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TECHNICAL PAPER FROM THE CPMR GENERAL SECRETARIAT

**THE TERRITORIAL APPROACH TO DEVELOPMENT: IN FAVOUR  
OF MORE EFFECTIVE AND STRATEGIC AID**  
**RESPONSE TO THE EUROPEAN COMMISSION'S DISCUSSION PAPER ON  
AN EU APPROACH TO DEMOCRATIC LOCAL GOVERNANCE,  
DECENTRALISATION AND TERRITORIAL DEVELOPMENT**

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**Foreword**

The CPMR would firstly like to welcome the European Commission's decision to launch an extensive debate on the participation of local and regional authorities in development aid, and on the instruments for achieving this, namely local governance, decentralisation and territorial development. It is also delighted to see that this debate is accompanied by proposals for specific initiatives.

In its technical paper on "The Regions and Development Aid" of May 2008, the CPMR already had an opportunity to stress the long-standing contribution of local and regional authorities to development aid. It also expressed the need for greater, better recognised and more strategic participation of the regions regarding this crucial issue, in an increasingly globalised world in which inequalities are growing wider and increasingly having an impact on territories. It welcomes the opportunity given in order to develop its contribution to the debate by responding to the discussion paper on "*An EU approach to democratic local governance, decentralisation and territorial development*", published on 22 April 2008.

Firstly, the CPMR is delighted that the European Union is acknowledging the role that local and regional authorities are playing in poverty alleviation, and, more broadly, in efforts to achieve the Millennium Development Goals. This acknowledgement is vital for the regions because they are aware that the EU is the largest aid donor and, at global level, the most ambitious advocate of development. The CPMR applauds this fact, and is also pleased about the increased recognition—taken up in the discussion paper—from certain UN agencies, the OECD, and the Bretton Woods institutions (the World Bank and the International Monetary Fund). All of the stakeholders involved at international level are becoming increasingly aware about the unique role that local and regional authorities can play.

In parallel to this acknowledgement of local and regional authorities as stakeholders in development, the CPMR is delighted with the major shift constituted by the recognition of the need to adapt development strategies to local needs and take account of the territorial level in the analysis of needs and delivery of schemes. This twofold development provides an opportunity to make aid more strategic, more effective and thus more beneficial to the countries and territories concerned.

The CPMR's approach is focused on these two principles: firstly the acknowledgement of the specific role played by local and regional authorities, including the regions, with their capacity to rally together all stakeholders in given territories (municipalities, civil society, government representatives, international donors); and secondly the need to develop and increase resources for the implementation of a territory-based development approach that is complementary to macroeconomic and sectoral aid such as it exists today.

This debate should also emphasise a point that goes against the logic proposed in the text: local democracy, which is extensively mentioned throughout the discussion paper, must be both one of the main instruments and an ultimate goal of this territory-based approach; and decentralisation, in its various forms, should be an instrument of this policy. Good governance and decentralisation—basically local democracy as the discussion paper furthermore points out—cannot be introduced by governmental order. It is not just limited to elections, but it has to be developed incrementally. It is both the ultimate goal and a key tool for promoting development.

### **1. The territorial approach to development: promoting another way of contributing to development**

It is widely acknowledged that globalisation of trade has changed the situation. It makes some territories even more vulnerable and sensitive to the imbalanced impact of growth. Paradoxically, it makes it necessary to focus on the very same territories in order to formulate acceptable and sustainable responses to the negative effects of globalisation. Major “tailor-made” solutions cannot work. Local aspects must be taken into account, including both territories’ constraints and assets, in order to develop a suitable response to promote sustainable development. The term territory is used here to mean a social system, and not just a geographical area. It is the combination of a geographical area with the stakeholders involved (citizens, representatives of civil society, local and regional authorities and institutions, central government representatives, businesses, etc.). A local or regional territory is an appropriate level for developing integrated solutions that have a long-term structural impact, in close partnership/collaboration with the other authorities at national and international level.

This territorial approach must be applied to the key issue of the future of development aid, precisely where these major “tailor-made” solutions have shown their limitations and sometimes even failed. It is one of the solutions to the current difficulties, notably the lack of effectiveness, the dispersal and increased number of uncoordinated stakeholders. This new dimension of development aid cannot be restricted to managing the effects of globalisation. It must be a means of taking into account in a coherent manner all the factors that contribute to or hamper a territory's development, by involving all the partners from the local level to international donors.

