogue with European local authorities, although they have a strong presence in the international arena and are heavily involved in development aid. Local authorities, which are fully involved in intra-Community policies, have paradoxically been undervalued in external policies. This has led the European Regions to call for the principle of subsidiarity to be applied in their favour to European development cooperation policy.
- Lastly, aid instruments should be standardized to make them more flexible and enable decentralized cooperation to take its rightful place in EU policies and programmes. Some harmonization is also needed to ensure they are more complementary, easier to understand and more visible to the outside world. By the same token, greater coordination should be pursued jointly with the Member States, especially those which have adopted a decentralized cooperation policy.

LIST OF ABBREVIATIONS

ACP	Africa, Caribbean and Pacific
ALA	Asia and Latin America
AER	Assembly of European Regions
CEMR	Council of European Municipalities and Regions
EC	European Commission
ESC	Economic and Social Committee
EDF	European Development Fund
EU	European Union
IULA	International Union of Local Authorities
NAO	National Authorizing Officer
NGO	Non-governmental organization
NIP	National Indicative Programme
RIP	Regional Indicative Programme
OCT	Overseas countries and territories
RIP	Regional indicative programme
T&D	Towns and Development
UTO	United Towns Organization

ISSN 0254-1475

COM(96) 70 final

DOCUMENTS

EN

11

Catalogue number : CB-CO-96-077-EN-C

ISBN 92-78-00755-2

Office for Official Publications of the European Communities

L-2985 Luxembourg