As the CPMR said in its technical paper on “The Regions and Development Aid”, the aim is certainly not to try to replace the aid budget, the major macroeconomic projects required to create the conditions for development, certain sectoral approaches or even the action of NGOs. It is however to complement these in order to improve the effectiveness of development aid. Generalist (across the board) policies cannot sufficiently take into account the disparities between territories, or the assets that are specific to such or such an area. Economic growth is partly dependent on a method of organisation that is determined by its institutional organisation and mode of governance as well as by social changes, technological development and market mechanisms. **Territorial policies help to forge a consensus between the different forces underway in a given territory.**

The CPMR notes with interest that this need to act in coordination with the territories is taken up in the discussion paper: “(...) *The need for a participatory decision-making process, the demand for adapting development strategies to local needs, the requirement to turn local knowledge to better account, entail considering development from a local perspective; (...) integrating sectoral issues at territorial level.*” The European Commission thus recognises the importance of the territorial approach alongside national and sectoral policies. However, care should be taken to ensure that this notion is understood correctly. It is not a matter of redistributing resources available at national level—something that is especially complicated in the context of developing countries—but to **strengthen and forge the conditions so that these areas' own dynamism and that of their stakeholders promotes the development of the territories concerned.** This approach must clearly be organised by the territories, in countries where the level of development permits progress in this direction. When this is not the case in the short term, the conditions necessary for its development in the long-term must be promoted.

For this approach to be developed effectively, it will be necessary to rally all the territory's stakeholders together around its needs and opportunities, to draw up an analysis of the short and longer term needs and, using this, to propose the areas of work and initiatives to be developed. Donors, central government departments and representations, organisations and qualified people who can provide relevant expertise, the representatives of civil society and above all the local and regional institutions and authorities must in all cases work together during this first key phase. During a second phase, again with the support of donors

and the territory's partners, the necessary actions identified above will be launched. This way of working will help to avoid the fragmentation and dispersal of aid, which would be focused on priorities identified earlier on in the process. It furthermore ensures that the aid meets real needs that have been jointly identified in the territory. It also helps strengthen, throughout the whole process, the role that local and regional authorities play within the governance systems established for the implementation of this approach.

It is for these reasons that the regions believe that the territorial approach must underpin the approach and that local governance and decentralisation should be the instruments used. They are thoroughly aware that this approach can only be developed on certain conditions, including the existence of a minimum level of development, as has already been said above, the promotion and improvement of good local governance, the development of decentralised/deconcentrated systems that are distinguished between at territorial level, in sum, the development of local democracy.

## **2. Mechanisms that need strengthening in order to promote this approach**

### **Multilevel governance**

The CPMR supports the definition proposed in the discussion paper regarding local governance: *"Local governance is characterised by the involvement of a great number of actors. (...) One of the key actors are local authorities."* It welcomes the fact that EU development policies have for some years advocated the development of such governance and praises the Commission's and the institutions' efforts on this point. It now calls for the debate on governance to be widened to take account of a territory-based approach in order to develop it and thus strengthen the collective effectiveness of the actions developed.

So, to be more comprehensive, there is a need to add a tier to the indicative general schema set out in the discussion paper regarding the stakeholders in the territories. The regions, which are active intermediary authorities, are not listed in this general schema. Regional institutions are lacking (whether they are called provinces, regions, counties, etc.). By nature they have a broader and more comprehensive overview all local overviews, even when taken together. In Europe, this regional tier has been able to rally together all territorial partners, a whole range of local authorities, civil society, businesses, with the support of and in partnership with the representatives of central government. It is an intermediary, interlinking structure in the implementation of a territory-based approach to development. It is not always present in developing countries, at least not in a comprehensive and effective manner. Precisely, it should be promoted in order to make it possible to act in a more effective and inclusive manner in these territories. Partnership, dialogue and financial support must be as extensive as possible in order to provide the best possible response to needs, although these must be headed, orchestrated and arbitrated by an institutional stakeholder. This regional stakeholder may in the first instance be a form of the central government at territorial level or, when possible, elected as a result of elections. It must guarantee general interests over and above individual ones, and have as comprehensive a vision as possible.

This local governance, which should moreover be re-named "territorial governance" and entail a real sharing of the collaborative roles between local and territorial institutional stakeholders, must also include international partners, funding donors that are willing to provide their support to the policies that the territory needs. This territorial governance is starting to be taken into account and valued by certain international donors, including the United Nations, in particular the UNDP through territorial programmes. It is necessary to strengthen these actions and make them more effective.

What is more, it will also be appropriate to make a qualitative leap from the principle of subsidiarity to that of multilevel governance. Governance is a process, as stipulated in the discussion paper (*"multi-actor, multi sector and multi-level."*) However, no single level, even less so when they have the difficulties that developing countries do, can carry out the territory's needs analysis, organise the delivery of necessary schemes, evaluate them and develop them further. It is vital to work together in order to strengthen the development of these territories.

This joint work is also of a matter of learning about democracy for the partners involved, particularly local and regional institutions. Democracy and local governance processes are learning processes that are mutually beneficial to one another, notably via capacity building, which must be a constant factor throughout these processes, as the Commission emphasises. Citizens within a given territory will recognise the need for institutions that are as representative as possible as and when these institutions' initiatives come

to be perceived as useful and necessary within the territories and first and foremost take the general interest into account. As the document states, good governance becomes democratic, but it cannot be set as a precondition. The territorial approach helps to develop it.

### **Decentralisation/deconcentration\***

As pointed out in the discussion paper, decentralisation is a *“process which involves the transfer of a range of powers ... and resources from higher levels in political systems ... to elected authorities at lower level.”* The aim is to develop the role of decentralised authorities to support collaborative strategies for poverty alleviation,. However, if this decentralisation is only carried out in part, if powers and prerogatives are formally granted to territorial levels but without corresponding financial resources and/or without taking into account the capacity and training needed so they can act in the best possible manner, these decisions may prove to be counterproductive. On one hand, this may lead civil society to become disinterested and distrustful with regard to its institutions that are perceived as having little credibility. On the other hand, this may pose a threat to a country's national unity if the resources made available vary too widely from one territory to another and if there is no parallel equalisation processes. This is also sometimes taken badly by the states concerned, and interpreted as an interference when “decentralisation” appears to be a precondition imposed from outside. Lastly support for decentralisation that is not included within a wider approach taking into account a territory's needs may appear contradictory with regard to one of the major principles of aid, namely its appropriation by the recipient country.

There is no question of saying that decentralisation is undesirable in developing countries: to the contrary. However, it would be a mistake to argue in favour of it as an underlying assumption or premise. It would be more appropriate to give priority to long-term development processes that, when they are implemented effectively via a territory-based approach that includes all partners in good governance mechanisms, lead to forms of decentralisation that match countries' needs and capacities of a country and are identified by the beneficiaries themselves.

The territory-based approach to development through the inclusion of different partners and an enhanced role for the territory's local and regional authorities make it possible to develop the conditions for decentralisation. Factors that make decentralisation complicated should be dealt with using an integrated approach: improved training, compensation for authorities' lack of infrastructure, tackling the absence of financial and technical autonomy, and inclusion of all these problem issues in an overall holistic project.

The CPMR is in favour of maintaining the support that already exists for decentralisation processes (notably projects financed by international donors such as the UNDP, the World Bank and the IMF). However, this must be done in an integrated manner, not as the ultimate goal in itself, but as a development instrument of a given territory's project, and keeping in mind the need to include citizens, civil society and businesses.

### **3. Instruments for developing it**

The CPMR takes note with interest the Commission's proposals that will help advance the cause of development and the useful participation of regional authorities in this framework. It proposes to add to these proposals.

#### **Twining**

The CPMR recognises the importance of strengthening individual bilateral links and face-to-face contacts. This is always useful but it is no longer enough. In addition there should be moves towards more multilateral benchmarking between stakeholders involved, in order to ensure a real transfer of information on progress, on the debates organised. Programmes such as URB-AL or ASIA-URBS are good examples and they should be given more visibility. There is a need to strengthen, within these geographical programmes and related thematic programmes, the involvement of European authorities and non-European regional authorities where they exist. It would be useful if these programmes promoted debate on the creation of a regional level where this is possible and desirable in order to better contribute to the development of given territories. It would also be important to promote the territorial approach to development, a more strategic

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\* Translator's note : the term “deconcentration” is used to refer to the decentralisation of unelected central government structures

vision of projects to be run jointly, a vision which must go hand in hand with the continuation of more bottom-up type projects, which have proved their worth. Even nowadays, these programmes, as with exchanges, continue to involve mainly urban stakeholders. They are of course vital actors in development, and cities are the key places for growth, and they often concentrate assets and difficulties. However, these problem issues should be complemented with a debate on urban-rural links (in societies where the rural exodus is on the increase), on the search for solutions which have a wider applicability than just cities and set them in the context of their territories.

Twinning initiatives, as with multilateral approaches, must furthermore give greater consideration to the specific difficulties of developing countries' cross-border areas, where cooperation is particularly difficult. In this context, the European experience and its achievements must be more greatly exploited, notably with regard to the working methods, and the approaches to governance that need to be established between local, regional and central government partners.

### **The clearing house for cooperation**

The CPMR can only agree with the general analysis on the lack of consistency and coordination between decentralised corporation programmes. It also emphasises the problems that still exist regarding consistency between initiatives run by European local and regional authorities which are not sufficiently coordinated when they deal with the same territories or issues. In this framework, the CPMR can of course only approve the proposal for a clearing house for projects to coordinate decentralised corporation activities run by the EU and local and regional authorities as well as those in developing countries.

However, it considers that it is essential to incorporate this clearing house within a holistic approach that brings together more information. The clearing house must be part of an integrated approach, of an informal, even on-line structure bringing together information, analysis, proposals and evaluations on the involvement of authorities in aid programmes, promoting the territorial approach and providing the means for effective aid. For example, efforts should rapidly be made to develop databases on the institutional development of developing countries with which the EU and authorities cooperate. This information will make it possible to know which structures and national, local or intermediary institutions are responsible for which topics, in which territories and above all with which administrative and financial resources. The projects and programmes will particularly be able to provide effective solutions if they can target the right partner organisations. Naturally, these instruments and data must be developed with the involvement of international donors as well as recipient countries.

### **Support to local and regional government associations in Europe and in developing countries**

It should be noted that the background paper presented by the European Commission—at the same time as the discussion paper—emphasises the need for national and international local and regional government associations to participate in these debates. The CPMR can only approve and strongly support this approach. It is important for the European experience for developing governance involving the local and regional levels, learning about decentralisation, and regional development to be useful outside the EU. In the long term it will be necessary to support the development and strengthening of these associations in developing countries and to strengthen the coordination of actions and debates of the associations in Europe. This is a part of governance and decentralisation, and it will be developed this way. It will not be possible to achieve this without effective collaboration between authorities and associations of authorities in Europe and in recipient countries, or without the active financial support of the EU. The CPMR notes with satisfaction that the European Commission is aware of the need.

FOGAR (the Forum of Global Associations of Regions), of which the CPMR is a member and which brings together national and international, geographical and thematic associations of regions from five continents—many of which are located in developing or emerging countries—has committed itself and its members to a territorial approach to development and its consequences for effective multilevel governance and the promotion of active and strong local and regional authorities.

Furthermore, the EU's promotion of an informal platform of local and regional authorities for cooperation on development represents a first major step and the CPMR is pleased to have responded to this call with other European organisations. It will rapidly be necessary to strengthen the instruments of this essential coordination in a strategic manner.

## Charter

The lack of coordination between donors and the dispersal of initiatives led the European Commission to propose, in 2007, a code of conduct on the division of work in development policy. The CPMR has already had an opportunity to say that it regretted that local and regional authorities are not taken into account in this document and proposed consequent amendments. It thus supports the idea of a Charter which would *“be an instrument to strengthen aid harmonisation and effectiveness at the local level, in line with the Communication principles.”* However, it considers that this Charter must be more than that. It must become a genuine *“Charter for the territorial approach and multilevel governance for development.”* This document must explain and promote the territorial approach to development as a complementary approach to national and sectoral support. The Charter will make it possible to establish the principles for improving the effectiveness of aid via innovative approaches that include good governance, the presentation of mechanisms and necessary conditions for decentralisation and the key role of the territories concerned. It will also take into account the arrangements regarding the participation and inclusion of the partners and international aid donors in given territories. There are already programmes and initiatives at local level that are trying to implement this approach with support from international donors. It is important for the drafting of this vademecum to include all of the partners from the local to the international level. The CPMR welcomes the initiative of the French Presidency, to which it will contribute.

This Charter will be a useful tool for decentralised cooperation. It will also be a tool that can be used for explaining the need for such cooperation and of the territory-based approach, which may prove to be very useful for developing countries, to help them organise their own internal institutional governance, so that they no longer perceive support for local governance and decentralisation as a luxury that can be put off until a later date, a threat to central government or an interference. It will also be a tool that emerging countries can use in order to ensure territorial cohesion, which can be lacking during phases of major growth.

The CPMR is aware that the principles and proposals set out in this document, which must be promoted in the Charter, must be clearly implemented at local level and demonstrate their effectiveness and capacity to rally development aid efforts together effectively. In this context, it is keen to point out that there is an area where this innovative approach involving territories and the consequent upshot of decentralisation of implementing multilevel good governance is gradually being developed by all the local, provincial and regional partners. This is the Mediterranean area as a whole. The Mediterranean cities, provinces and regions have created a forum of Mediterranean local and regional authorities which is urging the member states and the Union to set up a genuine partnership for the development of the territory as a whole. This pilot scheme is supported by the whole CPMR and it should be promoted and supported at European level.